

PRELIMINARY OFFICIAL STATEMENT

NEW / RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "TAX MATTERS" herein.

The City will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

\$43,357,295

CITY OF BINGHAMTON

BROOME COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE #: 090491

\$43,357,295 Various Purpose Bond Anticipation Notes – 2019 Series B

(referred to herein as the "Notes")

Dated: April 18, 2019

Due: April 17, 2020

The Notes are general obligations of the City of Binghamton, Broome County, New York (the "City"), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "*Tax Levy Limit Law*"). (See "*TAX LEVY LIMIT LAW*" herein).

The Notes will not be subject to redemption prior to maturity. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity, or prior redemption.

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

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as the securities depository for the Notes and Noteholders will not receive certificates representing their ownership interest in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof, except for one odd denomination. Payment of the principal of and interest on the Notes will be paid in lawful money of the United States of America (Federal Funds) by the City to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. (See "*BOOK-ENTRY-ONLY SYSTEM*").

For those Notes registered to the purchaser(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on the Notes will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s).

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes in definitive form will be made, on or about, April 18, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors' Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on March 26th, 2019 no later than 11:15 A.M. EDT. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. No bid will be received after the time for receiving bids specified above. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

This Preliminary Official Statement is in a form "deemed final" by the City for the purpose of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). For a description of the City's agreement to provide continuing disclosure as described in the Rule, see "APPENDIX D – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS" herein.

THE DATE OF THIS PRELIMINARY OFFICIAL STATEMENT IS MARCH 21, 2019.

CITY OF BINGHAMTON

BROOME COUNTY, NEW YORK



CITY OFFICIALS

RICHARD C. DAVID

Mayor

CITY COUNCIL

GIOVANNI SCARINGI

CHRIS PAPASTRAT

THOMAS SCANLON

CONRAD TAYLOR

JOHN MATZO

DANI CRONCE

DANIEL LIVINGSTON

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CHUCK SHAGER

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TERESA ARINGTON

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

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PREPARED WITH THE ASSISTANCE OF:



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OFFICIAL STATEMENT
of the
CITY of BINGHAMTON
BROOME COUNTY, NEW YORK

Relating To
\$43,357,295 Various Purpose Bond Anticipation Notes - 2019 Series B

This Official Statement, including the cover page and appendices thereto, has been prepared by the City of Binghamton, Broome County, New York (the “City”, the “County”, and “State,” respectively) and presents certain information relating to the City's \$43,357,295 Various Purpose Bond Anticipation Notes - 2019 Series B (referred to herein as the “Notes”).

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the “State”) and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes are dated April 18, 2019 and mature, with the option of prior redemption, on April 17, 2020. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity, or prior redemption.

The City will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The City Comptroller shall be the Paying Agent contact. The City's contact information is as follows: Mr. Clarence Shager, City Comptroller and Chief Fiscal Officer, City Hall, 38 Hawley Street, Binghamton, New York 13901, Phone: (607) 772-7011, Fax: (607) 772-7106, Email: ceshager@cityofbinghamton.com.

No Optional Redemption for the Notes

The Notes will not be subject to redemption prior to maturity.

NATURE OF THE OBLIGATION

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

The Notes are general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon, as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). For the payment of such principal of and interest on the Notes, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*TAX LEVY LIMIT LAW*” herein).

Under the Constitution of the State, the City 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 City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to statutory limitations set forth in Tax Levy Limit Law, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See “*TAX LEVY LIMIT LAW*” herein).

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the City default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the City and the owners for which the faith and credit of the City are pledged and while remedies for enforcement of payment are not expressly included in the City's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the City. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds and the Notes from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the City to assess, levy and collect an *ad valorem* tax, upon all taxable property of the City subject to taxation by the City, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the City, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law 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.

Pursuant to Article VIII, Section 2 of the State Constitution, the City is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "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. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the City could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the City, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any 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. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the City in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the City 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 above references to the Bankruptcy Act are not to be construed as an indication that the City is currently considering or expects to resort to the provisions of the Bankruptcy Act.

FINANCIAL CONTROL BOARDS

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality 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 in certain cases approve or disapprove collective bargaining agreements. Implementation is generally 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, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the 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 a 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 in the finances and operations of entities 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 City has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

NO PAST DUE DEBT

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

Due to an administrative error, the City was delinquent in paying a July 15, 2016 interest payment associated with the City’s \$9,885,000 Public Improvement Serial Bonds – 2014, dated January 30, 2014. Following notice by DTC, the City made the payment on August 2, 2016. Additionally, due to an administrative error, the City was delinquent in paying an August 1, 2016 interest payment associated with the City’s \$13,095,060 Public Improvement Serial Bonds - 2012, dated February 1, 2012. Following notice by DTC, the City made the payment on August 2, 2016. The City has taken steps to ensure that the late payment of debt service does not occur in the future by including its internal schedule of debt service dates on the calendars of key City personnel. On August 3, 2016 the City filed a Material Events Notice with the Electronic Municipal Market Access (“EMMA”) website reporting the late payments.

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MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The City's credit rating could be affected by circumstances beyond the City's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of City property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the City's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the City to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The City's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the City fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the City is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the City will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*FINANCIAL FACTORS - State Aid for Operating and Other Purposes*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the City, may affect the market price and/or marketability for the Notes. (See "*TAX LEVY LIMIT LAW*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the City, could impair the financial condition of such entities, including the City, and the ability of such entities, including the City, to pay debt service on the Notes.

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BOOK-ENTRY-ONLY SYSTEM

If so elected, the Depository Trust Company (“DTC”), New York, New York, will act as securities depository for those Notes issued in book-entry form. The Notes will each 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 note certificate will be issued for each Note bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also 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”). DTC has been assigned a rating of AA- Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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 Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 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 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 City, 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 City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE 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 CITY 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 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 NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY 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 Notes

For those Notes issued in book-entry form, the following provisions shall apply: DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City 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 discontinued, notes will be registered in the name of the purchaser(s) in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State to be named by the City as fiscal agent for the Notes.

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AUTHORITY FOR AND PURPOSES OF ISSUE

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the General City Law, the Second Class Cities Law, the Local Finance Law, the City Charter and various bond ordinances duly adopted and amended by the Council of the City on their respective dates authorizing the issuance of bonds to finance the objects or purposes as set forth below.

The proceeds of the Notes, together with \$6,615,136 in available funds of the City, will be used to renew bond anticipation notes of the City currently outstanding, maturing on April 19, 2019 and originally issued to finance the objects or purposes listed below.

<u>Purpose of Issue – Renewal Notes</u>	<u>Amount Outstanding</u>	<u>Paydown Amount</u>	<u>Amount of Notes</u>	<u>Bond Ordinance</u>	<u>Date Approved</u>
Front Street Gateway Improvements	\$ 4,210,000	\$ 2,091,424	\$ 2,118,576	14-13	4/9/14 ⁽¹⁾
Storm and Sanitary System Imp. (part of NY Rising)	740,000	295,342	444,658	15-8 (g)	2/18/15 ⁽²⁾
Reconstruction of State Street	482,479	76,074	406,405	15-8 (j)	2/18/15 ⁽²⁾
Various pool upgrades and improvements	147,000	90,000	57,000	15-8 (k)	2/18/15 ⁽²⁾
Water Filter/Sludge Extraction System	2,925,000	35,000	2,890,000	16-13 (a)	2/17/16
Water Filter/Sludge Extraction System	2,100,000	0	2,100,000	16-13 (a)	2/17/16
Acq. of Garbage Truck	144,000	28,800	115,200	16-13 (c)	2/17/16
Dump and Pickup Truck	107,220	40,000	67,220	16-13 (d)	2/17/16
Water Lines Improvements	1,250,000	20,000	1,230,000	16-13 (g)	2/17/16
Flood Wall Conduit Repairs	39,000	13,000	26,000	16-13 (j)	2/17/16
City Hall Improvements	685,000	40,000	645,000	16-13 (k)	2/17/16
NY Rising – Front St. (Storm Drainage)	495,000	495,000	0	16-13 (l)	2/17/16
Clinton Street Bridge Improvements	631,228	631,228	0	16-13 (m)	2/17/16
Street Reconstruction	1,250,000	65,000	1,185,000	17-09 (b)	2/8/17 ⁽³⁾
Street Resurfacing	1,000,000	90,000	910,000	17-09 (c)	2/8/17 ⁽³⁾
Water Line Improvements	1,295,000	20,000	1,275,000	17-09 (d)	2/8/17 ⁽³⁾
Sewer Line Improvements	990,000	15,000	975,000	17-09 (e)	2/8/17 ⁽³⁾
Parking Ramp Improvements	230,000	20,000	210,000	17-09 (f)	2/8/17 ⁽³⁾
Demolition of Bldgs (FEMA Grant)	2,000,000	2,000,000	0	17-09 (g)	2/8/17 ⁽³⁾
Main Street Corridor Study (Grant)	636,491	206,631	429,860	17-09 (h)	2/8/17 ⁽³⁾
Main Street Corridor Study (Grant)	250,000	0	250,000	17-09 (h)	2/8/17 ⁽³⁾
1st Ward Senior Center Impr.	272,738	72,738	200,000	17-09 (i)	2/8/17 ⁽³⁾
Moeller Street Pump Station Project	245,000	75,000	170,000	17-09 (j)	2/8/17 ⁽³⁾
SS Interceptor Sanitary Improvements	745,000	10,000	735,000	17-09 (k)	2/8/17 ⁽³⁾
Acquisition of a Garbage Truck	190,000	11,771	178,229	18-21 (a)	2/21/18
Street Reconstruction	900,000	0	900,000	18-21 (b)	2/21/18
Water Line Improvements	1,550,000	0	1,550,000	18-21 (c)	2/21/18
Sewer Line Improvements	1,850,000	0	1,850,000	18-21 (d)	2/21/18
Improvements to Parking Ramps	1,500,000	0	1,500,000	18-21 (e)	2/21/18
ADA Improvements to Ramps	750,000	0	750,000	18-21 (f)	2/21/18
Impr. to Bridge Conklin Ave over Pierce Creek	1,260,000	73,027	1,186,973	18-21 (g)	2/21/18
Impr. to Bridge Belden over Pierce Creek	200,000	67,126	132,874	18-21 (h)	2/21/18
Design & Spec. Moeller St Pump Station	500,000	50,000	450,000	18-21 (i)	2/21/18
Reconstruction of State Street	1,300,000	0	1,300,000	15-8 (j)	2/15/15 ⁽²⁾
Construction of Parking Garage	7,800,000	0	7,800,000	18-34	3/21/18 ⁽⁴⁾
Totals:	<u>\$ 40,670,156</u>	<u>\$ 6,632,161</u>	<u>\$ 34,037,995</u>		

⁽¹⁾ Amended August 19, 2015, July 6, 2016, July 12, 2017.

⁽²⁾ Amended March 7, 2018 and March 6, 2019.

⁽³⁾ Amended March 22, 2017 and July 18, 2018.

⁽⁴⁾ Amended March 6, 2019.

The balance of the proceeds of the Notes will be used to provide \$9,319,300 in original financing for the objects or purposes listed below.

<u>Purpose of Issue – New Money Notes</u>	<u>Amount of Notes</u>	<u>Bond Ordinance</u>	<u>Date Approved</u>
Reconstruction of State Street	\$ 400,000	15-8 (j)	3/20/19 ⁽¹⁾
Impr. to Bridge Belden over Pierce Creek	300,000	18-21 (h)	2/21/18
Flood Wall Impr. Project	110,000	18-21 (j)	2/21/18
Construction of Parking Garage	1,000,000	18-34	3/21/18 ⁽¹⁾
Construction of Impr. to City Hall	500,000	19-16 (a)	2/6/19
Street Reconstruction	2,500,000	19-16 (b)	2/6/19
Construction of ADA Imp. Ramps	750,000	19-16 (c)	2/6/19
Water Line Improvements	500,000	19-16 (d)	2/6/19
Sewer Line Improvements	2,500,000	19-16 (e)	2/6/19
Pedestrian Improvements	489,300	19-16 (g)	2/6/19
Demo of State and Water St. Ped. Br	<u>270,000</u>	19-16 (h)	2/6/19
Totals:	<u>\$ 9,319,300</u>		

⁽¹⁾ Amended March 6, 2019.

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CITY OF BINGHAMTON

General Information

The City, with a land area of approximately 10.4 square miles, is situated in the southern portion of Broome County (the "County") in upstate New York. The City of Syracuse lies approximately 75 miles to the north, while the Pennsylvania border lies approximately 7 miles to the south. The City is the County Seat of the County and is part of a metropolitan area running along the Susquehanna River Valley through the incorporated Villages of Endicott and Johnson City and the unincorporated area of Vestal.

Major highways within and in close proximity to the City include U.S. Route 11, Interstate 81 which extends north to Canada and south to Tennessee, Interstate 88 which runs northeast to Albany, Route 17 (soon to be Interstate 86) which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and State Routes 7, 12 and 26.

Banking services are provided within the City by offices of First Niagara Bank, N.A., M&T Bank, Chemung Canal, Tioga State Bank and NBT Bank, N. A. The City maintains accounts with Chase Bank, M&T Bank, Chemung Canal Bank and NYCLASS.

Transportation

In early 2017, New York State made ridesharing legal State-wide. The ridesharing companies Uber and Lyft started operating in the City later that year.

Bus service is provided to and from the City by Trailways, Greyhound Bus Lines, Megabus and Short Line. The County transit system provides local daily bus service. Off Campus College Transport (OCCT) provides bus service to the Binghamton University Community.

Air transportation through the Greater Binghamton Airport is provided by various national, commuter and regional airline which is serviced by Delta. The City is also served by the Tri-Cities Airport, located in nearby Endicott.

Railroads providing freight service to the City include Norfolk Southern Railway, Canadian Pacific Railway, CSX, and New York, Susquehanna & Western Railway.

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 and the School of Pharmacy and Pharmaceutical Sciences. 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.

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 3,780 full-time and 1,549 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.

The expansion of Binghamton University and SUNY Broome has led to increased demand for off-campus student housing and resulted in a housing boom in downtown Binghamton in recent years. There have been several multi-million dollar student housing projects, including new construction projects, such as 20 Hawley and Twin River Commons, and the renovation of multiple historic buildings, such as Chenango Place, The Printing House and University Lofts.

Utilities & Services

Electric utility and natural gas services are provided by New York State Electric and Gas Corporation. Police protection is afforded by City, County and State agencies. Fire protection is provided by the City's full-time fire department. Water and sewer facilities and refuse collection are provided by the City. Waste disposal is provided by the County through the County's sanitary landfill operations.

Joint Sewage Treatment Plant

The sewage treatment plant servicing nine municipalities, including the City (the "Plant"), is jointly owned by the City and the Village of Johnson City (the "Village"). The Plant is operated by the Binghamton-Johnson City Joint Sewage Board pursuant to an Inter-municipal agreement between the City and the Village, and the costs associated with operations and maintenance of the Plant and debt service on bonds or notes issued to finance improvements thereto are shared by all users of the plant. The original Plant was constructed in 1958.

Starting in 1998, the City and the Village commenced a major sewage treatment Plant reconstruction and improvement project (the "Project"). The New York State Department of Environmental Conservation has mandated that such improvements be made to the Plant by the City and the Village. The total estimated cost of the Project is currently expected to be \$365,000,000, including design costs, contingencies and soft costs. The current aggregate principal amount of bonds authorized for the Project is \$365,000,000, with 54.8% (\$200,020,000) attributable or allocated to the City and 45.2% (\$164,980,000) attributable or allocated to the Village. To date, serial bonds of the City in the aggregate principal amount of \$54,764,534 have been issued through the New York State Environmental Facilities Corporation ("EFC") to finance the Project. The Village has issued approximately \$48,419,009 in bonds through EFC to finance its share of the cost of the Project. In addition, the City and the Village have issued notes through EFC to fund the Project, some of which are currently outstanding and expected to be redeemed with the proceeds of bonds to be issued through EFC and/or other sources, including Federal Emergency Management Agency ("FEMA") aid in the future. (See "*STATUS OF INDEBTEDNESS – 'Capital Project Plans' and 'Debt Statement Summary'*" herein.) The City has approximately \$1.4 million in authorized but unissued debt pursuant its bond authorization for the Project. The City closed on what it expects to be the final financing of the Project in October of 2018. On June 6, 2019, the City expects to close on additional long-term bonds with EFC to redeem certain notes currently outstanding with EFC.

To date, the City has largely relied on financing provided by EFC to finance the Project. The subsidized interest rate on bonds issued through EFC is typically 50% of the prevailing market rates at the time of issuance, unless EFC provides an interest free loan. EFC has also made available short-term zero percent interest rate or below prevailing market rate loans to the City and Village during construction. The City has met with EFC on many occasions to discuss the Project and the financing thereof and expects that EFC will continue to provide both long and short-term financing for the Project. In the event that EFC financing is not available to fund any portion of the Project, the City is authorized to issue its own bonds or notes to provide financing for the Project. Such bonds or notes, however, would not benefit from the EFC interest rate subsidies.

On December 18, 2015, the New York State Comptroller released an audit of the Binghamton-Johnson City Joint Sewage Board. Such audit and the response of the Joint Sewage Board are available on the website of the Office of the New York State Comptroller. (See "*FINANCIAL FACTORS - New York State Comptroller Report of Examination*" herein.)

See "*Flood Damage to the Joint Sewer Treatment Plant*" hereunder for an update on recent flood damage to the sewage treatment plant. See also "*STATUS OF INDEBTEDNESS - New York State Environmental Facilities Corporation Loan Advance*" herein.

Flood Damage to the Joint Sewer Treatment Plant

The Plant suffered damage as a result of 2011 flooding. Plant employees, board members, and the City Engineer have worked with the insurance provider for the Plant and FEMA to identify all of the damage incurred to the Plant as a result of the flood, and are in the process of rebuilding the facility and improving its flooding resistance to future flood events. To date, approximately 98% of eligible costs expended have been recovered or are in process of recovery through State and Federal assistance. 100% of eligible costs are expected to be recovered through State and Federal Assistance. The City is obligated to apply any FEMA aid received to offset the cost of the Project and/or to retire any bonds or notes issue to fund the Project.

On December 16, 2013, Governor Andrew M. Cuomo announced that the State would be providing \$30.32 million in assistance for Plant repairs, improvements and future flood mitigation measures, including the construction of a flood wall around the Plant. To date the City has also financed the costs of the foregoing flood related improvements and mitigation measures with EFC. The short-term loan provided by EFC for this purpose is expected to be retired with \$19.8 million in FEMA aid and \$10.5 million in long-term loans from EFC, \$5.0 million of which is expected to be interest free and \$5.5 million of which is expected to be at a subsidized interest rate. To date, the City and the Village have submitted claims to FEMA and the State which total in excess of \$22.4 million and have received in excess of \$21.1 million in reimbursements, the portion of the funds not paid is of the State's share (approximately 25%) that the State agreed to contribute.

Litigation involving Joint Sewer Treatment Plant

On May 16, 2011, a 100-foot-long segment of a 23-foot-tall concrete Plant wall collapsed allowing the discharge of untreated waste into the Fuller Hollow Creek and the Susquehanna River. In late 2011, the City, Village and the Binghamton-Johnson City Joint Sewage Board filed a \$20 million lawsuit in State Supreme Court against 13 defendants believed to have a role in widespread structural problems relating to the Project. In March 2012, the parties filed a \$3.5 million federal lawsuit against American Alternative Insurance Corp. alleging the New Jersey-based company improperly denied coverage for the wall collapse under the Plant's general liability policy. Lawsuits are still pending and are not expected to be concluded for two more years; however, the following payments were obtained in connection with the federal litigation involving American Alternative Insurance Corp.:

- \$550,000 for filter media and aggregate compounds damaged and/or lost as a result of the May 16, 2011 wall collapse.
- \$500,000 for damages to the C-Cell Filter Complex's mono-floor nozzle decks damaged and/or lost as a result of the May 16, 2011 wall collapse.

The City and Village plan to apply any settlements or awards received on account of the litigation described above to offset the cost of the Project and/or to retire any bonds or notes issue to fund the Project.

Source: City officials.

Recent and Planned Construction and Development Activity

The City has instituted an aggressive approach to develop and expand the commercial and industrial base within the City and is continuing to establish its central business district as a major retailing, cultural, convention and entertainment center. Today, the business district is thriving during both the day and evening hours. Downtown has also become an entertainment center and a place where thousands of residents and visitors come to socialize following the end of the workday and on weekends. The urban core currently hosts a variety of restaurants, coffeehouses, hotels and taverns that attract people from throughout the region.

Also located downtown is the Broome County Veterans Memorial Arena, a 6,925-seat (4,679-seat for hockey) multi-purpose arena. The Arena is home of the Binghamton Devils, a professional ice hockey team in the American Hockey League, and a primary entertainment venue for residents of the Greater Binghamton area. NYSEG Stadium (former Binghamton Municipal Stadium), a stadium located in the northern section of downtown Binghamton, is home to the Binghamton Rumble Ponies of the Double-A Eastern League. The Broome County Forum Theatre (the "Forum") is a 1,500-seat performing arts theatre located in City's downtown and home to Broadway in Binghamton, the Tri-Cities Opera, and the Binghamton Philharmonic. The Forum also hosts a wide variety of other events, including concerts, comedians, conventions, talent competitions, and recitals. It also houses a Robert Morton Theatre Organ. The forum will receive renovations in 2019 as part of a broader 3.6 million project to Downtown Entertainment and Cultural Organization (DECO) District downtown.

In June 2017, the \$19 million Koffman Southern Tier Incubator opened on Hawley Street in Binghamton's urban core. The 35,000 square-foot Incubator was built by Binghamton University (the "University") and SUNY Broome to support the Southern Tier's growing entrepreneurial ecosystem and attract new companies to the area, especially those in the energy fields. The Incubator has offices, labs, common areas and co-working spaces meant to encourage collaboration. It also offers wrap-around services such as financial, legal and regulatory resources that are designed to help developing companies succeed. With such support, new firms increase their likelihood of success. Rather than two or three of ten firms succeeding beyond three years, with the support available through an incubator, the success rate typically jumps to eight of ten thriving. The University has announced that it expects to help create more than 900 jobs within the next nine years through the Incubator.

The City's Economic Development Office is working in concert with SUNY Broome and the University to identify suitable locations for the Governor's "Start-Up New York" tax free zone program. The Binghamton Local Development Corporation (the "BLDC") has worked with local business owners, Cornell University, SUNY Broome and Cornell Cooperative Extension to attract a new generation of food businesses that will take advantage of Binghamton's proximity to Cornell's technology and the City's access to three major railroads and 3 major interstate highways. This project is also part of the Upstate Revitalization Initiative discussed below.

SUNY Broome is renovating the former Carnegie Library downtown into a culinary arts school. The 20 million projected is expected to be completed by the end of 2019.

Over the last three years more than 3,000 new upscale student housing units have been built and opened in the City's downtown. These multiple residential and mixed-use projects have brought both a renewed optimism and economic vitality to the City's downtown and beyond. The projects resulted in millions of dollars being invested into the downtown core, while bringing a new life to downtown. Commercial and service business storefronts along Court and Washington Street attract and serve the new residents.

William H. Lane Incorporated, a construction company, returned to the City after a 40-year absence, and Ellis Brothers Furniture has invested millions to renovate a once vacant building downtown into a modern furniture and gift shop. Several new restaurants, taverns and shops have opened downtown, as well.

The housing focus has shifted in recent years away from students and toward other populations, including empty nesters, young professionals and families. Across the City, more than \$100 million in public and private housing development is coming online or in development in 2019, including affordable, homeless market rate and luxury housing.

Downtown, a \$5 million mixed used building at 7 Hawley St. will create 18 units of market rate housing, including 6,000 square feet of commercial space. A 300 space parking garage, also part of the project will help meet the demand for parking caused, in part by a revitalized downtown.

With assistance from the City, Binghamton's First Ward Action Council received a \$6.9 million grant to improve housing stock located in the First Ward and visible as one enters the City from Front Street. A separate \$10 million affordable housing project of the First Ward Action and the City, announced in 2017, is rehabilitating 10 severely dilapidated multi-family properties on Crandall and North streets in a high-poverty area of the City's First Ward. The project also rehabilitated a vacant historic North Street building, a portion of which has been transformed into a community center. The project, which is near completion, will create 37 units of affordable housing.

Another major affordable housing project broke ground in late 2018 at 435 State St. on the North Side. The \$20.5 million Canal Plaza project will replace a blighted, vacant shopping plaza with 48 apartments of affordable housing and commercial space. A grocery store is planned for a portion of the ground floor.

Also, on the North Side, the Family Enrichment Network (FEN) will break ground on a \$4.2 million homeless housing development on Virgil Street in 2019. The building will house up to 64 people, including homeless veterans, families, victims of domestic violence and young adults, and FEN will provide on-site support services.

In the First Ward, a \$30 million mixed-use development project is near completion at a historic four-story building on Emma Street. The former Ansco Camera Factory building will have two floors of commercial space and 97 market-rate lofts above.

The \$30 million luxury housing project at 50 Front St. is approaching completion on the West Side

The trend of converting commercial buildings into urban homes and lofts has gained momentum and has quickly spread to multiple areas downtown. In addition to the loft living that is taking place downtown; an "Arts District" is also being formed. Many artists continue to purchase buildings to use as residences, personal studios and art galleries. Area residents recognize the significant artistic talent that exists in the community and the "First Friday Art Walk", which highlights a range of quality artistic shops, galleries, and live entertainment has continued to grow and increase traffic for local businesses. These artists could locate anywhere in the world, but have all chosen the City as a base for their artistic venues. With strong City support and a prime funder, Visions FCU, artists and technical experts merged their talents to bring 20,000 attendees to the first annual LUMA Projection Arts Festival in 2015. The festival has grown rapidly in the two years since, drawing more than 60,000 people combined.

In 2019, work will begin on the \$3.7 million Downtown Entertainment and Cultural Organizations (DECO) District, which will build off existing arts anchors from Court Street to Lewis Street. New public art and improvements to streetscapes, gateways, intersections and other public spaces will create a unified arts and culture district that is more walkable and visibly attractive. The project received \$1.7 million in State funding

Businesses continue to take advantage of the positive economic momentum that has developed Citywide and the increased customer base that has been generated. Across the railroad tracks from the downtown area, a developer has proposed a mixed use-market rate development at One North Depot, which is expected to include over 70 moderately priced units, mostly studio apartments for recent graduates, graduate students and professors. The BLDC has approved a \$200,000 loan to be used to stabilize the property and make the structure more attractive to commercial lenders. The developers have also received a \$1.5 million grant through the State Consolidated Funding Application.

Loan programs of the BLDC have made loans in the aggregate amount of \$701,000 over the last two years to seven different businesses. The loans are designed to supplement private investment in projects of \$616,950, which resulted in local banks investing an additional \$1,155,000 for the loans, for a total investment of \$2,472,950. The BLDC just closed its most recent NYS Office of Community Renewal (OCR) Main Street grant for \$500,000, to improve the area entering downtown.

New businesses continue to open throughout the City. The City recently worked with ScottTech, LLC, a warehouse management technology company, to relocate its corporate headquarters to the westerly end of the Court Street Corridor near downtown, bringing 14 engineering and manufacturing jobs to the City. In 2015, the City also sold a former senior center located one block from the Court Street Corridor to Red Barn Computer, Inc. which has opened a high tech data service and storage center, as well as, ancillary businesses and established 15 new jobs. In 2016, I3, a high Tech Electronic Manufacturer has moved part of its operation to the City, bringing high paying jobs into the downtown area.

Since 2014, several new restaurants and breweries have opened downtown, including Galaxy Brewing, Social on State, The shop, Citrea Restaurant and Bar, The Colonial and The Garage, which opened on the site of a closed-down gas station. These establishments and others have helped to fill previously empty storefronts in Binghamton's Urban Core. Buffy's Burritos, for example, returned to Washington Street in 2016 after closing nine years earlier. In 2017 alone, several eateries arrived downtown,

including Parlor City Pizza, Parlor City Pub, Peterson's Tavern and Oakdale Pizza, which opened a second location on Court Street. Strange Brew, a coffee shop and eatery that opened on Washington Street in 2016, has decided to open a second downtown location a year later. Downtown has attracted other types of businesses in recent years as well, including, Muckles Inc. and the Dapper Rascal Barber Shop, which both opened in 2018. Tesorina Boutique and Old Barn Hollow, which relocated from the South Side. On the outskirts of downtown, the Lackawanna Train Station was renovated with multiple new commercial and professional office spaces. The City has four recently approved BOA's (Brownfield Opportunity Area) and hopes to leverage these designations into new developments in the BOAs.

The City was a major beneficiary of the State of New York Upstate Revitalization Initiative (URI). The City received a \$3.0 million grant to help defray the cost of a new mixed-use parking facility, a grant for the construction of a connecting bike/pedestrian way from the campus of the University to the City's downtown, grants for rehabilitation of parks and a Local Waterfront Revitalization Plan (LWRP) study. The City, as one of the three urban core areas of the \$20 million Greater Binghamton Economic Ecosystem, should benefit from the proposed multi-million-dollar improvements that are expected to be made as part of the URI. In addition, a \$3 million grant was provided for the mixed-use housing at 50 Front Street and a \$500,000 grant was awarded for the construction of a mixed-use building at 70-72 State Street. The BLDC has loaned \$350,000 to Fortress Development Group (FDG) Housing, LLC for an ultra-modern rehabilitation of a largely vacant building at 73 Court Street; it also has received a \$245,000 New York State Consolidated Funding Application (CFA) grant for energy efficiency. The City does not guarantee any debt on behalf of BLDC.

In 2015, Lourdes Hospital completed the third phase of a five phase, \$70 million construction project to update and expand its medical complex in the City. The project consisted of an expanded emergency department, a new open MRI facility, two new surgical suites, a flood wall, an ambulatory care building, a two-story main entrance connecting the ambulatory building to the main hospital, an expanded radiology department, and a multi-story parking garage.

The City government continues to improve its infrastructure by investing in roads, bridges, gateways, and water and sewer projects. Additional projects to upgrade and rehabilitate the City's Front Street gateways and bridges are currently underway in the amount of \$5 million. These projects are the direct result of the City's successful partnership with the State Department of Transportation, which is contributing 95% of the costs of each of these projects. Over the last ten years this partnership has resulted in a combined \$85 million being spent on a diverse range of local roadway and bridge projects. Since 2014, the City has milled and paved over one-third of all the City streets. Several bridges have undergone major rehabilitation projects, included the historic East Clinton Bridge, where a \$1.9 million project was completed in 2017. In 2016, the City completed its \$4 million multi-year project of changing the street lighting to LED's, which has shown a reduction of electric usage by more than 50%. In 2019, the City will complete a 1.2 million upgrade to the Binghamton Police Department Headquarters, improving police operations and use of technology.

The City has also advanced an aggressive demolition program in recent years, identifying and tearing down dozens of commercial and residential eyesores, expanding the redevelopment potential of certain parcels and simply seeking to eradicate blight and boost the property values of surrounding parcels with other demolitions. In 2019 the City will surpass its 100th demolition since 2014.

The City demolished a vacant former Big Lots on the North Side in 2017, for example, making room for an affordable housing Canal Plaza project. In 2018, the City completed a \$500,000 project to triple the size of the Lee Barta Community Center on the North Side.

The City expects to received a \$3.0 million FEMA Grant to clean up flood damaged areas and another \$3.0 million in New York Rising Grants.

Source: City officials.

Population Trends

<u>Year</u>	<u>City of Binghamton</u>	<u>Broome County</u>	<u>New York State</u>
1970	64,123	221,815	18,236,882
1980	55,860	213,648	17,558,072
1990	53,008	212,160	17,990,455
2000	47,380	200,536	18,976,457
2010	47,376	200,600	19,378,102
2016 (estimate)	45,672	195,334	19,745,289
2017 (estimate)	45,179	193,639	19,849,399
2018 (estimate)	N/A	N/A	19,542,209

Source: U.S. Census Bureau, Population Division.

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State, and are listed below.

	<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>
City of:						
Binghamton	\$ 17,067	\$ 33,696	\$ 21,710	\$ 36,137	\$ 39,725	\$ 45,518
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, 2006-2010, 2011-2015 and 2013-2017 American Community Survey data.

Larger Employers

Many residents of the City 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):

<u>Company</u>	<u>Location</u>	<u>Employees</u>	<u>Type</u>
Binghamton University	Vestal	5,493	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 Government	Binghamton	2,034	Government
Broome Developmental Center	Binghamton	1,400	Human Services
Amphenol Aerospace	Sidney	1,400	Electronic Devices
BAE Systems	Endicott	1,300	Mission Systems
Chobani	Norwich	1,300	Food Products
Raymond Corp.	Greene	1,250	Electric Products
Maines Paper & Food Service	Conklin	1,100	Food Distribution
I3 Electronics	Endicott	1,100	Electronics
Broome-Tioga BOCES	Binghamton	1,049	Education
NBT Bank	Binghamton	1,039	Financial Institution
IBM Corp.	Endicott	1,000	Technology
Weis Markets	Binghamton	1,000	Food Products
MeadWestvaco	Sidney	900	Office Products
Felchar Manufacturing Corp.	Binghamton	800	Electronics
NYSEG	Binghamton	800	Electricity & Natural Gas
Wegmans	Johnson City	774	Food Products
Nationwide Credit Inc.	Vestal	700	Asset Recovery
United Methodist Homes	Binghamton	621	Senior Living
Matrix Integrated Facility Management	Johnson City	600	Facility Management
Frito-Lay	Kirkwood	540	Food Distribution
Time Warner	Vestal	500	Communications

* Physically located in Tioga County (part of the Binghamton MSA), but employs many Broome County residents.

Source: Broome County Comprehensive Plan - Building our Future

Labor Market Statistics

The following categories of non-agricultural employment and number employed in the Binghamton Area (Broome and Tioga Counties) are summarized annually for 2013 through 2018.

<u>Category</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Nonfarm	106.2	104.6	103.4	103.9	104.0	103.9
Total Private	83.3	82.2	81.1	81.5	81.6	81.7
Government	22.9	22.5	22.3	22.5	22.5	22.2

Note: Data in thousands, not seasonally adjusted, and are preliminary and subject to revision.

Source: New York State Department of Labor-Division of Research and Statistics. (Data in Thousands, not seasonally adjusted).

Unemployment Rate Statistics

The smallest area for which such statistics are available, which includes the City, is Broome County and the State of New York. The information set forth below with respect to the City, the Binghamton NY Metropolitan Statistical Area ("MSA"), the County of Broome and the State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the City is necessarily representative of the MSA, the County or the State, 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>
Binghamton City	9.2%	8.2%	7.3%	6.5%	5.8%	6.0%	5.5%
Binghamton NY, MSA	8.5	7.6	6.5	5.9	5.3	5.5	5.0
Broome County	8.7	7.8	6.6	6.0	5.4	5.6	5.1
New York State	8.5	7.7	6.3	5.3	4.8	4.7	4.2

	<u>Monthly Figures</u>											
	<u>2018</u>											<u>2019</u>
	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>
Binghamton City	7.0%	6.4%	6.0%	5.2%	5.8%	5.6%	5.3%	4.6%	4.4%	4.0%	4.4%	5.8%
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	5.3
Broome County	7.0	6.3	5.5	4.5	5.0	5.0	4.7	4.1	3.9	3.8	4.3	5.5
New York State	5.1	4.8	4.3	3.7	4.2	4.2	4.1	3.8	3.6	3.5	3.9	4.6

Note: Data are not seasonally adjusted and are preliminary and subject to revision.

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

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Form of City Government

Executive, Legislative and Administrative Responsibility

The Mayor, as chief executive officer, oversees the executive and administrative functions of the City and the City Council performs all legislative functions of the City. The Mayor, elected by general election for a four-year term and eligible to succeed himself, has the power to appoint and remove the non-elected heads of City departments. Salaries of non-elected heads of City departments are set by the Mayor based on limitations established by the City Code. The Mayor also has veto power over any resolution or ordinance passed by the City Council. Any such vetoes can be overridden by a two-thirds vote of the City Council.

The City Council is the legislative and policy-making body of the City consists of seven Councilmembers; elected within the various wards of the City. The City Council elects its own President who is the presiding officer. City Councilmembers are elected for four-year terms with the elections being held in odd numbered years. The City Council meets twice a month to consider all matters brought to its attention by individual Councilmembers, the Mayor, and by the public. It also meets in special sessions or conferences, as required, to deliberate on any matters affecting operational and developmental policies of the City. Both the Mayor and Councilmembers are limited to two consecutive four-terms.

Fiscal Oversight

The Board of Estimate and Apportionment, consisting of the Mayor, the City Comptroller, the City Corporation Counsel, the City Engineer, and the City's Commissioner of Public Works, acts as the fiscal monitoring agency of the City by authority granted the Board under various sections of the Second Class Cities Law and the City Charter. The Mayor serves as President of the Board. Any ordinance adopted by the City Council affecting the budget or authorizing spending by City departments is subject to the approval of the Board. (See also "*Budgetary Procedures*" herein).

The City Comptroller, appointed by the Mayor, is the chief fiscal officer of the City. The City Comptroller is responsible for maintaining all required accounting records of the City and for reporting annually to the State Department of Audit and Control. The City Comptroller is also the Finance Director and chief fiscal officer of the City.

The City Treasurer is appointed by the Mayor and is responsible for the collecting and depositing of all City receipts. The City Assessor prepares the City assessment roll. Broome County collects City, County and School taxes.

The City Clerk is appointed by the City Council.

Investment Policy

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

The City may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; or (4) in the case of moneys held in certain reserve funds established by the City, pursuant to law, in obligations of the City.

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

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

Budgetary Procedures

Budget estimates for each department are compiled by the City Comptroller, acting as Director of Finance, who reviews the estimates and submits the document to the Board of Estimate and Apportionment. This preliminary budget is finalized by the Board of Estimate and Apportionment and submitted to the City Council along with a budget message from the Mayor.

In accordance with the City Charter, the Board of Estimate and Apportionment must submit its proposed budget to the City Council on or before September 15th.

The City Council has until October 30th to conduct its budget review and make changes. Included in the procedure of the City Council budgetary review is a public hearing, so that the comments of taxpayers can be taken into consideration before finalization.

Upon completion of the City Council review, the budget as adopted by the City Council becomes the formally approved budget for the following year unless vetoed by the Mayor. The Mayor has until November 6th to issue a veto. The City Council can override the Mayor's veto by a three-fourths vote. The City Council has until November 20th to override. If the Mayor's veto is not overridden, the budget as submitted becomes the official budget. If the City Council does not approve a finalized budget, the original budget as submitted by the Mayor becomes the official budget. The budget is submitted to the County on November 25th.

The City Charter requires that the assessment roll be finalized by July 1. This roll and the final approved budget become the basis for the following year's tax billing, which are presented to Broome County on or before November 25 along with the City's tax warrant.

All budgets adopted for the fiscal year ending December 31, 2012 and beyond are subject to the provision of the Tax Levy Limit Law. (See "*TAX LEVY LIMIT LAW*" herein).

Recent Budget Results

The City Council and Mayor adopted and approved the 2017 budget which included a decrease in residential tax rate by 0.23%, thus complying with the statutory tax cap; however, a total appropriation of \$424,000 from General Fund reserves were used to pay the cost of certain capital projects funded as part of the operating budget.

The City Council and Mayor adopted and approved the 2018 budget which included a decrease in residential tax rate by 1.97%, thus complying with the statutory tax cap; however, a total appropriation of \$1,881,833 from General Fund reserves were used to pay the cost of certain capital projects funded as part of the operating budget and to provide \$818,997 in debt reduction.

The City Council and Mayor adopted and approved the 2019 budget which included a decrease in residential tax rate by 0.94%, thus complying with the statutory tax cap; however, a total appropriation of \$1,225,230 from General Fund reserves were are expected to be paid with the cost of certain capital projects funded as part of the operating budget, along with debt reduction.

Employees

The City currently employs approximately 489 full-time employees, of which, 412 are represented by labor organizations. The following is a breakdown of employee representation by collective bargaining units and the dates of expiration of their respective collective bargaining agreements:

<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Police Benevolent Association	126	December 31, 2019
Firefighters Local 729 AFL-CIO I.A.F.F.	107	December 31, 2019
Teamsters' Union	119	December 31, 2017 ⁽¹⁾
Civil Service Forum	47	December 31, 2020
Supervisors Teamsters' Union	13	December 31, 2018 ⁽¹⁾

⁽¹⁾ Currently under negotiations.

Source: City officials.

Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. 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 Retirement Systems 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 Retirement Systems.

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.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 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 both ERS & PFRS, 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 both ERS & PFRS, 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

Recent employer's share of the annual retirement expenses for the past five fiscal years and the budgeted amount for the 2019 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$ 2,470,316	\$ 5,100,717
2015	2,007,870	4,337,953
2016	1,624,589	4,470,600
2017	1,682,675	4,677,348
2018	1,643,334	4,541,852
2019 (Budgeted)	1,614,000	4,500,000

Note: The City is not amortizing any portion of its retirement obligation as permitted by law. Contribution decreases are anticipated and budgeted during the development of the 2018 annual budget. The City paid the full obligation for both ERS & PFRS in December of each of the last several years, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 qualifying for the reduced rate. Going forward, the City expects to continue to budget and pay the full retirement contribution taking advantage of the discounted rate given to payment made in December.

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 Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2016 to 2020) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

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.

The City is not amortizing payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City is not participating in this program at this time nor does it intend to do so in the foreseeable future.

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

Other Post-Employment Benefits

Healthcare Costs. It should also be noted that the City 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 requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits.

OPEB. Other Post-Employment Benefits (“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 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. As of December 31, 2017 the City implemented GASB 75 which requires

municipalities to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

Summary of Changes from the Last Valuation. The City contracted with Nyhart Actuary & Employee Benefits, an actuarial firm, to calculate its actuarial valuations under GASB 75 for the fiscal years ending December 31, 2017 and 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the 2017 and 2018 fiscal years, by source.

Total OPEB Liability - Balance at:	<u>December 31, 2016</u>	<u>December 31, 2017</u>
	<u>\$ 107,456,019</u>	<u>\$ 102,233,292</u>
<u>Changes for the year:</u>		
Service cost	\$ 4,538,756	\$ 4,416,599
Interest	4,207,633	3,745,694
Changes in benefit terms	(3,818,625)	-
Changes in assumptions or other inputs	7,988,405	(8,234,310)
Differences between expected and actual experience	(14,993,078)	(33,491,478)
Benefit payments	<u>(3,145,818)</u>	<u>(2,867,517)</u>
Net Change	<u>(5,222,727)</u>	<u>(36,431,012)</u>
Total OPEB Liability - Balance at:	<u>December 31, 2017</u>	<u>December 31, 2018</u>
	<u>\$ 102,233,292</u>	<u>\$ 65,802,280</u>

Source: GASB 75 actuarial valuations. The above table is not audited.

The City is taking a proactive approach to minimizing the post-retirement benefits over the past several years. Some of the actions taken to reduce the long-term liability are:

- In 2015, Teamster retirees were enrolled in the City's plans in lieu of the City making payments to the Teamsters to have eligible retirees covered by the Teamsters plan.
- For 2018, the City has negotiated a 15% reduction in the monthly Medicare Advantage Plan.
- For 2019, the City has negotiated a 45% reduction in the monthly Medicare Advantage Plan resulting in over \$700,000 in savings.

GASB 45. Prior to GASB 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45"), required 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. The City adopted GASB 45 in 2008, and prior to that the City reported the cost of its retiree health care postretirement benefits on a "pay-as-you-go" basis.

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 did 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 aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the City's audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability.

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

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

On February 26, 2015, Comptroller DiNapoli proposed legislation to provide the State and certain local governments, including the City, with the authority to establish trusts in which to accumulate assets for other post-employment benefits (OPEB) and to 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 and other public corporations. This legislative proposal would provide express statutory authority for the creation of OPEB trusts for New York State and its local governments to provide a mechanism to accumulate funds for OPEB costs, should the State or local government decide to fund these liabilities. The City cannot predict at this time whether the proposed legislation will be enacted into law.

STATUS OF INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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(s) of probable usefulness of the several object(s) or purpose(s) contracted therefor or the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the City has authorized the issuance of indebtedness having substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed seven per centum of the five-year average full valuation of the taxable real estate of the City and subject to certain enumerated deductions and exclusions such as water and certain sewer facilities and cash and appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined.

General. The City is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the City so as to prevent abuses in the exercise of such powers; however, as has been noted under "*NATURE OF THE OBLIGATION*" the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See "*TAX LEVY LIMIT LAW*" herein).

There is no constitutional limitation on the amount that may be raised by the City by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the City to increase its annual tax levy, unless the City complies with certain procedural requirements to permit the City to levy certain year to year increases in real property taxes. (See "*TAX LEVY LIMIT LAW*" herein).

Statutory Procedure

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

Pursuant to the Local Finance Law, the City authorizes the issuance of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of an ordinance approved by at least two-thirds of the members of the City Council, the finance board of the City.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond ordinance, which in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond ordinance except for alleged constitutional violations. The City has complied or expects to comply with this procedure in connection with the bond ordinances adopted in connection with the issuance of the Notes.

Each bond ordinance 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 and the notes subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond ordinance also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided principal payments are made and provided that such renewals generally do not extend more than five years from the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*STATUS OF INDEBTEDNESS - Payment and Maturity*" under "*Constitutional and Statutory Requirements*" and "*Bond Anticipation Notes*" herein).

In general, the Local Finance Law contains similar provisions providing the City with power to issue general obligation revenue and tax anticipation notes and general obligation budget, deficiency and capital notes.

The City Council, as the finance board of the City, has the power to authorize the sale and issuance of bonds and the notes, including the Notes. However, such finance board may delegate the power to sell its Notes to the City Comptroller, the chief fiscal officer of the City, pursuant to the Local Finance Law.

Outstanding Long-Term Bond Indebtedness

The following table sets forth the total long-term bonded indebtedness outstanding at the end of the fiscal years 1998 through 2019:

<u>Fiscal Year</u>	<u>Total Bonded Debt</u>	<u>Fiscal Year</u>	<u>Total Bonded Debt</u>
1998	\$ 23,750,000	2009	\$ 92,459,413
1999	37,170,455	2010	86,599,413
2000	52,939,385	2011	80,675,000
2001	50,821,385	2012	87,295,000
2002	50,574,234	2013	81,590,000
2003	51,115,673	2014	91,475,000
2004	63,667,980	2015	92,401,256
2005	82,799,000	2016	125,739,836
2006	78,276,000	2017	117,819,122
2007	97,328,157	2018	125,315,670
2008	92,575,001	2019	117,265,000

Note: Principal only. The data set forth above includes all outstanding bonds of the City. See "APPENDIX - B1, B2, & B3" for debt service requirements for these issues. The increase in Total Bonded Debt is attributed to the Plant Improvements. (See "Joint Sewage Treatment Plant" herein for additional details.) Please note that pursuant to the State Revolving Loan Fund Program guidelines, the City presently receives a 33% interest rate subsidy for water related projects and a 50% interest rate subsidy for sewer projects.

Debt Statement Summary

The Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of March 19, 2019:

Five-Year Average Full Valuation of Taxable Real Property	\$ 1,454,267,542
Debt Limit – 7% thereof	101,798,727

Inclusions:

Bonds ⁽¹⁾	\$ 121,925,670	
New York State EFC Advance (Sewer) ⁽⁴⁾	69,129,214	
Regency Hotel Loan ⁽²⁾	172,875	
Bond Anticipation Notes	41,017,156	
Total Inclusions		\$ 232,244,915

Exclusions:

Water Indebtedness Bonds ⁽³⁾	\$ 14,593,359	
Water Indebtedness Notes ⁽³⁾	9,160,000	
Sewer Indebtedness Bonds ^{(3) (5)}	62,142,807	
Sewer Indebtedness Notes ^{(3) (5)}	0	
New York State EFC Advance (Sewer) ^{(3) (4)}	69,129,214	
Appropriations – Notes	6,557,161	
Appropriations – Bonds	1,495,006	
Total Exclusions		\$ 163,077,547

Total Net Indebtedness Subject to Debt Limit	\$ 69,167,368
Net Debt-Contracting Margin	\$ 32,624,901
Percent of Debt Contracting Power Exhausted	67.95%

- (1) Includes bonds sold to the New York State Environmental Facilities Corporation (EFC) that qualify for various interest subsidies. The EFC bonds were issued for improvements to the sewage treatment facility. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein.)
- (2) See “*Regency Hotel Section 108 Law*” herein.
- (3) Excluded pursuant to Article VIII of the New York State Constitution.
- (4) As of March 14, 2019, the City has \$69,129,214 of STIFF and SMRF outstanding. (See “*Joint Sewage Treatment Plant*” and “*New York State Environmental Facilities Corporation Loan Advance*” herein for additional details.)
- (5) Exemptions granted for sewage treatment plant debt and combined sewer overflow debt pursuant to section 124.10 of the Local Finance Law. The City’s application for this exclusion was approved and a certificate was issued December 29, 2015. The City expects to apply for a sewer exclusion in April 2019.

Note: The City expects to issue bonds to refund approximately \$8,535,000 of its outstanding \$13,095,060 Public Improvement Serial Bonds – 2012. The issuance of these bonds will not increase the Total Net Indebtedness Subject to Debt Limit of the City.

Long-Term Debt Service Schedule

A schedule of Long-Term Debt Service may be found in “APPENDIX – B” to this Official Statement.

Bond Anticipation Notes

The City has a \$40,670,156 bond anticipation note outstanding which matures on April 19, 2019. (See “*AUTHORITY FOR AND PURPOSES OF ISSUE*” herein.) The City expects to redeem such note with a portion of the proceeds of the Notes and available funds of the City. In addition, the City has a \$347,000 bond anticipation note which matures on January 24, 2020. The City expects to redeem such note with the proceeds of renewal notes or bonds and available funds.

Other Obligations

The City has entered into various municipal lease and installment purchase agreements. The total amount of lease obligations outstanding as of December 31, 2018 was \$165,680.

Regency Hotel Section 108 Loan

The City foreclosed on the developer of the Regency Hotel (the “Hotel”) during February 2007 and became directly liable for \$5,045,000 of Section 108 loans with the U.S. Department of Housing and Urban Development (“HUD”). The City sold the Hotel in February 2009 to an entity which subsequently filed for bankruptcy and sold the Hotel again in December 2010 for \$3,625,000, including payments over the three following years. The City has been paying such loans and there is a balance of \$172,875, which will be paid using Community Development Block Grant Program (“CDBG”) funds. The final maturity of this loan is August 1, 2019.

New York State Environmental Facilities Corporation Loan Advance

The following is a summary of various financing currently in progress and to be undertaking by the City for the Binghamton-Johnson City Joint Sewage Treatment Plant (the “Project”):

Project No. C7-6201-03-03

On January 30, 2014, the City entered into an agreement with the New York State Environmental Facilities Corporation (EFC) for Project No. C7-6201-03-03, to receive Short-term Market-Rate Financing (“SMRF”) and Short-term Interest Free Financing (“STIFF”) to finance costs associated with the design, construction, reconstruction and rehabilitation of the Project. EFC has provided such loans to the City in an aggregate principal amount not to exceed \$16,611,252 for Project No. C7-6201-03-03. The City is obligated to repay the loans in annual principal installments in amounts and at times specified or determined in accordance with the Financing Agreement, dated January 30, 2014, between the City and EFC, plus any accrued interest. The City has made principal payments to EFC totaling \$12,614,319 from budgetary appropriations and FEMA reimbursements. As such, the current outstanding balance totals \$3,996,933, of which \$2,765,676 is related to the STIFF loan and \$1,213,257 to the SMRF loan. A portion of the loans are expected to be converted to long-term financing following the receipt of all FEMA reimbursements. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein.) In 2018, the City and EFC extended the terms of this note to January 31, 2021.

Project No. C7-6201-03-04

On May 26, 2016 and September 22, 2016, the City entered into separate agreements with EFC for Project No. C7-6201-03-04, to receive SMRF and STIFF loans, and New York State Water grants in the amount of \$2.74 million to pay costs associated with the Project. EFC agreed to provide such loans to the City during the period from May 26, 2016 through January 15, 2021 in an aggregate principal amount sufficient to pay all of the costs of Project No. C7-6201-03-04. The City is obligated to repay each of the loans in one or more annual principal installments in amounts and at times specified or determined in accordance with the Financing Agreement, dated May 26, 2016 and the Financing Agreement, dated September 22, 2016, between the City and EFC, plus any accrued interest. To date, the City has received all of the New York State grant funding from EFC for Project No. C7-6201-03-04. EFC has made loans to the City totaling \$85,182,398, and of which \$29,179,122 was converted to long term financing in 2016. As of March 14, 2019, the City has an outstanding balance of \$55,433,276 short-term notes, all of which will be converted to long-term financing in June of 2019. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein.)

Project No. C7-6201-03-05

The City has financed the solids handling portion of the Project pursuant to a separate financing agreement with EFC. This project has been identified as Project No. C7-6201-03-05. The expected cost of this component of the Project is approximately \$33.0 million and such costs are to be shared based on ownership percentage (54.8% for City and 45.2% for the Village). Both the City and the Village have each been awarded a New York State Inter-municipal Water Infrastructure Program (IMG) grant in the amount of \$5 million to offset the cost of this component of the Project. On March 29, 2018, the City closed on an \$11,436,760 Grid Note through EFC for the solids handling portion of the overall Project and such funds will reimburse the Binghamton-Johnson City Joint Sewage Board for advances made to date to pay the costs of the solids handling project. As of March 14, 2019, the City currently has an outstanding balance of \$9,699,006 on these short-term notes.

Project No. C7-6201-03-06

On September 20, 2018, the City entered into an agreement with EFC for Project No. C7-6201-03-06 to receive SMRF and STIFF loans, and New York State Water grants in the amount of 35,620,000 to pay costs associated with the Project. To date, the City has received \$3,475,681 of the \$10,960,000 New York State grant funding from EFC for this project. As of March 14, 2019, the City has yet to draw down funds on the SMRF and STIFF loans.

Capital Project Plans

The City intends to finance future routine infrastructure improvements and equipment replacements by issuing general obligation bonds or notes of the City. The City plans to finance a significant portion of its sewer and water projects through the New York State Environmental Facilities Corporation (EFC) Revolving Loan Fund Program that provides significant interest rate subsidies. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” and “*New York State Environmental Facilities Corporation Loan Advance*” herein). The City and the Village have commenced a major sewer treatment plant facilities reconstruction and improvement project. The current aggregate principal amount of bonds authorized for the project is \$365,000,000 with 54.8% (\$200,020,000) attributable or allocated to the City and 45.2% (\$164,980,000) attributable or allocated to the Village. (For more information see “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein). Given the percent of the City’s Constitutional debt contracting power that has been exhausted to date, any future debt issuance by the City will be constrained by the City’s Constitutional debt contracting limit, unless an exclusion applies. (See “*Debt Statement Summary*” herein.)

In addition to the forgoing, the City may embark on various flood mitigation measures which were expected to be financed from City issued obligations and/or other sources of grant funds.

As of the date hereof, the City Council had authorized but not issued indebtedness for the projects listed below (excluding the sewer project discussed above); however, there presently are no plans to borrow for these purposes.

<u>Project</u>	<u>Date Authorized</u>	<u>Amount</u>
Main Street Improvements ⁽¹⁾	May 18, 2009	\$ 1,250,000
Compactor	February 6, 2013	100,000
Reconstruct Salt Sheds	February 6, 2013	650,000
Small Roller Truck	April 9, 2014	25,000
Front Street Gateway	April 9, 2014	850,000
South Washington Street Bridge (Engin.)	February 9, 2014	100,000
	TOTAL:	<u>\$ 2,975,000</u>

As of the date hereof, and other than as set forth under the “*AUTHORITY FOR AND PURPOSES OF ISSUE*” section, the City Council has authorized the below listed projects listed below for which the City presently expects to borrow for in 2019 and 2020:

<u>Project</u>	<u>Date Authorized</u>	<u>Authorized Amount</u>	<u>Remaining Amount</u>
Main Street Corridor Project (Grant)	February 8, 2017 ⁽²⁾	\$ 2,670,000	\$ 1,670,000
South Side Interceptor Sanitary Impr.	February 8, 2017 ⁽²⁾	1,500,000	750,000
Flood Wall Improvement Project	February 21, 2018	110,000	110,000
Belden over Pierce Creek Bridge (Design)	February 21, 2018	900,000	400,000
Parking Garage	March 21, 2018 ⁽³⁾	8,800,000	1,000,000
Traffic Signal Hawthorne/Washington	February 6, 2019	500,000	500,000
City Improvements	February 6, 2019	500,000	500,000
Morris Street over Park	February 6, 2019	75,000	75,000
Parking Ramps	February 6, 2019	500,000	500,000
	TOTAL:	<u>\$ 15,555,000</u>	<u>\$ 5,505,000</u>

⁽¹⁾ Although these authorizations remain outstanding, the City is unlikely to issue bonds or notes pursuant to such authorizations.

⁽²⁾ Amended on March 22, 2017.

⁽³⁾ The City was awarded a \$3.0 million grant from the State for a new parking garage, retail and housing project. The parking ramp is anticipated to have 304 spots, a retail space of 9,000 square feet and housing with 18 apartments. The City is responsible for the parking ramp portion. The City currently has bond anticipation notes outstanding in the amount of \$7.8 million for this purpose that will mature on April 19, 2019 and the City expects to receive \$6 million in State funds to offset a portion of the total cost. (See also “*AUTHORITY FOR AND PURPOSES OF ISSUE*”)

Source: City officials.

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u>	<u>Estimated Exclusions</u> ⁽¹⁾	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Broome	4/11/2018 ⁽²⁾	\$ 128,230,000	\$ - ⁽³⁾	\$ 128,230,000	15.19%	\$ 19,478,137
City School District of the City of Binghamton	1/17/2018 ⁽²⁾	67,360,000	66,481,600 ⁽⁴⁾	878,400	96.14%	844,494
					Total:	<u>\$ 20,322,631</u>

(1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

(3) Source: Broome County Official Statement dated November 14, 2018.

(4) Source: City School District of the City of Binghamton Official Statement dated January 15, 2019.

(5) Estimated State Building aid and tax anticipation notes (\$3,500,000).

Debt Ratios

The following table sets forth certain ratios relating to the City's Gross and Net Indebtedness, as of March 19, 2019.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Gross Indebtedness ^(c)	\$ 232,244,915	\$ 5,140.55	16.06%
Net Indebtedness	69,167,368	1,530.96	4.78
Gross Indebtedness Plus Net Overlapping Indebtedness ^(d)	252,567,546	5,590.37	17.47
Net Indebtedness Plus Net Overlapping Indebtedness	89,489,999	1,980.79	6.19

(a) The current population of the City is estimated to be 45,179. (See "*THE CITY – Population Trends*" herein.)

(b) The City's full value of taxable real estate for the 2019 fiscal year is \$1,445,942,289. (See "*Taxable Assessed Valuations*" herein.)

(c) See "*Debt Statement Summary*" for the calculation of Gross Indebtedness and Net Indebtedness, herein.

(d) The City's applicable share of Net Overlapping Indebtedness is estimated to be \$20,322,631. (See "*Estimated Overlapping Indebtedness*" herein.)

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FINANCIAL FACTORS

General Fund Operations

City finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A summary of the statement of such revenues and expenditures for the five-year period ending December 31, 2016 compiled from the City's audited is contained in the Appendices). (See also "*FINANCIAL FACTORS - Financial Statements and Accounting Procedures*" herein). The City also has the following funds: Water, Sewer, Special Revenue, Internal Service, Trust and Agency, Capital and Special Grant Aid. (See "APPENDIX - A3", for information concerning certain funds.) Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

"APPENDICES - A1, - A2 and - A3" set forth the General Fund operations for fiscal years ending 2012 through 2017, which are derived from annual audited financial statements on file in the City Comptroller's office. (See "*FINANCIAL FACTORS - Financial Statements and Accounting Procedures*" herein.)

The City receives certain State aid which has been received in the years and amounts as indicated in "APPENDIX - A1 and - A2" and appropriated in the operating budget for each year. In addition, the City collects charges for summer school and similar educational service.

Financial Statements and Accounting Procedures

The City retains independent Certified Public Accountants. The last audit report is for the period ending December 31, 2017 and may be found attached hereto as "APPENDIX - D" to this Official Statement. The City anticipates that the audit report for the period ending December 31, 2018 will be available September 2019. The unaudited Annual Financial Update Report Document for the period ending December 31, 2018 is expected to be completed by end of May 2019. Certain financial information may also be found in the Appendices to this Official Statement.

For the years' ended December 31, 2010 through 2012, the City did not file its Annual Financial Update Report Document ("AUD") or Audited Financial Statements in a timely manner for a variety of reasons. However, the AUD and Audited Financial Statements for the years' ended December 31, 2013, 2014, 2015, 2016 and 2017 were filed in a timely manner. (For further information see "*CONTINUING DISCLOSURE - Historical Continuing Disclosure Compliance*" herein.)

The City complies with the Uniform System of Accounts as prescribed for Cities in New York State. Except for the accounting for fixed assets, this system generally conforms to 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). The City is in compliance with GASB Statement No. 34

Recent Operating Results

The following is a summary of recent operating results for the City's major funds. Preliminary results are unaudited and subject to change.

2018 Unaudited Results of Operation

As of December 31, 2018, based upon preliminary results, which are unaudited and subject to change, the General Fund, Water Fund and Sewer Fund have an estimated positive fund balances of \$19 Million, \$3 million, and \$4 million respectively.

The Capital Projects Fund is again expected to have a deficit fund balance of (\$81,063,707), which is due to the City's bond anticipation notes being accounted for as short-term debt in the fund. The deficit fund balance will be eliminated as the bond anticipation notes are converted to long-term debt.

In several recent years, the Parking Ramps Fund has experienced fund balance deficits. The Parking Ramps Fund has a deficit fund balance of (\$300,000) due to negative operating results in certain years. The operation of the fund is being monitored monthly and cost savings are being implemented wherever possible.

The Internal Service Fund had a positive net position of \$1,250,000. This fund captures the combined Workers Compensation run-out claims, and General Municipal Law 207c claims for all City employees as well as stop-loss coverage and the expenses associated with being self-insured. The accrued liabilities of the fund are based on actuarially determined liabilities and are over 50% funded. This fund has not experienced fund balance deficits in recent years.

The Enterprise Fund had a fund balance of \$0 as a result of the sale of the property. The City received approval from the U.S. Department of Housing and Urban Development to extend repayment of the remaining loan balance, currently for \$172,875, until August 1, 2019. (See “*Regency Hotel Section 108 Loan*” herein.)

2017 Audited Results of Operation

As of December 31, 2017, based upon audited results, the General Fund, Water Fund and Sewer Fund had positive fund balances of \$22,300,962, \$3,045,619, and \$4,693,733 respectively, and is a slight increase over the 2016 audited results of operation.

The Capital Projects Fund continued to have a deficit fund balance of (\$47,889,469) which is due to the City’s bond anticipation notes being accounted for as short-term debt in the fund. The deficit fund balance will be eliminated as the bond anticipation notes are converted to long-term debt.

In several recent years, the Parking Ramps Fund has experienced fund balance deficits. The Parking Ramps Fund had a deficit fund balance of (\$390,466), which is a neutral change from the 2016 audited results of operation.

The Internal Service Fund had a positive net position of \$1,642,762. This fund captures the combined Workers Compensation run-out claims, and General Municipal Law 207c claims for all City employees as well as stop-loss coverage and the expenses associated with being self-insured. The accrued liabilities of the fund are based on actuarially determined liabilities and are over 50% funded. This fund has not experienced fund balance deficits in recent years.

The Enterprise Fund had a deficit fund balance of (\$1,621,643) as a result of the sale of the property.

2016 Audited Results of Operation

As of December 31, 2016, based upon audited results, the General Fund and Water Fund had positive fund balances of \$19,881,903 and \$3,415,680, respectively. The Sewer Fund, which experienced fund balance deficits for the fiscal years ending 2011 through and including 2015, had a positive fund balance of \$4,017,636.

The Capital Projects Fund had a deficit fund balance of (\$8,167,652), which is due to the City’s bond anticipation notes being accounted for as short-term debt in the Fund. The deficit fund balance will be eliminated as the bond anticipation notes are converted to long-term debt.

The Parking Ramps Fund had a deficit fund balance of (\$393,339) due to negative operating results in certain years. The operation of the fund is being monitored monthly and cost savings are being implemented wherever possible.

The Internal Service Fund had a positive net position of \$757,743. This fund captures the combined Workers Compensation run-out claims, and General Municipal Law 207c claims for all City employees as well as stop-loss coverage and the expenses associated with being self-insured. The accrued liabilities of the fund are based on actuarially determined liabilities and are over 50% funded. This fund has not experienced fund balance deficits in recent years.

The Enterprise Fund had a deficit fund balance of (\$1,614,883) as a result of the sale of the property.

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State Aid for Operating and Other Purposes

Annually, the City receives certain State aid for the State of New York. (See “*Other Revenues*” under “*FINANCIAL FACTORS*” herein). There is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever and, in any event, if appropriated and apportioned to the City, payment of State aid can be made only if such monies are available therefor. The availability of such monies could be affected by State fiscal stress and/or the State's ability to issue notes in anticipation of the collection of State taxes and revenues from time to time which, under presently existing market conditions, cannot be assured. Should such monies be unavailable for payment to the City, timely payment of its indebtedness will have to be made from other City funding sources.

The State receives a substantial amount of Federal aid. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision under the current presidential administration and Congress.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the current administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances and changes to Federal participation rates or others Medicaid rules.

The Enacted 2017-2018 and 2018-2019 State Budgets allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days

The following table illustrates the percentage of total General Fund revenues of the City comprised of State aid since the 2013 fiscal year.

<u>Fiscal Year</u>	<u>Total General Fund Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2013	\$ 61,409,306	\$ 9,767,475	15.91%
2014	64,737,789	9,877,881	15.26%
2015	63,800,824	9,898,629	15.51%
2016	64,663,551	10,280,728	15.90%
2017	64,871,942	10,018,335	15.44%
2018 (Unaudited)	63,405,000	10,013,560	15.79%
2019 (Budgeted)	63,314,710	9,976,326	15.76%

Note: The 2018 unaudited figures are preliminary and subject to change. In the event of reductions in State aid, the City believes that it will be able to sustain such cuts in State aid. In anticipation of potential delays and/or reductions in State Aid, the City periodically reviews its cash position. As a general matter, the City's cash flow position is strong as a result of the County's guarantee of tax collection. Nevertheless, the City may find the need to issue a revenue anticipation note in the event that there are delays in the receipt of State aid. The City also has analyzed the budget and potential areas of reduction in the event that State Aid is reduced or eliminated.

Source: Audited Financial Reports and Budgets of the City. This table itself is not audited.

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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 City has complied with the requirements of various State and Federal statutes. These audits can be found on the website of the Office of the New York State Comptroller.

The State Comptroller's office released an audit report of the City on November 30, 2018. The purpose of the audit was to determine whether City officials adequately safeguarded electronic access to the water system for the period January 1, 2017 through May 7, 2018.

Key Findings:

- Adequately safeguard the electronic access to the water system.
- Implement a formal process to stay updated on system cybersecurity threats.
- Prevent or monitor public disclosure of information that could jeopardize the water system.
- Provide staff with cybersecurity awareness training.

Key Recommendations:

- Establish a process for receiving and assessing system cybersecurity alerts.
- Adopt policies and procedures to better safeguard the water system.
- Prohibit the disclosure of information that can jeopardize the system and monitor for and remove such publicly shared information.
- Provide cybersecurity awareness training to personnel.
- Address the confidentially communicated IT recommendations.

The City provided a complete response to the State Comptroller's office on November 21, 2018. All findings have been mitigated both at the plant and City-wide when appropriate.

An audit conducted by the State Comptroller was released on June 3, 2016. The purpose of the audit was to assess the City's operations for costs savings and revenue enhancement opportunities for the period January 1, 2014 through May 21, 2015. A copy of the audit and response of the City can be found at the website of the Office of the New York State Comptroller.

In addition, the State Comptroller completed an audit of the Binghamton-Johnson City Joint Sewage Board that was released on December 18, 2015. The purpose of the audit was to determine if sewage treatment services were provided economically. A copy of the audit and response of the Joint Sewage Board can be found at the website of the Office of the New York State Comptroller.

Note References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The State Comptroller's 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 financial report update document 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 past three fiscal years of the City are as follows:

<u>Fiscal Year Ended</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2017	No Designation	1.7%
2016	No Designation	1.7%
2015	No Designation	17.5%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

TAX INFORMATION

The following table sets forth the assessed and full valuation of taxable real property, rates of tax per \$1,000 assessed valuation and the City's real property tax levy per tax year.

Taxable Assessed Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Valuations					
Homestead	\$ 790,445,919	\$ 793,221,293	\$ 795,026,874	\$ 802,068,902	\$ 801,450,689
Non-Homestead	426,656,751	427,386,280	430,410,300	426,856,823	413,140,834
Totals	\$ 1,217,102,670	\$ 1,220,607,573	\$ 1,225,437,174	\$ 1,228,925,725	\$ 1,214,591,523
New York State					
Equalization Rate	83.00%	83.00%	86.00%	84.00%	84.00%
Total Taxable Full Valuation	\$ 1,466,388,759	\$ 1,470,611,534	\$ 1,424,926,947	\$ 1,463,006,815	\$ 1,445,942,289

Note: The decrease in the total assessed valuation is due a reduction in the assessment of the City's utility companies. (See *"Larger Taxpayers – 2018 Assessment Roll for 2019 City Tax Roll"* herein.)

Tax Rate Per \$1,000

<u>Fiscal Year Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General City					
Homestead	\$ 23.37	\$ 23.45	\$ 23.38	\$ 22.85	\$ 22.61
Non-Homestead	42.33	42.31	42.01	41.31	41.06

Tax Levy and Tax Collection Record ⁽¹⁾

<u>Fiscal Year Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Tax Levies</u> ⁽²⁾					
City - January ⁽³⁾	\$ 36,514,440	\$ 36,699,541	\$ 36,670,786	\$ 35,947,477	\$ 35,088,825
County - January	--	--	--	--	--
School - September ⁽⁴⁾	-	-	-	-	-
Totals	\$ 36,514,440	\$ 36,699,541	\$ 36,670,786	\$ 35,947,477	\$ 35,088,825

⁽¹⁾ The County guarantees the collection of the City tax levy and school tax levy of the Binghamton City School District. As a result, any uncollected taxes levied for City and school purposes are paid in full by the County to the City and Binghamton City School District. This change in the tax collection procedure has had a positive impact on the cash position of the City. See also *"Real Estate Property Tax Collection Procedure"* herein.

⁽²⁾ Net Tax levy after adjustments.

⁽³⁾ City tax includes re-levy of unpaid water and sewer bills from previous year.

⁽⁴⁾ School tax levy reduced as a result of the STAR program.

Source: City Officials.

Real Estate Property Tax Collection Procedure

Real property taxes are collected by Broome County and are due in two installments. The first installment is due during the month of January; the second is due during the month of July. School taxes are collected by Broome County on behalf of the City School District of the City of Binghamton (the "City School District") and are due during the months of September, November and March. If a payment is not made by the 31st day of the month in which it is due, fees are added at a rate of 1% per month on the total amount due including previous fees until paid. A 5% collection fee is also added to late City School District taxes. Tax Enforcement is established by Article 11 of the Real Property Tax Law.

Effective September 1, 2006, Broome County assumed responsibilities for the collection of current and delinquent City and Binghamton City School District taxes. The County continues to guarantee the tax collection for the City and Binghamton City School District and makes payments to the City in February and August of each year.

Larger Taxpayers – 2018 Assessment Roll for 2019 City Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYSEG	Utility	\$ 56,249,167
Norfolk Southern Corporation	Rail Road	19,116,694
Binghamton Giant Market Inc.	Food Market	4,434,453
PCP Binghamton Assoc LLC	Utility	4,330,000
Legacy Bay Apartments LLC	Real Estate	6,811,000
Front Street Binghamton LLC	Commercial	6,006,000
Security Mutual Life Ins. Co. NY	Commercial	5,342,700
Five Riverside Dr Tow Owners, Inc.	Real Estate	4,954,733
Park Creek Realty LLC	Commercial	4,900,900
Arena Hotel Corp	Commercial	3,904,500

The larger taxpayers listed above have a total assessed valuation of \$116,050,147, which represents 9.55% of the tax base of the City for the 2019 fiscal year.

As of December 1, 2018, there are approximately 26 open tax certioraris involving 13 property owners within the City with a current assessed value of \$10,578,610 seeking total reductions of \$5,794,358 to an assessed value of \$4,784,252. The City negotiates these cases on a regular basis and includes budget overlays to offset loss of any taxable real property assessments.

Source: City Officials.

Sales Tax

The sales tax rate in Broome County is 8% with 4% held by the State and 4% returned to the County. Sales tax is received from the State and distributed to local municipalities quarterly. The County retains 1% and allocates the remaining 3% among the other municipalities within the County. This calculation was modified during 2015 for distribution in 2016 and increased the percentage allocated to the City. The formula was further adjusted in December 2016.

The following table shows the sales tax revenues for the fiscal years 2010 through and including 2018, along with the unaudited amount for 2018, and the budgeted amount for the 2019 fiscal year:

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>
2010	\$ 9,347,199
2011	9,390,152
2012	9,534,970
2013	9,740,659
2014	10,026,100
2015	10,127,140
2016	10,369,361
2017	11,191,523
2018 (Unaudited)	11,975,515
2019 (Budgeted)	11,250,000

Note: The 2018 unaudited figure is preliminary and subject to change.

Source: City officials.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31:

<u>Fiscal Year Ending December 31:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Five Year Average Full Valuation.....	\$ 1,454,267,542	\$ 1,459,762,650	\$ 1,454,394,470
Tax Limit - (2%).....	29,085,351	29,195,253	29,087,889
Add: Exclusions from Tax Limit.....	9,353,375	10,240,603	9,740,498
Total Taking Power.....	\$ 38,438,726	\$ 39,435,856	\$ 38,828,387
Less: Total Levy.....	35,088,825	35,947,477	36,670,786
Constitutional Tax Margin.....	<u>\$ 3,349,901</u>	<u>\$ 3,488,379</u>	<u>\$ 2,157,601</u>

Source: City Officials

Other Tax Information

Real property in the City is assessed by the City. The City Assessor retains the right to change assessments.

Veterans' exemptions are offered to those who qualify.

The assessment roll of the City consists of approximately 20% commercial, 12% industrial and 68% residential property.

The total property tax bill of a typical residence in the City with an average assessed value of \$64,182 is estimated to be \$3,863 including State, County, City and school taxes. With the average of the Basic and the enhanced STAR for a resident, the total property tax bill is reduced to \$3,011.

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TAX LEVY LIMIT LAW

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”) all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the City for any fiscal year commencing after January 1, 2012 continuing through June 15, 2020 unless extended, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to cause the levy of real estate taxes on all the taxable real property within the City, to pay the principal of and interest on the Notes, is subject to the statutory limitations imposed by the Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions. The Tax Levy Limit Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The “Inflation Factor” is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provisions above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by City. The City Council can adopt a resolution, approved by a vote of sixty percent of the total voting power of the City Council, to override the tax levy limit for a given year.

There can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating applicable law (i) for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) by limiting the pledge of its faith and credit by a City for the payment of debt service on obligations issued by such City because the Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limit Law.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the City (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Notes, and Bond Counsel has assumed compliance by the City with certain provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Obligations are exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City, in executing the Tax Certificate, will certify to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of an Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes. Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of an Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Note under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing an Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

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

Prospective noteholders should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The form of the opinion of Bond Counsel related to the Notes is attached hereto as "APPENDIX - D".

LITIGATION

On June 1, 1985, the City became self-insured for general liability exposure. At present there are approximately 20 relevant actions pending against the City. The City set a reserve of approximately \$500,000 for these claims, including an amount for a particular claim Ferreira v. City of Binghamton, et al. In January 2017, a jury returned a verdict in such matter as follows: (i) a City Police Officer did not use excessive force, did not assault or battery Plaintiff and was not negligent and (ii) the City was negligent under a theory of *respondent superior* and awarded the Plaintiff \$2,750,000. Given this inconsistency in the verdict, the City made a motion to set aside the verdict. Such motion was granted. The Plaintiff has appealed and such appeal is pending. The City cannot predict the likelihood of success of an appeal. Even assuming *arguendo*, the verdict is re-instated, the City has \$500,000 in reserves to pay a portion of the judgment. Subject to the City's constitutional debt limit, the City is also authorized by the Local Finance Law to issue bonds and/or notes should it need to finance any portion of the judgment not covered by the reserve.

From July 1, 1995 to April 2010, the City was self-insured for workers' compensation claims. Since April 2010, the City has been insured through the New York State Municipal Workers' Compensation Alliance Plan. Pre-insurance claims, i.e., those claims filed prior to April 2010 that are still outstanding, are estimated at \$1,500,000 over the life of the claims. The City budgets for such pre-insurance claims as they come due on an annual basis.

Actions involving real property assessments, either an Article 78 or Article 7 proceedings, have potential refunds of up to \$100,000.

The City requires that all construction contractors working for it provide liability insurance policies which indemnify the City for all aspects of potential liability including the City's potential exposure as the owner of each work site. The City also requires such insurance from other persons or firms who use City property or perform services for the City.

The City is subject to these and other claims and lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that the matters referred to above or any other litigated matters to which the City is a party, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City at this time. In the opinion of City officials there are enough funds to cover pending claims and future contingencies.

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 City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City 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 City to Fiscal Advisors are partially contingent on the successful closing of the 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 Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

CONTINUING DISCLOSURE

At the time of the delivery of the Notes, the City will provide an executed copy of its undertaking to provide Notices of Events with respect to the Notes substantially as set forth, respectively, in "APPENDIX - E" hereto.

Historical Continuing Disclosure Compliance

Below is a chart listing the dates of completion and EMMA filing dates of annual financial information and audited financial statements for the past five fiscal years 2013 through 2017:

<u>Fiscal Year Ending December 31st</u>	<u>Annual Financial Information and Operating Data Filing Date</u>	<u>Audit Completion Date</u>	<u>Audit Filing Date</u>
2013	June 29, 2014	September 29, 2014	September 30, 2014
2014	June 23, 2015	September 29, 2015	October 20, 2015
2015	June 27, 2016	September 29, 2015	September 30, 2016
2016	June 28, 2017	September 25, 2017	September 28, 2017
2017	June 21, 2018	September 14, 2018	October 17, 2018

Due to an administrative error, the City was delinquent in paying a July 15, 2016 interest payment associated with the City's \$9,885,000 Public Improvement Serial Bonds – 2014, dated January 30, 2014. Following notice by the Depository Trust Company ("DTC"), the City made the payment on August 2, 2016. Additionally, due to an administrative error, the City was delinquent in paying an August 1, 2016 interest payment associated with the City's \$13,095,060 Public Improvement Serial Bonds - 2012, dated February 1, 2012. Following notice by DTC, the City made the payment on August 3, 2016. The City has taken steps to ensure that the late payment of debt service does not occur in the future by including its internal schedule of debt service dates on the calendars of key City personnel. On August 3, 2016, the City filed a Material Events Notice with EMMA reporting the late payments. (See "NO PAST DUE DEBT, herein).

In the past five years there have been numerous rating actions reported by Moody's, S&P and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the City. Due to widespread knowledge of these rating actions, material event notices were not filed by the City in each instance. The underlying rating of the City has never been adversely affected any rating actions relating to such insurers.

RATINGS

The Notes are not rated. Subject to the approval of the City, 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 City, such as a rating action that may require the filing of a material event notification to EMMA.
(See “APPENDIX - D”, attached hereto).

Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “A2” with a stable outlook to the City’s outstanding bonds. A rating reflects only the view of the rating agency assigned such rating and any desired explanation of the significance of such rating should be obtained from: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the outstanding bonds or the Notes.

ADDITIONAL INFORMATION

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

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

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the 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 Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

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

The City 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 City nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the City 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 City also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City's contact information is as follows: Mr. Clarence Shager, City Comptroller and Chief Fiscal Officer, City Hall, 38 Hawley Street, Binghamton, New York 13901, Phone: (607) 772-7011, Fax: (607) 772-7106, Email: ceshager@cityofbinghamton.com.

Additional information may be obtained upon request from Fiscal Advisors & Marketing, Inc. (315) 752-0051, www.fiscaladvisors.com.

This Official Statement has been duly executed and delivered by the City Comptroller of the City of Binghamton.

CITY OF BINGHAMTON

Dated: March 21, 2019
Binghamton, New York

/s/ CLARENCE SHAGER
City Comptroller & Chief Fiscal Officer

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	\$ 5,083,749	\$ 10,611,689	\$ 14,703,159	\$ 20,321,471	\$ 18,402,682
Receivables:					
Taxes - net	-	-	-	-	-
Accounts	-	-	-	-	-
Other	1,782,374	2,109,272	1,908,000	973,276	1,353,049
Due from Other Funds	3,227,734	2,397,234	1,035,513	38,670	1,231,828
Due from State and Federal Governments	1,406	175,417	195,244	509,398	141,837
Due from Other Governments	970,580	1,129,315	1,591,282	2,628,327	3,106,049
Due from Fiduciary Fund	-	-	-	-	-
Due from Proprietary Funds	-	-	-	-	-
Prepaid Expenses	(147)	1,844,298	1,562,123	1,586,263	1,691,246
Other Assets	-	-	-	-	-
Inventories	41,029	14,878	16,425	10,000	14,307
	<u>41,029</u>	<u>14,878</u>	<u>16,425</u>	<u>10,000</u>	<u>14,307</u>
TOTAL ASSETS	<u><u>\$ 11,106,725</u></u>	<u><u>\$ 18,282,103</u></u>	<u><u>\$ 21,011,746</u></u>	<u><u>\$ 26,067,405</u></u>	<u><u>\$ 25,940,998</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 265,504	\$ 838,502	\$ 600,542	\$ 1,671,448	\$ 527,179
Accrued Liabilities	375,116	1,306,584	2,017,147	1,908,130	2,187,994
Due to State Retirement Systems	-	-	-	-	-
Due to Other Funds	248,760	-	240,354	2,413,344	752,911
Due to Other Governments	87,613	85,560	-	-	-
Bond and Long Term Liabilities	-	-	-	-	-
Deferred Revenue	35,167	-	149,871	66,181	49,717
Compensated Absences	310,871	89,517	105,578	126,399	-
Other Liabilities	1,893	-	-	-	122,234
	<u>1,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,234</u>
TOTAL LIABILITIES	<u>1,324,924</u>	<u>2,320,163</u>	<u>3,113,492</u>	<u>6,185,502</u>	<u>3,640,035</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 40,882	\$ 1,859,176	\$ 1,578,547	\$ 1,596,263	\$ 1,705,553
Restricted	1,198,481	1,198,480	1,422,758	1,423,470	5,101,532
Assigned	362,032	1,732,953	724,765	1,334,046	2,488,041
Unassigned	8,180,406	11,171,331	14,172,184	15,528,124	13,005,837
	<u>8,180,406</u>	<u>11,171,331</u>	<u>14,172,184</u>	<u>15,528,124</u>	<u>13,005,837</u>
TOTAL FUND EQUITY	<u>9,781,801</u>	<u>15,961,940</u>	<u>17,898,254</u>	<u>19,881,903</u>	<u>22,300,963</u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 11,106,725</u></u>	<u><u>\$ 18,282,103</u></u>	<u><u>\$ 21,011,746</u></u>	<u><u>\$ 26,067,405</u></u>	<u><u>\$ 25,940,998</u></u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>REVENUES</u>					
Real Property Taxes and Items	\$ 33,415,449	\$ 36,719,929	\$ 36,303,480	\$ 36,987,803	\$ 37,405,828
Noproperty Tax Items	10,596,550	10,688,328	11,784,916	11,193,215	11,257,741
Departmental Income	1,345,857	1,440,891	1,459,263	1,406,223	1,505,204
Intergovernmental Charges	313,894	335,958	600,009	443,640	600,910
Use of Money & Property	128,154	188,597	96,185	121,773	114,477
Licenses and Permits	197,252	257,252	205,705	233,071	268,903
Fines and Forfeitures	510,551	570,139	704,412	687,269	603,087
Sale of Property and Compensation for Loss	198,422	223,159	283,745	272,799	288,433
Refund of Prior Year Expenditures	-	-	-	-	-
Miscellaneous	413,177	147,086	2,049,746	341,874	222,575
Interfund Revenues	942,772	955,946	934,926	1,624,442	1,555,180
Revenues from State Sources	9,661,128	9,767,475	9,877,880	9,898,629	10,280,479
Revenues from Federal Sources	27,173	23,000	616,087	590,086	560,734
Total Revenues	<u>\$ 57,750,379</u>	<u>\$ 61,317,760</u>	<u>\$ 64,916,354</u>	<u>\$ 63,800,824</u>	<u>\$ 64,663,551</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 5,831,240	\$ 5,829,082	\$ 6,369,076	\$ 6,912,755	\$ 6,562,759
Public Safety	20,012,461	20,290,238	21,430,596	21,643,841	22,108,300
Health	31,465	29,812	43,398	43,389	43,793
Transportation	2,493,723	2,524,911	2,394,373	2,255,944	1,877,861
Economic Assistance and Opportunity	13,485	28,868	215,414	241,424	272,850
Culture and Recreation	2,494,190	2,647,056	2,778,258	2,962,148	2,901,921
Home and Community Services	1,946,318	2,043,618	2,060,493	1,011,276	1,989,249
Employee Benefits	18,184,299	19,273,513	17,907,279	17,220,537	17,660,971
Debt Service	6,430,646	5,726,899	6,151,254	5,296,946	5,669,352
Total Expenditures	<u>\$ 57,437,827</u>	<u>\$ 58,393,997</u>	<u>\$ 59,350,141</u>	<u>\$ 57,588,260</u>	<u>\$ 59,087,056</u>
Excess of Revenues Over (Under) Expenditures	<u>312,552</u>	<u>2,923,763</u>	<u>5,566,213</u>	<u>6,212,564</u>	<u>5,576,495</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	725,859	840,777	-	-
Operating Transfers Out	(204,478)	(3,091,932)	(226,851)	(4,276,250)	(3,592,846)
Total Other Financing	<u>(204,478)</u>	<u>(2,366,073)</u>	<u>613,926</u>	<u>(4,276,250)</u>	<u>(3,592,846)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>108,074</u>	<u>557,690</u>	<u>6,180,139</u>	<u>1,936,314</u>	<u>1,983,649</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	9,589,008	9,224,111	9,781,801	15,961,940	17,898,254
Prior Period Adjustments (net)	(472,971) ⁽¹⁾	-	-	-	-
Fund Balance - End of Year	<u>\$ 9,224,111</u>	<u>\$ 9,781,801</u>	<u>\$ 15,961,940</u>	<u>\$ 17,898,254</u>	<u>\$ 19,881,903</u>

⁽¹⁾ During 2012, the City's Golf Fund was eliminated. The remaining deficit fund balance (\$472,971) was transferred to the General Fund at closure. The closure of the Golf Fund was reported as an adjustment to beginning fund balance of the Golf Fund, and the General Fund.

Source: Audited financial reports of the City. 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 <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<u>REVENUES</u>					
Real Property Taxes & Items	\$ 37,382,634	\$ 37,382,634	\$ 37,409,232	\$ 36,783,533	\$ 36,055,814
Other Tax Items	11,558,787	11,558,787	12,163,195	11,677,818	12,180,000
Departmental Income	1,708,660	1,841,160	1,778,205	1,617,878	1,498,200
Intergovernmental Charges	309,276	324,576	262,357	533,828	538,597
Use of Money & Property	120,446	120,446	141,349	130,446	200,420
Licenses and Permits	265,600	265,600	325,594	291,100	344,500
Fines and Forfeitures	696,500	696,500	613,377	621,500	641,500
Sale of Property and Compensation for Loss	126,000	163,726	134,048	-	125,000
Refund of Prior Year Expenditures	-	-	-	-	-
Miscellaneous	174,500	993,500	1,131,314	65,000	101,628
Interfund Revenues	1,621,917	1,621,917	1,591,373	1,604,932	1,555,793
Revenues from State Sources	9,980,768	10,274,728	10,018,335	10,022,684	9,968,326
Revenues from Federal Sources	70,107	91,094	52,805	56,102	96,932
Total Revenues	<u>\$ 64,015,195</u>	<u>\$ 65,334,668</u>	<u>\$ 65,621,184</u>	<u>\$ 63,404,821</u>	<u>\$ 63,306,710</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 6,492,368	\$ 7,557,657	\$ 6,661,623	\$ 7,016,618	\$ 7,085,085
Public Safety	22,252,668	22,404,745	22,031,204	22,858,889	23,404,741
Health	46,228	47,832	47,260	46,624	50,681
Transportation	2,005,980	1,968,632	1,845,410	1,980,604	2,034,004
Economic Assistance and Opportunity	298,204	305,676	296,112	303,275	311,788
Culture and Recreation	3,028,055	3,018,917	2,922,219	3,145,004	3,155,596
Home and Community Services	1,034,394	1,055,691	943,128	991,270	1,090,828
Employee Benefits	19,209,095	18,790,101	17,099,921	19,016,314	18,002,486
Debt Service	6,762,355	6,902,355	6,898,665	6,609,382	6,016,853
Total Expenditures	<u>\$ 61,129,347</u>	<u>\$ 62,051,606</u>	<u>\$ 58,745,542</u>	<u>\$ 61,967,980</u>	<u>\$ 61,152,062</u>
Excess of Revenues Over (Under) Expenditures	<u>2,885,848</u>	<u>3,283,062</u>	<u>6,875,642</u>	<u>1,436,841</u>	<u>2,154,648</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	<u>(3,309,848)</u>	<u>(4,617,955)</u>	<u>(4,456,582)</u>	<u>(3,318,674)</u>	<u>(3,379,878)</u>
Total Other Financing	<u>(3,309,848)</u>	<u>(4,617,955)</u>	<u>(4,456,582)</u>	<u>(3,318,674)</u>	<u>(3,379,878)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(424,000)</u>	<u>(1,334,893)</u>	<u>2,419,060</u>	<u>(1,881,833)</u>	<u>(1,225,230)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	424,000	1,334,893	19,881,903	1,881,833	1,225,230
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,300,963</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial report and adopted budgets of the City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 369,140	\$ 498,121	\$ 1,943,510	\$ 2,848,883	\$ 3,191,035
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	6,964,233	8,669,913	7,503,501	6,919,794	7,004,958
Expenditures & Other Uses	6,835,252	7,224,524	6,598,128	6,577,642	7,150,375
Fund Equity - End of Year	\$ 498,121	\$ 1,943,510	\$ 2,848,883	\$ 3,191,035	\$ 3,045,618
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ (1,734,422)	\$ (4,215,698)	\$ (3,999,489)	\$ 354,935	\$ 4,017,636
Prior Period Adjustments (net)	(474,047)	-	(481,517)	-	-
Revenues & Other Sources	7,568,654	9,772,476	12,728,404	12,301,796	10,075,146
Expenditures & Other Uses	9,575,883	9,556,267	7,892,463	8,639,095	9,399,049
Fund Equity - End of Year	\$ (4,215,698)	\$ (3,999,489)	\$ 354,935	\$ 4,017,636	\$ 4,693,733
<u>REFUSE AND GARBAGE</u>					
Fund Equity - Beginning of Year	\$ (170,296)	\$ 418,041	\$ 260,425	\$ 383,516	\$ 433,834
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,524,563	985,061	3,656,551	3,361,711	3,583,047
Expenditures & Other Uses	936,226	1,142,677	3,533,460	3,311,393	3,561,767
Fund Equity - End of Year	\$ 418,041	\$ 260,425	\$ 383,516	\$ 433,834	\$ 455,114
<u>CAPITAL PROJECTS FUND</u>					
Fund Equity - Beginning of Year	\$ (12,685,035)	\$ (22,078,041)	\$ (17,443,581)	\$ (26,316,663)	\$ (8,167,652)
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	10,557,372	25,604,843	26,280,376	30,855,553	52,323,967
Expenditures & Other Uses	19,950,378	20,970,383	35,153,458	12,706,542	92,045,784
Fund Equity - End of Year	\$ (22,078,041)	\$ (17,443,581)	\$ (26,316,663)	\$ (8,167,652)	\$ (47,889,469)
<u>SPECIAL GRANT FUND</u>					
Fund Equity - Beginning of Year	\$ 2,012,879	\$ 2,755,538	\$ 1,884,068	\$ 95,309	\$ 430,037
Prior Period Adjustments (net)	216,827	-	(1,430,627)	-	-
Revenues & Other Sources	3,240,604	2,008,015	2,424,160	3,122,000	2,503,268
Expenditures & Other Uses	2,714,772	2,879,485	2,782,292	2,787,272	2,509,211
Fund Equity - End of Year	\$ 2,755,538	\$ 1,884,068	\$ 95,309	\$ 430,037	\$ 424,094
<u>PARKING RAMPS FUND</u>					
Fund Equity - Beginning of Year	\$ (238,197)	\$ (261,063)	\$ (350,377)	\$ (485,571)	\$ (393,339)
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	866,310	934,467	913,868	1,092,575	1,073,141
Expenditures & Other Uses	889,176	1,023,781	1,049,062	1,000,343	1,070,268
Fund Equity - End of Year	\$ (261,063)	\$ (350,377)	\$ (485,571)	\$ (393,339)	\$ (390,466)

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

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2019	\$ 8,050,670	\$ 4,141,767	\$ 12,192,437
2020	8,170,000	3,697,744	11,867,744
2021	8,350,000	3,458,356	11,808,356
2022	8,545,000	3,207,089	11,752,089
2023	7,710,000	2,945,647	10,655,647
2024	7,960,000	2,686,579	10,646,579
2025	8,150,000	2,427,132	10,577,132
2026	7,460,000	2,183,876	9,643,876
2027	6,770,000	1,962,550	8,732,550
2028	6,880,000	1,749,402	8,629,402
2029	7,025,000	1,520,977	8,545,977
2030	4,565,000	1,324,894	5,889,894
2031	3,855,000	1,179,258	5,034,258
2032	3,575,000	1,047,665	4,622,665
2033	3,655,000	920,279	4,575,279
2034	3,755,000	787,477	4,542,477
2035	2,320,000	683,080	3,003,080
2036	2,350,000	609,127	2,959,127
2037	2,080,000	537,504	2,617,504
2038	2,135,000	467,979	2,602,979
2039	2,195,000	392,137	2,587,137
2040	2,015,000	409,753	2,424,753
2041	1,350,000	256,902	1,606,902
2042	1,375,000	209,815	1,584,815
2043	1,405,000	163,905	1,568,905
2044	1,180,000	121,139	1,301,139
2045	1,205,000	81,597	1,286,597
2046	1,230,000	41,217	1,271,217
TOTALS	\$ 125,315,670	\$ 39,214,847	\$ 164,530,517

Note: The totals above are as of December 31, 2018.

APPENDIX - B1
City of Binghamton

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2005			2010 C			2011 A		
	EFC - Joint Sewer Project			EFC Bonds - Sewer			EFC Bonds - Sewer		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 675,000	\$ 307,328	\$ 982,328	\$ 150,000	\$ 160,900	\$ 310,900	\$ 205,000	\$ 3,681	\$ 208,681
2020	680,000	291,658	971,658	160,000	156,706	316,706	-	-	-
2021	685,000	265,255	950,255	160,000	151,893	311,893	-	-	-
2022	695,000	257,854	952,854	165,000	146,733	311,733	-	-	-
2023	705,000	239,821	944,821	165,000	141,115	306,115	-	-	-
2024	715,000	221,181	936,181	170,000	135,234	305,234	-	-	-
2025	725,000	202,585	927,585	170,000	128,983	298,983	-	-	-
2026	735,000	183,459	918,459	175,000	122,528	297,528	-	-	-
2027	745,000	163,177	908,177	180,000	115,549	295,549	-	-	-
2028	755,000	142,360	897,360	180,000	108,204	288,204	-	-	-
2029	760,000	121,109	881,109	185,000	100,703	285,703	-	-	-
2030	770,000	99,535	869,535	185,000	92,850	277,850	-	-	-
2031	780,000	77,675	857,675	190,000	85,032	275,032	-	-	-
2032	790,000	55,533	845,533	195,000	76,398	271,398	-	-	-
2033	800,000	33,110	833,110	200,000	67,537	267,537	-	-	-
2034	810,000	10,404	820,404	200,000	58,449	258,449	-	-	-
2035	-	-	-	205,000	49,361	254,361	-	-	-
2036	-	-	-	210,000	40,046	250,046	-	-	-
2037	-	-	-	215,000	30,380	245,380	-	-	-
2038	-	-	-	220,000	20,483	240,483	-	-	-
2039	-	-	-	225,000	10,357	235,357	-	-	-
TOTALS	\$ 11,825,000	\$ 2,672,045	\$ 14,497,045	\$ 3,905,000	\$ 1,999,443	\$ 5,904,443	\$ 205,000	\$ 3,681	\$ 208,681

Fiscal Year Ending Dec 31st	2011 A			2012 ⁽¹⁾			2012		
	EFC Bonds - Water			Public Improvements			Refunding of 1995 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 760,000	\$ 121,413	\$ 881,413	\$ 720,000	\$ 278,350	\$ 998,350	\$ 635,000	\$ 202,100	\$ 837,100
2020	770,000	94,281	864,281	740,000	256,450	996,450	665,000	176,700	841,700
2021	785,000	64,906	849,906	765,000	233,875	998,875	690,000	150,100	840,100
2022	800,000	33,592	833,592	785,000	210,625	995,625	720,000	122,500	842,500
2023	-	-	-	805,000	186,775	991,775	750,000	93,700	843,700
2024	-	-	-	840,000	162,100	1,002,100	790,000	56,200	846,200
2025	-	-	-	865,000	136,525	1,001,525	820,000	24,600	844,600
2026	-	-	-	895,000	110,125	1,005,125	-	-	-
2027	-	-	-	930,000	82,750	1,012,750	-	-	-
2028	-	-	-	960,000	54,400	1,014,400	-	-	-
2029	-	-	-	1,000,000	20,000	1,020,000	-	-	-
TOTALS	\$ 3,115,000	\$ 314,192	\$ 3,429,192	\$ 9,305,000	\$ 1,731,975	\$ 11,036,975	\$ 5,070,000	\$ 825,900	\$ 5,895,900

⁽¹⁾ To be refunded with the proceeds of the 2019 Refunding Serial Bonds, which are expected to close on or about May 7, 2019.

APPENDIX - B2
City of Binghamton

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2012			2012 E			2014		
	Refunding of 1995 Bonds			EFC Bonds - Sewer			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 330,000	\$ 118,788	\$ 448,788	\$ 195,000	\$ 141,223	\$ 336,223	\$ 415,000	\$ 305,559	\$ 720,559
2020	345,000	105,588	450,588	200,000	132,362	332,362	425,000	292,169	717,169
2021	355,000	91,788	446,788	205,000	123,064	328,064	440,000	278,113	718,113
2022	370,000	77,588	447,588	210,000	113,371	323,371	450,000	263,650	713,650
2023	390,000	62,788	452,788	220,000	103,187	323,187	465,000	248,781	713,781
2024	410,000	43,288	453,288	225,000	92,549	317,549	480,000	233,425	713,425
2025	425,000	26,888	451,888	230,000	81,569	311,569	490,000	217,663	707,663
2026	435,000	14,138	449,138	240,000	70,169	310,169	510,000	200,775	710,775
2027	-	-	-	245,000	58,369	303,369	525,000	181,350	706,350
2028	-	-	-	255,000	46,166	301,166	545,000	159,950	704,950
2029	-	-	-	265,000	33,449	298,449	560,000	137,850	697,850
2030	-	-	-	270,000	20,339	290,339	580,000	115,050	695,050
2031	-	-	-	280,000	6,861	286,861	605,000	91,350	696,350
2032	-	-	-	-	-	-	630,000	66,650	696,650
2033	-	-	-	-	-	-	650,000	41,050	691,050
2034	-	-	-	-	-	-	680,000	14,025	694,025
TOTALS	\$ 3,060,000	\$ 540,850	\$ 3,600,850	\$ 3,040,000	\$ 1,022,680	\$ 4,062,680	\$ 8,450,000	\$ 2,847,409	\$ 11,297,409

Fiscal Year Ending Dec 31st	2014 A			2014 B			2015		
	Refunding of 2007			Refunding of 2007			Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,135,000	\$ 379,388	\$ 1,514,388	\$ 65,000	\$ 29,848	\$ 94,848	\$ 360,000	\$ 337,831	\$ 697,831
2020	1,160,000	357,150	1,517,150	65,000	27,898	92,898	370,000	326,881	696,881
2021	1,185,000	332,959	1,517,959	65,000	25,915	90,915	380,000	315,631	695,631
2022	1,210,000	306,000	1,516,000	70,000	23,718	93,718	390,000	304,081	694,081
2023	1,240,000	276,481	1,516,481	70,000	21,285	91,285	405,000	292,156	697,156
2024	1,290,000	232,344	1,522,344	75,000	18,655	93,655	415,000	279,856	694,856
2025	1,335,000	183,544	1,518,544	75,000	15,805	90,805	430,000	267,181	697,181
2026	1,375,000	145,122	1,520,122	80,000	12,743	92,743	445,000	254,056	699,056
2027	1,415,000	107,056	1,522,056	85,000	9,379	94,379	455,000	240,556	695,556
2028	1,455,000	65,775	1,520,775	85,000	5,788	90,788	470,000	226,681	696,681
2029	1,465,000	21,975	1,486,975	90,000	1,980	91,980	485,000	212,356	697,356
2030	-	-	-	-	-	-	500,000	197,581	697,581
2031	-	-	-	-	-	-	515,000	182,356	697,356
2032	-	-	-	-	-	-	530,000	166,681	696,681
2033	-	-	-	-	-	-	550,000	150,481	700,481
2034	-	-	-	-	-	-	575,000	133,247	708,247
2035	-	-	-	-	-	-	595,000	114,966	709,966
2036	-	-	-	-	-	-	615,000	96,059	711,059
2037	-	-	-	-	-	-	625,000	76,294	701,294
2038	-	-	-	-	-	-	655,000	55,494	710,494
2039	-	-	-	-	-	-	680,000	33,800	713,800
2040	-	-	-	-	-	-	700,000	11,375	711,375
TOTALS	\$ 14,265,000	\$ 2,407,794	\$ 16,672,794	\$ 825,000	\$ 193,011	\$ 1,018,011	\$ 11,145,000	\$ 4,275,603	\$ 15,420,603

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2016 Various Purposes			2016B EFC Bonds - Sewer			2018 Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 695,000	\$ 205,175	\$ 900,175	\$ 830,000	\$ 707,117	\$ 1,537,117	\$ 880,670	\$ 641,192	\$ 1,521,862
2020	710,000	191,125	901,125	835,000	701,324	1,536,324	1,045,000	397,429	1,442,429
2021	725,000	176,322	901,322	840,000	694,744	1,534,744	1,070,000	365,704	1,435,704
2022	740,000	160,756	900,756	845,000	687,369	1,532,369	1,095,000	333,229	1,428,229
2023	530,000	147,263	677,263	850,000	678,428	1,528,428	1,115,000	300,079	1,415,079
2024	550,000	135,788	685,788	860,000	668,330	1,528,330	1,140,000	266,254	1,406,254
2025	560,000	123,994	683,994	865,000	657,254	1,522,254	1,160,000	231,754	1,391,754
2026	575,000	111,934	686,934	875,000	645,247	1,520,247	1,120,000	197,554	1,317,554
2027	545,000	99,694	644,694	885,000	632,227	1,517,227	760,000	169,354	929,354
2028	505,000	87,566	592,566	895,000	616,209	1,511,209	775,000	146,329	921,329
2029	525,000	75,006	600,006	905,000	596,895	1,501,895	785,000	122,929	907,929
2030	545,000	61,631	606,631	920,000	575,329	1,495,329	795,000	99,229	894,229
2031	295,000	50,947	345,947	935,000	551,758	1,486,758	255,000	83,479	338,479
2032	310,000	42,813	352,813	950,000	526,410	1,476,410	170,000	77,104	247,104
2033	310,000	33,900	343,900	965,000	500,171	1,465,171	180,000	71,854	251,854
2034	325,000	24,375	349,375	980,000	472,544	1,452,544	185,000	66,333	251,333
2035	335,000	14,475	349,475	995,000	443,712	1,438,712	190,000	60,566	250,566
2036	315,000	4,725	319,725	1,015,000	413,723	1,428,723	195,000	54,574	249,574
2037	-	-	-	1,035,000	382,532	1,417,532	205,000	48,299	253,299
2038	-	-	-	1,050,000	350,291	1,400,291	210,000	41,710	251,710
2039	-	-	-	1,070,000	313,205	1,383,205	220,000	34,775	254,775
2040	-	-	-	1,090,000	275,413	1,365,413	225,000	27,544	252,544
2041	-	-	-	1,110,000	236,914	1,346,914	240,000	19,988	259,988
2042	-	-	-	1,130,000	197,709	1,327,709	245,000	12,106	257,106
2043	-	-	-	1,155,000	159,843	1,314,843	250,000	4,063	254,063
2044	-	-	-	1,180,000	121,139	1,301,139	-	-	-
2045	-	-	-	1,205,000	81,597	1,286,597	-	-	-
2046	-	-	-	1,230,000	41,217	1,271,217	-	-	-
TOTALS	\$ 9,095,000	\$ 1,747,488	\$ 10,842,488	\$ 27,500,000	\$ 12,928,651	\$ 40,428,651	\$ 14,510,670	\$ 3,873,427	\$ 18,384,097

CITY of BINGHAMTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITOR'S REPORT

FISCAL YEAR ENDED DECEMBER 31, 2017

Such Financial Report and opinions 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.

CITY OF BINGHAMTON

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CITY OF BINGHAMTON

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Binghamton
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City'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 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 City'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 City'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.

INSERO & Co. CPAs, LLP

Rochester | Ithaca | Corning | Cortland | Watkins Glen | (800) 232-9547 | www.inserocpa.com

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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2017 the City adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pension." Our opinion is not modified with respect to this matter.

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 Schedule, Schedule of City's Contributions; NYSLRS Pension Plan, the Schedule of the City's Proportionate Share of the Net Pension Liability - NYSLRS Pension Plans, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and related notes on pages 4-4p and 50-55 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 City's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Combining Non-major Fund Financial Statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards 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 September 14, 2018 on our consideration of the City of Binghamton'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 the City of Binghamton'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
September 14, 2018

CITY OF BINGHAMTON

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

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

FINANCIAL HIGHLIGHTS

- During the year ended December 31, 2017, the City adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As a result, beginning net position was reduced by \$57,407,028. GASB Statement No. 75 requires the City to record its total OPEB liability, as well as deferred outflows and deferred inflows related to the OPEB plan. The net effect of this new accounting standard increased employee benefits expense in the City-wide financial statements by \$781,279 for the year ended December 31, 2017. See Note 9 for more detailed information.
- The City's governmental assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$135,142,427 (net position). The year end net position was composed of \$142,538,795 in net investment in capital assets, \$12,823,555 in restricted net position, and \$(20,219,923) in unrestricted net position (deficit). The unrestricted net (deficit) at December 31, 2017 is primarily attributable to recognition of the accumulated OPEB liability of \$102,233,292. Liabilities of the City's Business-type Activities exceeded assets by \$(1,621,643).
- The City's expenses were \$21,671,026 less than the \$150,289,815 generated in tax and other revenues for all governmental program activities. Expenses of the Business-type Activities were \$6,760 and there were no revenues.
- The City records its proportionate share of net pension (asset) liability along with deferred inflows and deferred outflows related to pensions in accordance with the parameters of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Current year recognition resulted in an additional \$2,786,006 of employee benefits expense.
- The General Fund recorded an operating increase of \$2,419,060 in 2017 and had a fund balance of \$22,300,963 at year-end.
- The City's long-term liabilities decreased by \$(1,056,057). Bond anticipation notes increased by \$22,502,332, bonds decreased by \$(7,920,714), the City's proportionate share of the NYSLRS net pension liability decreased by \$(9,672,383), and the City's OPEB liability decreased by \$(5,222,727).

CITY OF BINGHAMTON

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

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and Statement of Activities (pages 5-6a) provide information about the City as a whole and present a longer-term view of the City's finances. Governmental Fund financial statements start on page 7. These statements, for Governmental Activities, tell how services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the City's operations in more detail than the Government-wide financial statements by providing information about the City's most significant funds. The remaining statements provide financial information about the hotel the City operated as a business before selling the property, and for which the City acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information essential to a full understanding of the data provided in the financial statements.

In addition to basic financial statements, the annual report contains other information in the form of budgetary comparison schedules for the General Fund and Sewer Fund, as well as combining statements for funds that are not considered Major Funds and, therefore, are not presented individually in the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and Statement of Activities report information about the City and its activities in a way that helps answer the question of whether the City, as a whole, is better 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 current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, all of the City's activities which are governmental in nature are reported in one column including general governmental support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest on long-term debt. Business-type Activities are reported in a separate column in these statements. Property and sales taxes, and state and federal grants finance most of the governmental activities.

CITY OF BINGHAMTON

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

Reporting the City's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the City's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the City 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 City's services are reported in the Governmental Funds, which focus on how money flows in and out of those funds, and the balances left at year end that are available for spending. These funds are reported using an accounting method called *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 City's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. The relationship (or differences) between Governmental Activities (reported in the Government-wide financial statements) and Governmental Funds is explained in a reconciliation following the Governmental Fund financial statements.

Proprietary Funds: When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are the same as the Business-type Activities we report in the Government-wide financial statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

The City as Trustee: The City is the trustee, or fiduciary, for other assets held on behalf of others. All of the City's Fiduciary Activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in this fund are used for their intended purposes.

THE CITY AS A WHOLE

A portion of the City's net position 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 City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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 City's net position represents resources subject to external restrictions on how they may be used and are reported as restricted. The remaining category of net position is unrestricted net position (deficit). Included in unrestricted resources is the City's equity interest in two joint ventures. The remaining portion of unrestricted resources may be used to meet the City's ongoing obligations and services to creditors and citizens.

CITY OF BINGHAMTON

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

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

Figure 1
Net Position

Condensed Statement of Net Position	Governmental Activities		Dollar Change	Percent Change
	2016	2017	2016-2017	2016-2017
<i>Current assets</i>	\$ 82,636,831	\$ 80,552,391	\$ (2,084,440)	(3%)
<i>Noncurrent assets</i>	22,992,602	75,957,069	52,964,467	230%
<i>Capital assets, net</i>	309,283,322	308,486,097	(797,225)	-0-%
Total Assets	414,912,755	464,995,557	50,082,802	12%
<i>Pensions</i>	29,502,293	16,341,340	(13,160,953)	(45%)
<i>Other postemployment benefits</i>	-	6,847,204	6,847,204	100%
Total Deferred Outflows of Resources	29,502,293	23,188,544	(6,313,749)	(21%)
<i>Current liabilities</i>	70,663,554	103,238,725	32,575,171	7%
<i>Noncurrent liabilities</i>	255,933,870	233,308,080	(22,625,790)	(9%)
Total Liabilities	326,597,424	336,546,805	9,949,381	3%
<i>Pensions</i>	4,346,223	3,643,659	(702,564)	(16%)
<i>Other postemployment benefits</i>	-	12,851,210	12,851,210	100%
Total Deferred Inflows of Resources	4,346,223	16,494,869	12,148,646	280%
<i>Net investment in capital assets</i>	174,321,981	142,538,795	(31,783,186)	(18%)
<i>Restricted</i>	9,008,180	12,823,555	3,815,375	42%
<i>Unrestricted</i>	(69,858,760)	(20,219,923)	49,638,837	71%
Total Net Position	\$ 113,471,401	\$ 135,142,427	\$ 21,671,026	19%

Current assets consist largely of \$22,633,411 in cash and cash equivalents, \$31,303,175 in restricted cash, and \$12,927,737 in due from other governments. Noncurrent assets consist of the long-term portion of loans receivable of \$6,359,155, the noncurrent receivable from the Joint Sewage Treatment Plant of \$68,131,048, and the City's equity interest in joint ventures of \$1,466,866. Current assets decreased as a result of a decrease in cash held with the City's fiscal agent of \$(14,793,771), partially offset by an increase in due from other governments and due from state and federal governments. Noncurrent assets increased primarily as a result of a large increase of the Joint Sewage Treatment Plant receivable of \$40,433,779 combined with an increase of joint venture equity. Capital assets, net of accumulated depreciation, decreased as a result of depreciation and retirements exceeding capital outlay. Increases in due from other governments relate to the Joint Sewer Projects.

Included in current liabilities are bond anticipation notes (BANs) payable of \$68,833,754, the current portion of long-term liabilities of \$7,228,813, and various payables. Noncurrent liabilities consist of bonds payable of \$110,804,999, compensated absences of \$4,142,201, other postemployment benefits payable of \$102,233,292, lease obligations of \$160,743, and the City's proportionate share of the net pension liability of \$15,966,845. The increase in current liabilities is primarily due to an increase in BANs payable balances of \$22,502,332 and an increase in accrued liabilities of \$13,562,741 related to the joint sewer project. Noncurrent liabilities decreased as a result of a decrease in debt of \$7,014,123, a decrease in retainage payable of \$585,399, and a decrease of \$9,672,383 in the City's proportionate share of net pension liability.

CITY OF BINGHAMTON

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

The net amount invested in capital assets decreased overall based on changes in capital assets and the change in debt incurred to fund capital projects. This amount decreased due to a increase in bond anticipation notes, as well as the spending of previously unspent debt proceeds. Restricted net position consists of \$884,087 for debt service, \$1,464,252 for retirement contributions and benefits, \$500,480 for insurance reserve, \$180,779 for employee benefits reserve, \$1,800,000 for capital reserve, \$500,000 for tax stabilization reserve, and \$7,493,957 for economic development activities.

Changes in deferred outflows of resources - OPEB and deferred inflows of resources - OPEB are primarily due to current year implementation and recognition of GASB Statement No. 75 and changes from the prior year as restated, based on an actuarial valuation of the City's OPEB plan.

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

Figure 2
Changes in Net Position

Condensed Statement of Net Position	Governmental Activities and Government		Dollar Change	Percent Change
	2016	2017	2016-2017	2016-2017
REVENUES				
<i>Program Revenues:</i>				
<i>Charges for services</i>	\$ 20,537,959	\$ 20,797,096	\$ 259,137	1%
<i>Operating grants and contributions</i>	4,529,798	3,467,548	(1,062,250)	(23%)
<i>Capital grants</i>	24,701,225	39,971,341	15,270,116	62%
<i>General Revenues:</i>				
<i>Real property taxes</i>	37,405,828	37,409,232	3,404	-0-%
<i>Nonproperty tax items</i>	11,257,741	12,163,195	905,454	8%
<i>State sources</i>	9,949,384	9,718,814	(230,570)	(2%)
<i>Use of money and property</i>	186,271	199,688	13,417	7%
<i>Change in equity interest in joint venture</i>	(4,175,918)	12,540,153	16,716,071	400%
<i>Other general revenues</i>	13,479,534	14,022,748	543,214	4%
Total Revenues	\$ 117,871,822	\$ 150,289,815	\$ 32,417,993	28%
PROGRAM EXPENSES				
<i>General support</i>	\$ 16,360,120	\$ 20,545,637	\$ 4,185,517	26%
<i>Public safety</i>	41,543,296	38,126,983	(3,416,313)	(8%)
<i>Public health</i>	1,022,840	989,867	(32,973)	(3%)
<i>Transportation</i>	6,087,710	3,149,866	(2,937,844)	(48%)
<i>Economic assistance and opportunity</i>	634,472	454,777	(179,695)	(28%)
<i>Culture and recreation</i>	5,027,512	4,882,562	(144,950)	(3%)
<i>Home and community services</i>	53,484,268	55,735,798	2,251,530	4%
<i>Interest on debt</i>	3,193,183	4,733,299	1,540,116	48%
Total Expenses	\$ 127,353,401	\$ 128,618,789	\$ 1,265,388	1%
(DECREASE) INCREASE IN NET POSITION	\$ (9,481,579)	\$ 21,671,026	\$ 31,152,605	329%

CITY OF BINGHAMTON

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

Governmental Activities

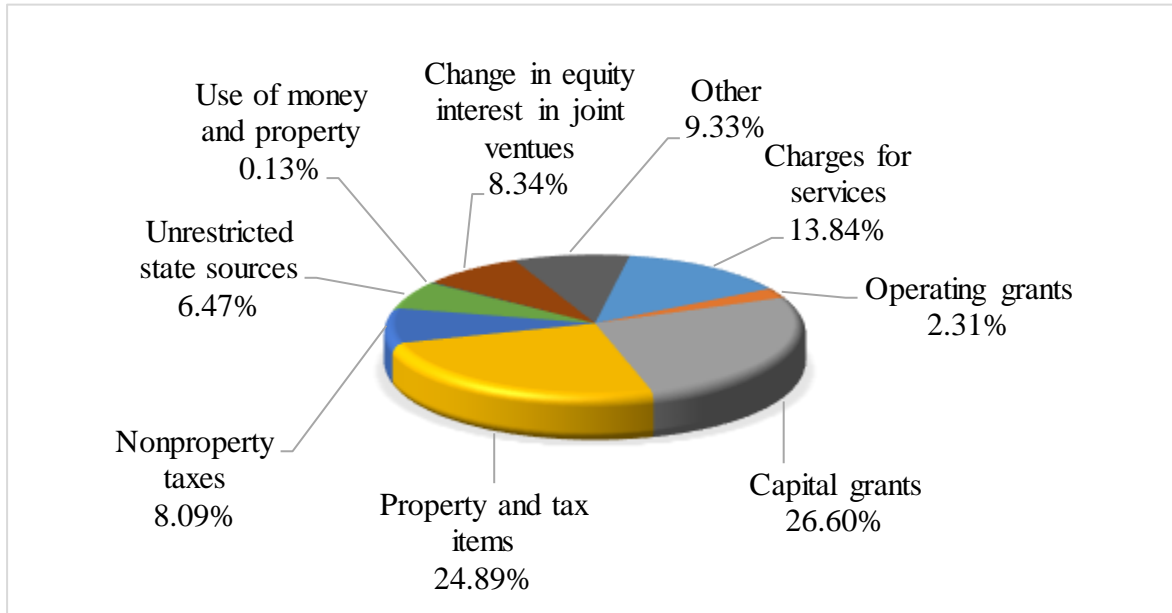
Net position of the City's activities increased primarily due to increases in charges for services and capital grants, slightly offset by a decrease in operating grants. Operating grants decreased as a result of decreases in CDBG grant revenue. Capital grants increased significantly as a result of reimbursements related to the Joint Sewer Project totaling \$35,325,754, as opposed to \$18,327,614 in the prior year. Operating and capital grants fluctuate from year to year depending on the types of grants the City has applied for and received.

Property tax and tax items remained consistent from the prior year. Nonproperty taxes were up 8% in 2017, as compared to 2016. Other revenue increased primarily due to payments from the Village of Johnson City on joint venture debt and an increase in compensation from loss related to FEMA reimbursements. The change in the City's equity interest in joint ventures is dependent on those entity's yearly operating results. See Note 12 for more information about the City's joint ventures.

Expenses increased primarily due to an increase in interest expense.

***Figure 3
Revenue by Source***

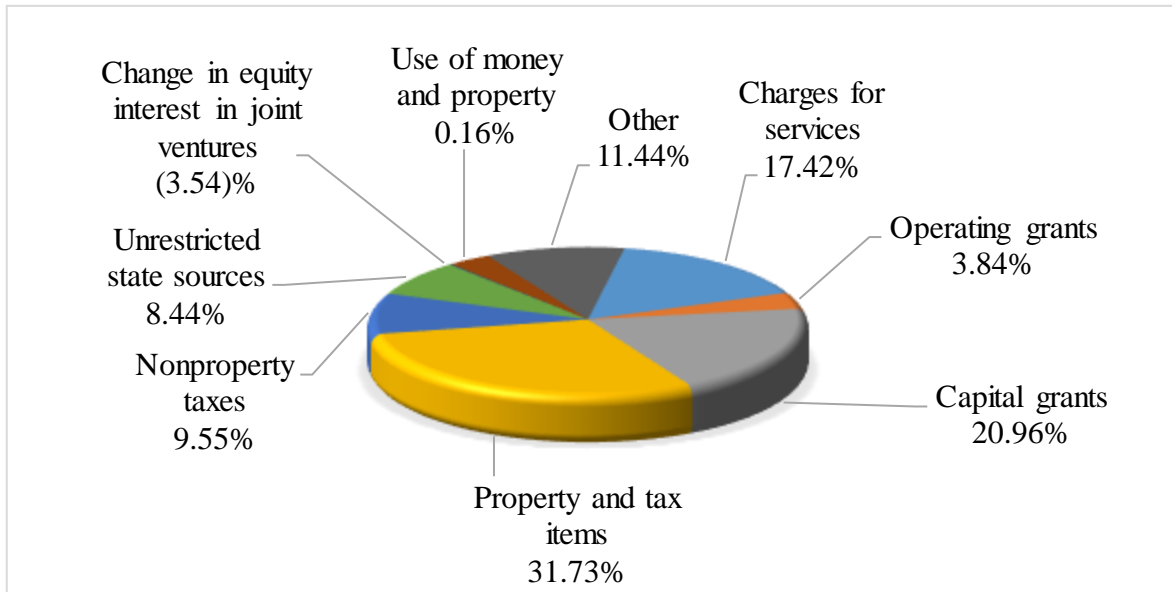
2017



CITY OF BINGHAMTON

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

2016



The cost of all Governmental Activities in 2017 was \$128,618,789. However, as shown in the Statement of Activities the amount ultimately financed for these activities through City property and payments in lieu of taxes was \$64,382,804, 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, City governmental program revenues, including fees for services and grants, were \$64,235,985. The City paid for the remaining “public benefit” portion of Governmental Activities with \$86,053,830 in taxes and other revenues, such as interest and general entitlements.

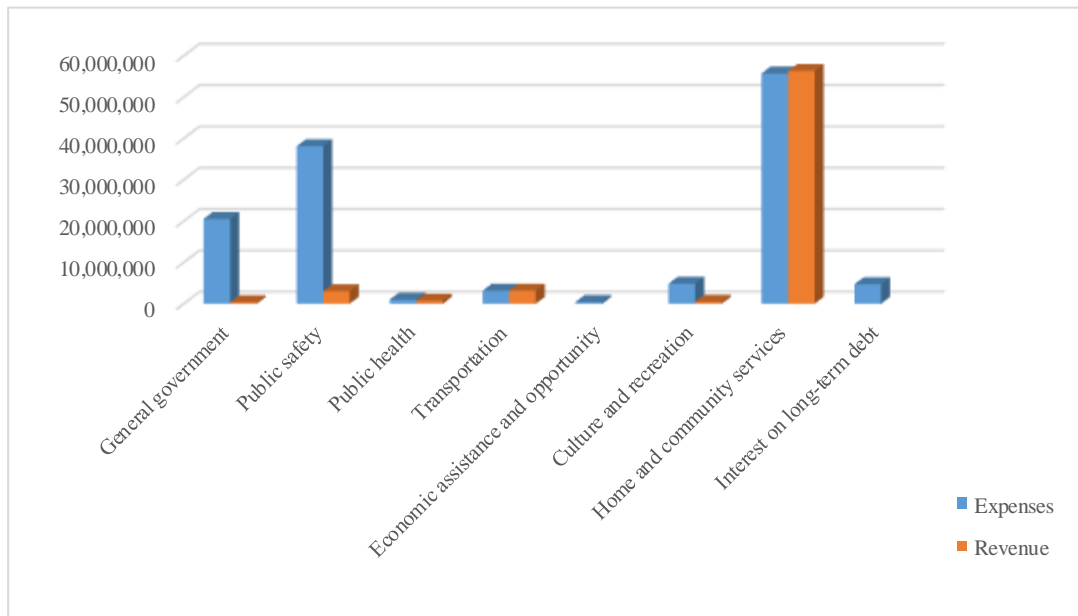
Total cost and revenue comparison of the Governmental Activities for each of the City’s largest programs follows. Note that the City’s home and community service activities which provide water and sewer services include debt service costs in their fee structures. Because debt service costs are not expenses of this function, excess revenue generated by these activities is used to make debt principal and interest payments.

CITY OF BINGHAMTON

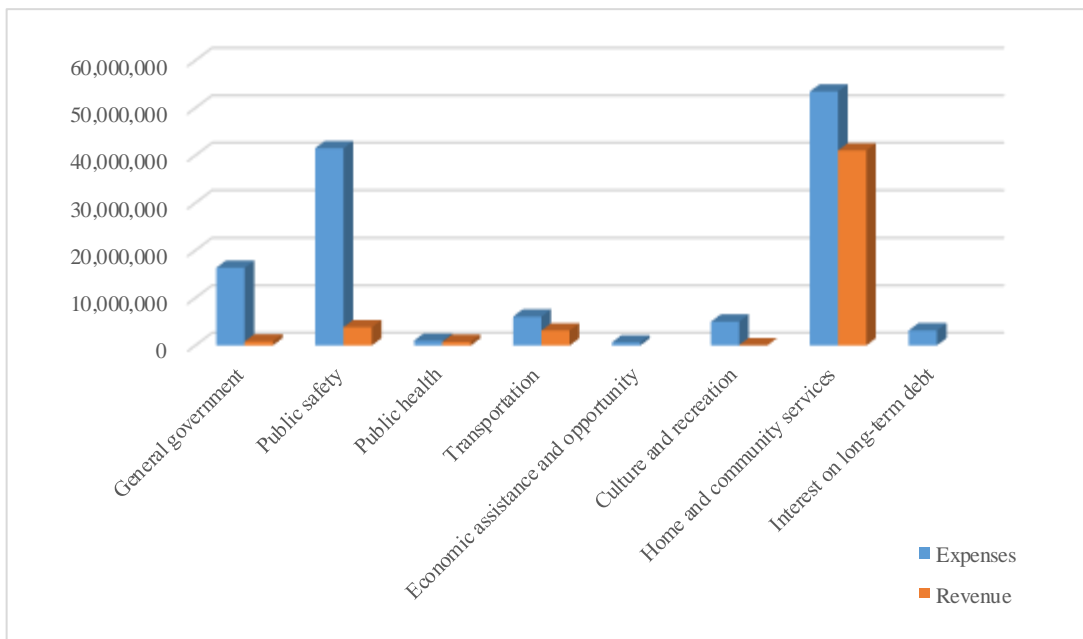
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Figure 4
Program Cost and Revenue Comparison
Governmental Activities

2017



2016



CITY OF BINGHAMTON

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

BUSINESS-TYPE ACTIVITIES

The City's Business-type Activities represent the remaining activity of the Binghamton Regency Hotel. The Hotel was sold in December 2010, and the City received final payment from the buyer in December 2012. The City continues to pay outstanding loans to the U.S. Department of Housing and Urban Development (HUD), and received approval from HUD to extend final payment until August 2019.

Figure 5 shows the assets, liabilities, and net deficit of the Business-type Activities:

*Figure 5
Business-Type Activities
Net Position*

			<i>Dollar Change</i>	<i>Perecent Change</i>
	<i>2016</i>	<i>2017</i>	<i>2016-2017</i>	<i>2016-2017</i>
<i>Current assets</i>	\$ -	\$ -	\$ -	-0-%
<i>Total Assets</i>	-	-	-	-0-%
<i>Current liabilities</i>	1,269,008	1,448,768	179,760	14%
<i>Noncurrent liabilities</i>	345,875	172,875	(173,000)	(50%)
<i>Total Liabilities</i>	1,614,883	1,621,643	6,760	-0-%
<i>Unrestricted</i>	(1,614,883)	(1,621,643)	(6,760)	-0-%
<i>Total Net (Deficit)</i>	\$ (1,614,883)	\$ (1,621,643)	\$ (6,760)	-0-%

Changes in liabilities reflect the payment by the City to HUD, offset by funds borrowed from governmental activities. Net position changed by the interest expense recorded during the year.

THE CITY'S FUNDS

As the City completed the year, its Governmental Funds, as presented in the balance sheets on pages 7-7a, reported a combined fund balance deficit of \$(17,360,413), a decrease from last year of \$(36,753,867). The General Fund showed a \$2,419,060 increase in fund balance, and ended the year with an overall fund balance of \$22,300,963.

The Capital Projects Fund experienced a \$(39,721,817) decrease in fund balance due to the issuance of BANs totaling \$55,488,822; the remaining (deficit) will be eliminated as short-term debt is converted to long-term financing.

CITY OF BINGHAMTON

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

Figure 6 shows changes in fund balance for the year for the City's funds.

Figure 6
Governmental Funds
Fund Balance at Year Ending December 31,

Governmental Fund Balances	2016	2017	Dollar Change 2016-2017	Percent Change 2016-2017
<i>General Fund</i>	\$ 19,881,903	\$ 22,300,963	\$ 2,419,060	12%
<i>Special Grant Fund</i>	430,037	424,094	(5,943)	(1%)
<i>Capital Projects Fund</i>	(8,167,652)	(47,889,469)	(39,721,817)	(486%)
<i>Non-Major Funds:</i>				
<i>Refuse and Garbage Fund</i>	433,834	455,114	21,280	5%
<i>Water Fund</i>	3,191,035	3,045,618	(145,417)	(5%)
<i>Parking Ramp Fund</i>	(393,339)	(390,466)	2,873	1%
<i>Sewer Fund</i>	4,017,636	4,693,733	676,097	17%
Total Governmental Funds	\$ 19,393,454	\$ (17,360,413)	\$ (36,753,867)	190%

The General Fund increase was mainly the result of an increase in refunds of prior year expenditures, offset by transfers to other funds. The Special Grant Fund decreased slightly due to a decrease in Community Development Block Grant revenue. Capital Projects Fund decreased based on issuance of bond anticipation notes that have not been converted to long term debt. The Water Fund decreased primarily due to increases in debt service principal payments and an increase in transfers to other funds. The Sewer Fund increased \$676,097 from 2016, compared to an increase of \$3,662,701 from 2015 to 2016 due to a significant decrease in refunds of prior year's expenditures and increases debt service principal and interest payments. See Note 2 regarding funds with deficit fund balances.

General Fund Budgetary Highlights

Over the course of the year, the City Council as well as the management of the City revised the City General Fund budget several times. These budget amendments consist of transfers between functions, encumbrances from the prior fiscal year, and acceptance of grant awards.

Resources available for appropriation were above the final budgeted amount by \$286,516. The actual charges to appropriations (expenditures and encumbrances) were below the final budget amounts by \$2,400,020. Refer to page 50 for detailed information.

CITY OF BINGHAMTON

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2017, the City had \$308,486,097, net of accumulated depreciation of \$278,220,737, invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net decrease (including additions; net of disposals and depreciation expense) of \$(797,225) from 2016.

*Figure 7
Capital Assets, Net of Depreciation*

<i>Capital Assets</i>	<i>Governmental Activities</i>		<i>Dollar Change 2016-2017</i>	<i>Percent Change 2016-2017</i>
	<i>2016</i>	<i>2017</i>		
<i>Land</i>	\$ 4,279,869	\$ 4,308,146	\$ 28,277	1%
<i>Construction in progress</i>	15,256,471	9,355,650	(5,900,821)	(39%)
<i>Buildings, net</i>	12,825,999	15,434,013	2,608,014	20%
<i>Equipment, net</i>	7,631,411	7,433,585	(197,826)	(3%)
<i>Infrastructure, net</i>	269,289,572	271,954,703	2,665,131	1%
<i>Total</i>	\$ 309,283,322	\$ 308,486,097	\$ (797,225)	0%

Debt

Debt (bonds, BANs, and lease obligations payable), considered a liability of Governmental Activities, increased \$13,766,476, bringing total debt to \$186,891,587 as of December 31, 2017, as shown in Figure 8. During the year, the City issued new BANs in the amount of \$55,488,822, which were partially offset by the maturity of BANs in the amount of \$32,986,490. Of the amount of bonds and BANs outstanding, \$74,477,407 is subject to the constitutional debt limit and represented 73% of the City's statutory debt limit. The City's bond rating was assigned an A2 by Moody's. More detailed information about the City's liabilities is presented in Notes 6 through 9 to the financial statements.

*Figure 8
Outstanding Debt and Long-term Liabilities at Year Ending December 31,*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change 2016-2017</i>	<i>Percent Change 2016-2017</i>
	<i>2016</i>	<i>2017</i>		
<i>Bond anticipation notes</i>	\$ 46,331,422	\$ 68,833,754	\$ 22,502,332	49%
<i>Serial bonds</i>	125,739,836	117,819,122	(7,920,714)	(6%)
<i>Installment purchase debt</i>	1,053,853	238,711	(815,142)	(77%)
<i>Total</i>	\$ 173,125,111	\$ 186,891,587	\$ 13,766,476	8%

CITY OF BINGHAMTON

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City, with a land area of approximately 10.4 square miles, is situated in the southern portion of Broome County (the "County") in upstate New York. The City of Syracuse lies approximately 75 miles to the north, while the Pennsylvania border lies approximately 7 miles to the south. The City is the County Seat of the County and is part of a metropolitan area running along the Susquehanna River Valley through the incorporated Villages of Endicott and Johnson City and the unincorporated area of Vestal.

Major highways within and in close proximity to the City include U.S. Route 11, Interstate 81 which extends north to Canada and south to Tennessee, Interstate 88 which runs northeast to Albany, Route 17 (soon to be Interstate 86) which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and State Routes 7, 12, and 26.

Banking services are provided within the City by offices of Key Bank, N.A., M&T Bank, Chemung Canal, Tioga State Bank and NBT Bank, N. A. The City maintains accounts with Chase Bank, M&T Bank, and Chemung Canal Trust Company.

Recent and Planned Construction and Development Activity

The City has instituted an aggressive approach to develop and expand the commercial and industrial base within the City and is continuing to establish its central business district as a major retailing, cultural, convention, and entertainment center. Today, the business district is thriving during both day and evening hours. Downtown has also become an entertainment center and a place where thousands of residents and visitors come to socialize following the end of the workday and on weekends. The urban core currently hosts a variety of restaurants, coffeehouses, hotels, and taverns that attract people from throughout the region. Also located downtown is the Floyd L. Maines Veterans Memorial Arena, a 6,925 (4,679 for hockey) seat multi-purpose arena and home of the Binghamton Devils, a professional ice hockey team in the American Hockey League, which is a primary entertainment venue for residents of the Greater Binghamton area. NYSEG Stadium (former Binghamton Municipal Stadium), a stadium located in the northern section of downtown Binghamton, is home to the Binghamton Rumble Ponies of the Double-A Eastern League. The Broome County Forum Theatre (the "Forum") is a 1,500-seat performing arts theatre located in City's downtown and home to Broadway in Binghamton, the Tri-Cities Opera, and the Binghamton Philharmonic. The Forum also hosts a wide variety of other events, including concerts, comedians, conventions, talent competitions, and recitals. It also houses a Robert Morton Theatre Organ.

In June 2017, the \$19 million Koffman Southern Tier Incubator opened on Hawley Street in Binghamton's urban core. The 35,000 square-foot Incubator was built by Binghamton University (the "University") and SUNY Broome to support the Southern Tier's growing entrepreneurial ecosystem and attract new companies to the area, especially those in the energy fields. The Incubator has offices, labs, common areas, and co-working spaces meant to encourage collaboration. It also offers wrap-around services such as financial, legal, and regulatory resources to help developing companies succeed. With such support, new firms increase their likelihood of success. Rather than 2 or 3 of 10 firms succeeding beyond three years, with the support available through an incubator, the success rate typically jumps to 8 of 10 thriving. The University has announced it expects to help create more than 900 jobs within the next nine years through the Incubator.

CITY OF BINGHAMTON

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

The City's Economic Development Office is working in concert with SUNY Broome and the University to identify suitable locations for the Governor's "Start-Up New York" tax free zone program. The Charles Street Business Park and a large manufacturing-ready facility on Court Street both offer build to suit and move-in opportunities. The Binghamton Local Development Corporation (the "BLDC") has worked with local business owners, Cornell University, SUNY Broome, and Cornell Cooperative Extension to attract a new generation of food businesses to take advantage of Binghamton's proximity to Cornell's technology and the City's access to three major railroads and three major interstate highways. This project is also part of the Upstate Revitalization Initiative discussed below.

SUNY Broome has proposed to take over the former Carnegie Library recently acquired by the Development Agency to develop a downtown campus for its gaming and hospitality programs. SUNY Broome has received funding for this project and is advancing the project, particularly in light of New York State's approval of a Casino at Tioga Downs Raceway.

Over the last three years over 3,000 new upscale student housing units have been built and opened in the City's downtown. These multiple residential and mixed use projects have brought both a renewed optimism and economic vitality to the City's downtown. The projects resulted in millions of dollars being invested into the downtown core, while bringing a new life to downtown. Commercial and service business storefronts along Court and Washington Street attract and serve the new residents. William H. Lane Incorporated, a construction company, returned to the City after a 40-year absence, and Ellis Brothers Furniture is investing an estimated \$3.5 million to renovate a currently vacant building downtown into a modern furniture and gift shop. Several new restaurants, taverns and shops have opened downtown, as well.

The trend of converting commercial buildings into urban homes and lofts has gained momentum and has quickly spread to multiple areas downtown. In addition to the loft living that is taking place downtown, an "Arts District" is also being formed. Many artists continue to purchase buildings to use as residences, personal studios and art galleries. Area residents recognize the significant artistic talent that exists in the community and the "First Friday Art Walk", which highlights a range of quality artistic shops, galleries, and live entertainment has continued to grow and increase traffic for local businesses. These artists could locate anywhere in the world, but have all chosen the City as a base for their artistic venues. With strong City support and a prime funder, Visions FCU, artists and technical experts merged their talents to bring 20,000 attendees to the first annual LUMA Projection Arts Festival in 2015. The festival has grown rapidly in the two years since, drawing more than 60,000 people combined.

The City's economic development success is not limited to downtown, but is taking place Citywide as businesses continue to take advantage of positive economic momentum and an increased customer base. Across the railroad tracks from the downtown area a developer has proposed a mixed use-market rate development at One North Depot, which is expected to include over 70 moderately priced units, mostly studio apartments for recent graduates, graduate students, and professors. The BLDC has approved a \$200,000 loan to be used to stabilize the property and make the structure more attractive to commercial lenders. The developers have also received a \$1.5 million grant through the State Consolidated Funding Application. A second mixed market rate apartment project is being proposed on Eldredge Street across the Viaduct, and is expected to provide moderately priced apartment units.

CITY OF BINGHAMTON

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

Loan programs of the BLDC have made loans in the aggregate amount of \$701,000 over the last two years to seven different businesses. The loans are designed to supplement private investment in the projects of \$616,950, which resulted in local banks investing an additional \$1,155,000 for the loans, for a total investment of \$2,472,950. The BLDC just closed its most recent NYS Office of Community Renewal (OCR) Main Street grant for \$500,000, to improve the area entering downtown.

New businesses continue to open throughout the City. The City recently worked with ScottTech, LLC, a warehouse management technology company, to relocate its corporate headquarters to the westerly end of the Court Street Corridor near downtown, bringing 14 engineering and manufacturing jobs to the City. In 2015, the City sold a former senior center located one block from the Court Street Corridor to Red Barn Computer, Inc. which has opened a high tech data service and storage center including ancillary businesses and established 15 new jobs. In 2016, I3, a high Tech Electronic Manufacturer moved part of its operation to the City, bringing high paying jobs into the downtown area.

Since 2014, several new restaurants and breweries have opened downtown, including Galaxy Brewing, Social on State, The Shop, Citrea Restaurant and Bar, The Colonial, and The Garage, which opened on the site of a closed-down gas station. In 2018 there have three more opening in the downtown area, Craft, 205, and Dos Rios Cantina. These establishments and others have helped to fill previously empty storefronts in Binghamton's Urban Core. Buffy's Burritos, for example, returned to Washington Street on 2016 after closing nine years earlier. In 2017 alone, several eateries arrived downtown, including Parlor City Pizza, Parlor City Pub, Peterson's Tavern, and Oakdale Pizza, which opened a second location on Court Street. Strange Brew, a coffee shop and eatery opened on Washington Street in 2016, decided to open a second downtown location a year later. Downtown has attracted other types of businesses in recent years as well, including HUE Advertising, Tesorina Boutique, Parlor City Market, and Old Barn Hollow, which relocated from the south side. On the outskirts of downtown, the Lackawanna Train Station was renovated with multiple new commercial and professional office spaces. The City has four recently approved BOA's (Brownfield Opportunity Area) and hopes to leverage these designations into new developments in the BOAs.

The City will be a major beneficiary of the State of New York Upstate Revitalization Initiative (URI). The City received a \$3.45 million grant to help defray the cost of a new mixed use parking facility, a grant for the construction of a connecting bike/pedestrian way from the campus of the University to the City's downtown, grants for rehabilitation of parks and a Local Waterfront Revitalization Plan (LWRP) study. The City, as one of the three urban core areas of the \$20,000,000 Greater Binghamton Economic Ecosystem, should benefit from the proposed multi-million dollar improvements expected to be made as part of the URI. In addition, a \$3.0 million grant has been provided for a \$15.0 million mixed use market rate housing at 50 Front Street and a \$500,000 grant has been awarded for the construction of a mixed use building at 70-72 State Street. The BLDC has loaned \$350,000 to Fortress Development Group (FDG) Housing, LLC for an ultra-modern rehabilitation of a largely vacant building at 73 Court Street; it also has received a \$245,000 New York State Consolidated Funding Application (CFA) grant for energy efficiency. The City does not guarantee any debt on behalf of BLDC.

CITY OF BINGHAMTON

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

In 2015, Lourdes Hospital completed the third phase of a five phase, \$70 million construction project to update and expand its medical complex in the City. The project consisted of an expanded emergency department, a new open MRI facility, two new surgical suites, a flood wall, an ambulatory care building, a two-story main entrance connecting the ambulatory building to the main hospital, an expanded radiology department, and a multi-story parking garage.

The City government continues to improve infrastructure by investing in roads, bridges, gateways, and water and sewer projects. Additional projects to upgrade and rehabilitate the City's Front Street gateways and bridges are currently underway in the amount of \$5 million. These projects are the direct result of the City's successful partnership with the State Department of Transportation, which is contributing 95% of the costs of each of these projects. Over the last ten years this partnership has resulted in a combined \$85 million being spent on a diverse range of local roadway and bridge projects. Since 2014, the City has milled and paved over one-third of all the City streets. Several bridges have undergone major rehabilitation projects, included the historic East Clinton Bridge, where a \$1.9 million project was completed in 2017. In 2016 the City completed its \$4 million multi-year project of changing the street lighting to LED's, which has shown a reduction of electric usage by more than 50%.

The City has also advanced an aggressive demolition program in recent years, identifying and tearing down dozens of commercial and residential eyesores, expanding the redevelopment potential of certain parcels and simply seeking to eradicate blight and boost the property values of surrounding parcels with other demolitions. The City demolished a vacant former Big Lots on the North Side in 2017, for example, making room for an affordable housing project the Binghamton Housing Authority has proposed to build. In 2017, the City broke ground on a \$500,000 project to triple the size of the Lee Barta Community Center on the North Side.

The City has received a \$3.0 million dollar FEMA grant to clean up flood damaged areas and another \$3.0 million in New York Rising Grants. With assistance from the City, Binghamton's First Ward Action Council received a \$6.9 million grant to improve housing stock located in the First Ward and visible as one enters the City from Front Street. A separate \$14.0 million affordable housing project of the First Ward Action and the City, announced in 2017, will rehabilitate 11 severely dilapidated multi-family properties on Crandall Street in a high-poverty area of the City's First Ward. The project will also rehabilitate a vacant historic North Street building, a portion of which will be transformed into a community center.

Also in the First Ward, a \$20 million mixed-use development project is planned for a historic four-story building on Emma St. The former Ansco Camera Factory building will be rehabilitated into two floors of commercial space and 97 market-rate lofts above.

Over the last five years, the City has invested nearly \$4.8 million in federal and state grants to help more than 100 homeowners achieve safer, healthier and more energy efficient homes. This has been made possible through the City's two key housing programs, Single Family Repair Program and the First Time Homebuyer Program.

CITY OF BINGHAMTON

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

Over the last three years, the City has helped a dozen residents become first-time homeowners through its First Time Homebuyer Program. The City currently offers a purchase assistance loan of up to \$10,000 to income-eligible, first-time homebuyers who have graduated from the Binghamton Homeownership Academy. The deferred loan requires no payments so long as the owner maintains residency and ownership, and the full amount of the loan is completely forgiven after 5 years.

Recent Budget Results

The City Council and Mayor adopted and approved the 2018 budget which included a decrease in residential tax rate of 1.97% thus complying with the statutory tax cap; however, a total appropriation of \$1,881,833 from General Fund reserves is expected to be used to pay the cost of certain capital projects funded as part of the operating budget and provide \$818,997 in debt reduction.

Education

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 Sciences. Binghamton University had an enrollment of 13,708 undergraduates and 3,614 graduate students for the 2017 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.

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 4,075 full-time and 1,549 part-time students for the Spring 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.

CITY OF BINGHAMTON

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

The expansion of Binghamton University and SUNY Broome has led to increased demand for off-campus student housing and resulted in a housing boom in downtown Binghamton in recent years. There have been several multi-million dollar student housing projects, including new construction projects, such as 20 Hawley and Twin River Commons, and the renovation of multiple historic buildings, such as Chenango Place, The Printing House, and University Lofts. A total of 367 units with 1,445 beds are planned. A \$17.5 million waterfront housing project, called Chenango Place consisting of 178 student beds was completed in the summer of 2014, creating 50 full-time construction jobs during construction and 20 permanent jobs. This project also restored part of a historic downtown building.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Clarence E. Shager, City Comptroller, City Hall, 38 Hawley Street, Binghamton, NY 13901.

CITY OF BINGHAMTON

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 22,633,411	\$	\$ 22,633,411	\$ 2,574,063
Restricted cash and cash equivalents	31,303,175		31,303,175	
Due from state and federal governments	3,833,526		3,833,526	
Due from other governments	12,927,737		12,927,737	
Other receivables, net	6,275,235		6,275,235	127,250
Loans receivable, short-term portion	710,708		710,708	276,905
Inventories	364,667		364,667	
Prepaid expenses	2,503,932		2,503,932	
Total Current Assets	80,552,391		80,552,391	2,978,218
Noncurrent Assets				
Noncurrent receivable	68,131,048		68,131,048	
Restricted investments				136,954
Loans receivable, long-term portion	6,359,155		6,359,155	735,973
Equity interest in joint ventures	1,466,866		1,466,866	
Capital Assets:				
Land and construction in progress	13,663,796		13,663,796	439,432
Depreciable capital assets, net	294,822,301		294,822,301	
Total Noncurrent Assets	384,443,166		384,443,166	1,312,359
Total Assets	464,995,557		464,995,557	4,290,577
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	16,341,340		16,341,340	
Other postemployment benefits	6,847,204		6,847,204	
Total Deferred Outflows of Resources	23,188,544	-	23,188,544	-
LIABILITIES				
Current Liabilities				
Accounts payable	4,103,956		4,103,956	113,156
Accrued liabilities	19,753,688		19,753,688	
Due to other governments	2,054,485		2,054,485	
Due to fiduciary funds		1,276,768	1,276,768	
Bond anticipation notes payable	68,833,754		68,833,754	
Accrued interest payable	1,146,465		1,146,465	
Other	117,564		117,564	
Current Portion of Long-term Liabilities				
Bonds payable	7,014,123	172,000	7,186,123	
Lease obligations payable	77,968		77,968	
Compensated absences	136,722		136,722	
Total Current Liabilities	103,238,725	1,448,768	104,687,493	113,156
Noncurrent Liabilities				
Bonds payable	110,804,999	172,875	110,977,874	
Lease obligations payable	160,743		160,743	
Other postemployment benefits payable	102,233,292		102,233,292	
Compensated absences	4,142,201		4,142,201	
Net pension liability - Proportionate share	15,966,845		15,966,845	
Total Noncurrent Liabilities	233,308,080	172,875	233,480,955	
Total Liabilities	336,546,805	1,621,643	338,168,448	113,156

See Independent Auditor's Report and Notes to Financial Statements

	Primary Government	Business-Type Activities	Total	Component Units
DEFERRED INFLOWS OF RESOURCES				
Pensions	3,643,659		3,643,659	
Other postemployment benefits	12,851,210		12,851,210	
Total Deferred Inflows of Resources	16,494,869	-	16,494,869	-
NET POSITION				
Net investment in capital assets	142,538,795		142,538,795	439,432
Restricted	12,823,555		12,823,555	3,697,403
Unrestricted (Deficit)	(20,219,923)	(1,621,643)	(21,841,566)	40,586
Total Net Position (Deficit)	\$ 135,142,427	\$ (1,621,643)	\$ 133,520,784	\$ 4,177,421

CITY OF BINGHAMTON

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
FUNCTIONS/PROGRAMS				
Governmental Activities				
General governmental support	\$ 20,545,637	\$ 162,900	\$ 213,617	\$
Public safety	38,126,983	905,231	266,209	1,894,420
Public health	989,867	747,478		
Transportation	3,149,866	1,469,961		1,723,741
Economic assistance and opportunity	454,777			
Culture and recreation	4,882,562	22,677	500,000	
Home and community services	55,735,798	17,488,849	2,487,722	36,353,180
Interest on debt	4,733,299			
Total Governmental Activities	128,618,789	20,797,096	3,467,548	39,971,341
Business-type Activities				
Proprietary funds	6,760			
Total Primary Government	\$ 128,625,549	\$ 20,797,096	\$ 3,467,548	\$ 39,971,341
Component Units				
Binghamton Local Development Corp.	\$ 333,116	\$ 219,372	220,320	\$ -
Binghamton Urban Renewal Agency	\$ 82,737	\$ 24,200	63,417	\$ -

GENERAL REVENUES

Real property taxes
Real property tax items
Nonproperty tax items
Use of money and property
Sale of property and compensation for loss
Miscellaneous local sources
State sources
Change in equity interest in joint ventures

Total General Revenues

Change in Net Position

Net Position (Deficit) - Beginning

Net Position (Deficit) - Ending

See Independent Auditor's Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (20,169,120)	\$	\$ (20,169,120)	\$
(35,061,123)		(35,061,123)	
(242,389)		(242,389)	
43,836		43,836	
(454,777)		(454,777)	
(4,359,885)		(4,359,885)	
593,953		593,953	
(4,733,299)		(4,733,299)	
(64,382,804)	-	(64,382,804)	-
	(6,760)	(6,760)	
(64,382,804)	(6,760)	(64,389,564)	
			106,576
			4,880
36,621,564		36,621,564	
787,668		787,668	
12,163,195		12,163,195	
199,688		199,688	
6,962,591		6,962,591	
7,060,157		7,060,157	6,461
9,718,814		9,718,814	
12,540,153		12,540,153	
86,053,830	-	86,053,830	6,461
21,671,026	(6,760)	21,664,266	117,917
113,471,401	(1,614,883)	111,856,518	4,059,504
\$ 135,142,427	\$ (1,621,643)	\$ 133,520,784	\$ 4,177,421

CITY OF BINGHAMTON

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	Major Funds	
	General Fund	Special Revenue Fund Special Grant Fund
ASSETS		
Cash and cash equivalents - Unrestricted	\$ 13,301,150	\$ 23,735
Cash and cash equivalents - Restricted	5,101,532	424,094
Due from other funds	1,231,828	
Due from state and federal governments	141,837	311,189
Due from other governments	3,106,049	
Other receivables, net	1,353,049	94
Inventory	14,307	
Prepaid expenses	1,691,246	
Cash with fiscal agent		
Loans receivable, net		7,069,863
Total Assets	\$ 25,940,998	\$ 7,828,975
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 527,179	\$ 335,018
Accrued liabilities	2,187,994	
Due to other funds	752,911	
Due to other governments		
Bond anticipation notes payable		
Compensated absences	122,234	
Other liabilities		
Total Liabilities	3,590,318	335,018
Deferred Inflows of Resources		
Unavailable revenue	49,717	7,069,863
Fund Balances		
Nonspendable	1,705,553	
Restricted	5,101,532	424,094
Assigned	2,488,041	
Unassigned	13,005,837	
Total Fund Balances (Deficit)	22,300,963	424,094
Total Liabilities and Fund Balances	\$ 25,940,998	\$ 7,828,975

See Independent Auditor's Report and Notes to Financial Statements

Major Funds	Total	
Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 7,244,352	\$ 2,064,165	\$ 22,633,402
20,944,285	228,066	26,697,977
700,779	763,401	2,696,008
3,380,500		3,833,526
9,069,779	751,909	12,927,737
	4,922,092	6,275,235
	350,360	364,667
	420,328	2,111,574
7,815		7,815
		7,069,863
\$ 41,347,510	\$ 9,500,321	\$ 84,617,804

\$ 2,942,275	\$ 243,857	\$ 4,048,329
14,984,941	282,890	17,455,825
1,414,662	528,435	2,696,008
1,060,987		1,060,987
68,833,754		68,833,754
	14,488	136,722
	117,564	117,564
89,236,619	1,187,234	94,349,189
360	509,088	7,629,028
	770,688	2,476,241
	228,066	5,753,692
	7,195,771	9,683,812
(47,889,469)	(390,526)	(35,274,158)
(47,889,469)	7,803,999	(17,360,413)
\$ 41,347,510	\$ 9,500,321	\$ 84,617,804

CITY OF BINGHAMTON

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

Total Governmental Fund Balances (Deficit) **\$ (17,360,413)**

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	\$ 586,706,834	
Accumulated depreciation	<u>(278,220,737)</u>	308,486,097

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

ERS net pension liability - Proportionate share	\$ (4,233,966)	
PFRS net pension liability - Proportionate share	<u>(11,732,879)</u>	(15,966,845)

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources.	1,466,866
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Funds borrowed for construction at the Joint Sewer Treatment Plant are obligations of the City; however, the Plant will adjust its rate structure and provide the funds necessary for repayment. This is the total borrowings provided to the Plant.	68,131,048
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	7,629,028
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Internal Service Funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.	1,642,762
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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	\$ (1,146,465)	
Other postemployment benefits payable	(102,233,292)	
Compensated absences	<u>(4,142,201)</u>	(107,521,958)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(117,819,122)
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Lease obligations payable are not due and payable in the current period and, therefore, are not reported in the funds.	(238,711)
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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.

Other postemployment benefits deferred outflows of resources	\$ 6,847,204	
Other postemployment benefits deferred inflows of resources	(12,851,210)	
ERS deferred outflows - Pensions	3,684,047	
ERS deferred inflows - Pensions	(864,095)	
PFRS deferred outflows - Pensions	12,657,293	
PFRS deferred inflows - Pensions	<u>(2,779,564)</u>	<u>6,693,675</u>

Net Position of Governmental Activities	\$ <u><u>135,142,427</u></u>
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See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

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

	Major Funds		
		Special	
	General	Revenue Fund	Capital Projects
	Fund	Special Grant	Fund
		Fund	
REVENUES			
Real property taxes	\$ 36,621,564	\$	\$
Real property tax items	787,668		
Nonproperty tax items	12,163,195		
Departmental income	1,778,205		
Intergovernmental charges	262,357	66,730	35,325,754
Use of money and property	141,349		1,414
Licenses and permits	325,594		
Fines and forfeitures	613,377		
Sale of property and compensation for loss	134,048		7,100,347
Miscellaneous local sources	1,131,314		602,595
Interfund revenues	1,591,373		
State sources	10,018,335		2,773,242
Federal sources	52,805	2,436,538	1,926,261
Total Revenues	65,621,184	2,503,268	47,729,613
EXPENDITURES			
General governmental support	6,661,623		1,213,019
Public safety	22,031,204		1,098,089
Public health	47,260		
Transportation	1,845,410		7,857,592
Economic assistance and opportunity	296,112		
Culture and recreation	2,922,219		3,934,787
Home and community services	943,128	2,509,211	77,942,297
Employee benefits	17,099,921		
Debt Service:			
Principal	5,402,560		
Interest	1,496,105		
Total Expenditures	58,745,542	2,509,211	92,045,784
Excess of Revenues (Expenditures)	6,875,642	(5,943)	(44,316,171)
OTHER FINANCING SOURCES (USES)			
Interfund transfers in			2,363,582
Interfund transfers (out)	(4,456,582)		
BANs redeemed from appropriations			2,230,772
Total Other Financing (Uses) Sources	(4,456,582)	-	4,594,354
Net Changes in Fund Balances	2,419,060	(5,943)	(39,721,817)
Fund Balances, (Deficit) Beginning	19,881,903	430,037	(8,167,652)
Fund Balances, (Deficit) Ending	\$ 22,300,963	\$ 424,094	\$ (47,889,469)

See Independent Auditor's Report and Notes to Financial Statements

Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 36,621,564
	787,668
	12,163,195
16,968,917	18,747,122
878,702	36,533,543
56,925	199,688
	325,594
	613,377
148,816	7,383,211
1,084,932	2,818,841
	1,591,373
	12,791,577
	4,415,604
19,138,292	134,992,357
122,549	7,997,191
	23,129,293
	47,260
586,951	10,289,953
	296,112
	6,857,006
8,722,495	90,117,131
2,837,854	19,937,775
5,564,068	10,966,628
2,842,542	4,338,647
20,676,459	173,976,996
(1,538,167)	(38,984,639)
2,598,000	4,961,582
(505,000)	(4,961,582)
	2,230,772
2,093,000	2,230,772
554,833	(36,753,867)
7,249,166	19,393,454
\$ 7,803,999	\$ (17,360,413)

CITY OF BINGHAMTON

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 **\$ (36,753,867)**

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. In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the sale of capital assets increase financial resources. The net effect is loss on sale of capital assets on the Government-wide Statement of Activities vs. proceeds from the sale of capital assets on the Governmental Fund financial statements.

Capital outlay	\$ 15,355,515	
Depreciation expense	(15,732,120)	
Net book value of disposed assets	(420,620)	(797,225)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference in unearned revenue. 85,727

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. This is the change in the investments in the City's joint ventures. 12,540,153

Funds provided to the Joint Sewer Treatment Plant for construction in 2017 are not considered capital outlay above, but are reflected in total debt obligations. This is the amount provided in 2017. 40,433,779

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which the issuance of new debt and BANs redeemed exceeded repayment of debt principal.

BANs redeemed	\$ (2,230,772)	
Principal payments	10,966,628	8,735,856

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.

Change in accrued interest payable	\$ (394,652)	
Change in noncurrent compensated absences	(81,878)	
Change in retainage payable	585,399	
Change in other postemployment benefits payable	(781,279)	(672,410)

Internal Service Funds are used by management to charge the costs of certain activities, such as workers compensation and insurance, to individual funds. Net revenue of the Internal Service Fund is reported with Governmental Activities. 885,019

Changes in the County'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 County's deferred outflows and deferred inflows related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (720,478)	
PFRS	(2,065,528)	(2,786,006)

Change in Net Position of Governmental Activities **\$ 21,671,026**

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
ASSETS		
Current Assets		
Cash and cash equivalents - Unrestricted	\$ _____	\$ _____ 9
Cash and cash equivalents - Restricted	_____	4,597,383
Prepaid expenses	_____	392,358
Total Assets	_____ -	_____ 4,989,750
LIABILITIES		
Current Liabilities		
Accounts payable	_____	55,627
Accrued liabilities	_____	2,297,863
Due to other governments	_____	993,498
Due to fiduciary funds	1,276,768	_____
Loans payable, current	172,000	_____
Total Current Liabilities	1,448,768	3,346,988
Noncurrent Liabilities		
Loans payable, long-term portion	172,875	_____
Total Liabilities	1,621,643	3,346,988
NET POSITION		
Unrestricted (Deficit)	(1,621,643)	1,642,762
Total Net (Deficit) Position	\$ <u><u>(1,621,643)</u></u>	\$ <u><u>1,642,762</u></u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Interfund transfers	\$	\$ 2,792,019
Other operating revenues		262,218
Total Operating Revenues	<u>-</u>	<u>3,054,237</u>
OPERATING EXPENSES		
Salaries and benefits		129,135
Contractual services		364,476
Workers compensation claims		1,683,368
Total Operating Expenses	<u>-</u>	<u>2,176,979</u>
Income from Operations	<u>-</u>	<u>877,258</u>
NONOPERATING (EXPENSES) REVENUES		
Interest income		7,761
Interest expense	(6,760)	
Total Nonoperating (Expenses)	<u>(6,760)</u>	<u>7,761</u>
Change in Net Position	(6,760)	885,019
Total Net (Deficit), Beginning	<u>(1,614,883)</u>	<u>757,743</u>
Total Net (Deficit) Position, Ending	<u>\$ (1,621,643)</u>	<u>\$ 1,642,762</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Cash Flows from Operating Activities		
Cash received from other funds	\$	\$ 2,792,019
Cash payments - Employees		(129,135)
Cash payments - Suppliers		(688,924)
Cash payments - Judgments and claims		(153,802)
Refund of prior year expenditures		262,218
	<u>-</u>	<u>2,082,376</u>
Cash Flows from Non-capital Financing Activities		
Loan from fiduciary fund	<u>178,760</u>	
Net Cash Provided by Non-Capital Financing Activities	<u>178,760</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Bond payments	(172,000)	
Interest expense	<u>(6,760)</u>	
Net Cash (Used) by Capital and Related Financing Activities	<u>(178,760)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest income received		<u>7,761</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>7,761</u>
NET CHANGE IN CASH EQUIVALENTS	<u>-</u>	<u>2,090,137</u>
Cash and Cash Equivalents, January 1, 2017	<u>-</u>	<u>2,507,255</u>
Cash and Cash Equivalents, December 31, 2017	<u><u>\$ -</u></u>	<u><u>\$ 4,597,392</u></u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$	\$ 877,258
(Increase) in prepaid expenses		(324,448)
Decrease in due from governmental activities		897,743
(Decrease) in accounts payable		(13,720)
(Decrease) in accrued liabilities		(347,955)
Increase in due to other governments		<u>993,498</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ 2,082,376</u></u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2017

	Agency Fund
ASSETS	
Cash and cash equivalents - Unrestricted	\$ 1,049,842
Accounts receivable	26,212
Due from proprietary funds	<u>1,276,768</u>
Total Assets	\$ <u>2,352,822</u>
 LIABILITIES	
Agency liabilities	\$ <u>2,352,822</u>
Total Liabilities	\$ <u>2,352,822</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

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

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

The financial statements of the City of Binghamton (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The City, which was established in 1867, is governed by its Charter, General City Law, and other general laws of the State of New York and various local laws. The Common Council is the legislative body responsible for overall operations; the Mayor serves as chief executive officer, and the Comptroller serves as the chief fiscal officer.

The following basic services are provided: public safety (police and fire), highways and streets, sanitation, health, culture and recreation, parking facilities, economic and community development, planning and zoning, and general administration.

All Governmental Activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Reporting Entity: Omnibus":

- The primary government, which is the City,
- 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 financial statements to be misleading or incomplete.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following have been included in the City's reporting entity, and are discretely reported.

CITY OF BINGHAMTON

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

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

Component Unit - Binghamton Urban Renewal Agency

The Binghamton Urban Renewal Agency (BURA) was created in 1963 pursuant to an act of the State Legislature (General Municipal Law Article 572). Members of the Agency consist of the Mayor, Comptroller, Corporation Counsel, City Engineer, Commissioner of Public Works, and two members of Common Council. Because of local grants in aid, municipal expenditures on behalf of BURA and municipal debt for BURA purposes, BURA provides benefits and creates burdens for the City.

Component Unit - Binghamton Local Development Corporation

The Binghamton Local Development Corporation (BLDC) was incorporated in 1982 under not for profit corporation law. BLDC is governed by a Board of Directors consisting of the Mayor, Corporation Counsel, Director of the Economic Development Department, Comptroller, and several members at large. BLDC is fiscally dependent on the City because its operations are substantially funded by grants received from the City under the Federal Community Development Block Grant and Urban Development Action Grant programs. BLDC has a fiscal year end of August 31; the information included in the financial statements is for the year ended August 31, 2017.

Financial statements for BURA and BLDC are both available from the City Department of Economic Development.

Joint Venture - Binghamton-Johnson City Joint Sewage and Waste Water Treatment Plant

The City jointly operates a sewage treatment operation with the Village of Johnson City. The operation is jointly controlled and the City has an ongoing financial responsibility for and an equity interest in the joint venture. Equity interest in the joint venture has been reflected in the Statement of Net Position.

Related Organization - Binghamton Housing Authority

The Binghamton Housing Authority was created in 1957 pursuant to an act of the State Legislature. It is governed by seven members, five of whom are appointed by the Mayor. The Authority designates management and exercises complete responsibility for all fiscal matters.

Financial Statements

The City's basic financial statements include both Government-wide (reporting the City as a whole) and Governmental Fund financial statements (reporting the City's Major Funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either governmental or proprietary. The City's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The remaining activities of the Binghamton Regency Hotel are classified as Business-Type Activities.

CITY OF BINGHAMTON

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. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. This Government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities columns 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 City's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Direct expenses, are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the City's programs, including personnel, overall administration and finance. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, 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 City, 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 City.

Governmental Fund Financial Statements

The financial transactions of the City 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, 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.

CITY OF BINGHAMTON

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

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

The City 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.

The City reports the following Major Funds:

- General Fund - Principal operating fund; includes all operations not required to be recorded in other funds.
- Special Revenue Funds
 - Special Grant Fund - Accounts for Community Development Block Grant activities and other federal revenue sources.
- Capital Projects Fund - Accounts for financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

The City reports the following Non-Major Funds:

- Special Revenue Funds
 - Parking Ramps Fund - Accounts for funds collected from parking garage receipts and related expenditures.
 - Water Fund - Accounts for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.
 - Refuse and Garbage Fund - Accounts for revenues derived from charges for garbage, refuse, and recycling consumption, and the application of such revenues toward related operating expenses.
 - Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.

CITY OF BINGHAMTON

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

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

Proprietary Fund Types

Proprietary Funds are used to account for activities which are similar to those often found in the private sector. The costs of providing goods or services to the general public are financed or recovered primarily through user fees. The measurement focus is upon determination of operating income, changes in net position, financial position, and cash flows.

The City reports the following Proprietary Funds:

- Enterprise Fund - Business-type fund accounts for the remaining activity associated with the Binghamton Regency Hotel. The City sold the property in December 2010; the Enterprise Fund accounts for remaining activity.
- Internal Service Fund - Governmental activities fund accounts for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis, and for insurance coverage when the Council has decided to have a self-insurance program on an actuarial basis. The reimbursements and premiums are treated as operating revenues of the Internal Service Fund and as expenditures/expenses of the reimbursing or insured fund. Included is the following:
 - Self-Insurance Funds for Workers' Compensation - Accounts for the accumulation of resources for payment of compensation, assessments, and other obligations under Workers' Compensation Law, Article 5.

Fiduciary Fund Types

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The City reports the following Fiduciary Fund:

- Agency Fund - Accounts 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 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.

CITY OF BINGHAMTON

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, Proprietary Funds and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows of resources, liabilities, and deferred outflows of resources, 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

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 City has an agreement with Broome County; the County collects property taxes on behalf of the City and pays the City the full amount of taxes due prior to year-end. The City is assured of full tax collections, and has no current taxes receivable. All other revenues 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 received. Exceptions to this general rule are that 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.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statements 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 City reports deferred outflows related to pensions and OPEB plans in the Statement of Net Position, as described in Note 6 and 9, respectively.

CITY OF BINGHAMTON

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

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

Deferred Outflows and Deferred Inflows of Resources - Continued

In addition to liabilities, the Statement of Net Position and the Balance Sheet - Governmental Funds 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 government has one type of deferred inflow which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the Balance Sheet - Governmental Funds. The governmental funds report unavailable revenues from loans and other receivables that remain uncollected 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows related to pensions and OPEB plans in the Statement of Net Position, as described in Note 6 and 9, respectively.

Inventory

Inventory is valued at cost utilizing the first-in, first-out method for the General, Sewer, and Water Funds. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes

Real property taxes are levied annually by the City no later than December 31, and become a lien on January 1. City taxes are collected in two installments, the first due January 31 and the second due July 31.

Effective September 1, 2006, the City signed an intermunicipal agreement with Broome County (County) for the purposes of tax billing, collection, and enforcement of property taxes for the City and the Binghamton City School District. As part of this agreement, the City turned over outstanding delinquent taxes, In Rem Agreements, Payment in Lieu of Tax Agreements, and foreclosures.

Receivables

Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the City including sewer rents, water rents, rehabilitation loans, and assessments. Provisions have been made for uncollectible accounts as considered appropriate by management. All receivables net of estimated allowances for uncollectible amounts are expected to be collected within the subsequent fiscal year.

Cash and Cash Equivalents

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

CITY OF BINGHAMTON

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

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

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 outlays 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 over \$5,000, and having a useful life of greater than three years are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	30 - 60 years
Improvements other than buildings	10 - 20 years
Machinery and equipment	6 - 15 years
Infrastructure	5 - 60 years
Water System	65 years

No interest on construction in progress has been capitalized.

Insurance

The City assumes the liability 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.

Vacation and Sick Leave and Compensatory Absences

The City recognizes a liability for vacation leave and other compensated absences with similar characteristics and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and do include leave that (new) employees will (eventually) qualify for.

In addition, the City recognizes a liability for vesting sick leave and other compensated absences with similar characteristics and additional salary-related payments as employees earn benefits and to the extent it's probable that the City will compensate the employees for the benefits through cash payments (which may be conditioned on the employees' termination or retirement), rather than be taken as absences due to illness or other contingencies.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the Governmental Funds inasmuch as it will be funded from current financial resources. The Statement of Net Position records this current portion, as well as amounts to be paid from future financial resources.

CITY OF BINGHAMTON

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

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

Other Postretirement Benefits

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the City and the retired employee. The City recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The City follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The City's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 9 for additional information.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, it is the City's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales may only be used for the stated borrowing purpose. Community Development Block Grant Funds must be used for approved programs only.

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 attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of 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 resources that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF BINGHAMTON

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

The City reports 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 endowments 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.
- **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.
- **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.

Interfund Activity

Interfund activity is reported as either 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.

CITY OF BINGHAMTON

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. 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.

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

***Note 2* Stewardship, Compliance, Accountability**

Deficit Fund Balances

The Capital Projects Fund had a deficit fund balance of \$(47,889,469), as the City's bond anticipation notes are accounted for as short-term debt in the Fund. The deficit fund balance will be eliminated as bond anticipation notes are converted to long-term debt.

The Parking Ramps Fund had a deficit fund balance of \$(390,466), due to previous years' excess of expenditures over revenues. Revenue increases were instituted in 2011 and 2012. Other methods of subsidizing the parking ramps to offset costs are being explored.

The Enterprise Fund had a deficit fund balance of \$(1,621,643), resulting from the sale of the applicable property (Regency Hotel). The City has received approval from HUD to extend repayment of the remaining loan balance until August 1, 2019.

CITY OF BINGHAMTON

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

***Note 3* Cash and Investments**

The City's investment policies are governed by state statutes. In addition, the City has its own written investment policy. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Comptroller is authorized to use demand accounts and certificates of deposit. 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 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 the cost of the repurchase agreement.

Deposits and investments are valued at cost or cost plus interest. Total financial institution (bank) balances at December 31, 2017, per the banks, were \$55,132,790, which were insured, and collateral, where required, was held by the City's agent in the City's name.

Restricted cash at December 31, 2017 is as follows:

Unspent debt proceeds	\$	20,944,285
General Fund		5,101,532
Special grant Fund		424,094
Sewer Fund		130,446
Water Fund		94,051
Refuse and Garbage Fund		3,569
Cash with fiscal agent		7,815
Subtotal		<u>26,705,792</u>
Internal Service Fund		<u>4,597,383</u>
Total	\$	<u><u>31,303,175</u></u>

CITY OF BINGHAMTON

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

Note 4 Other Receivables

Other receivables at December 31, 2017 are as follows:

Major Funds

General Fund:

MBBA tax liens	\$ 956,894
Franchise fees	142,272
Health insurance	11,296
Due from fiduciary	993,498
Other	205,983
Total General Fund	2,309,943
Allowance for doubtful accounts	(956,894)
Total General Fund	1,353,049

Special Revenue Funds

Special Grant Fund - Other receivable	94
Total Special Revenue Funds	94

Non-Major Funds

Special Revenue Funds:

Sewer Fund - Sewer rents receivable	2,649,430
Allowance for doubtful accounts	(100,000)
Parking Ramps Fund - Accounts receivable	2,637
Water Fund - Water rents receivable	1,984,722
Allowance for doubtful accounts	(96,736)
Refuse and Garbage Fund - Fees	614,414
Allowance for doubtful accounts	(132,375)
Total Non-Major Funds	4,922,092

Total Other Receivables - Governmental Activities \$ **6,275,235**

In addition to the above, the City has recorded a noncurrent receivable of \$68,131,048, reflecting amounts provided for construction of the Joint Sewer Treatment Plant.

Sales Taxes and Collection

Broome County imposes a 4% sales tax on sales within the County. The County imposed tax is administered and collected by the State Tax Commission in the same manner as that relating to the State imposed 4% (June 1, 2005) sales and compensating use tax. The County remits a portion of sales tax collected to local municipalities, including the City.

Net collections, meaning monies collected after deducting expenses of administration and collections and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County, respectively. In 2017, payments from the County to the City aggregated \$11,191,524.

CITY OF BINGHAMTON

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

Note 5 Net Capital Assets

A summary of changes in capital assets for the year ended December 31, 2017 follows:

Governmental Activities	Balance at 12/31/2016	Additions	Deletions and Reclassifications	Balance at 12/31/2017
Non-depreciable Capital Assets:				
Land	\$ 4,279,869	\$ 28,277	\$	\$ 4,308,146
Construction in progress - City	15,256,471	11,654,127	(17,554,948)	9,355,650
Total Non-depreciable Capital Assets	<u>19,536,340</u>	<u>11,682,404</u>	<u>(17,554,948)</u>	<u>13,663,796</u>
Depreciable Capital Assets:				
Buildings and improvements	34,533,640	156,487	3,127,929	37,818,056
Machinery and equipment	21,851,908	1,249,664	(858,491)	22,243,081
Infrastructure - City	478,943,073	2,266,960	13,677,019	494,887,052
Infrastructure - Joint Sewer	18,094,849			18,094,849
Total Depreciable Capital Assets	<u>553,423,470</u>	<u>3,673,111</u>	<u>15,946,457</u>	<u>573,043,038</u>
Total Historical Cost	<u>572,959,810</u>	<u>15,355,515</u>	<u>(1,608,491)</u>	<u>586,706,834</u>
Less Accumulated Depreciation:				
Buildings and improvements	(21,707,641)	(676,402)		(22,384,043)
Machinery and equipment	(14,220,497)	(1,383,120)	794,121	(14,809,496)
Infrastructure - City	(211,795,971)	(13,310,701)	393,750	(224,712,922)
Infrastructure - Joint Sewer	<u>(15,952,379)</u>	<u>(361,897)</u>		<u>(16,314,276)</u>
Total Accumulated Depreciation	<u>(263,676,488)</u>	<u>(15,732,120)</u>	<u>1,187,871</u>	<u>(278,220,737)</u>
Governmental Activities Capital Assets, Net	\$ <u>309,283,322</u>	\$ <u>(376,605)</u>	\$ <u>(420,620)</u>	\$ <u>308,486,097</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government support	\$ 9,689,260
Public safety	526,035
Transportation	119,156
Culture and recreation	454,216
Home and community	<u>4,943,453</u>
Total	\$ <u>15,732,120</u>

CITY OF BINGHAMTON

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

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

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)

The City participates in the New York State and Local Employees' Retirement System (the System) which includes the New York State and Local Employees' Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. 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 City 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 Systems are 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.

CITY OF BINGHAMTON

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

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

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	\$ 1,737,859	\$ 2,101,209	\$ 2,470,316
PFRS	4,558,458	4,209,210	4,944,560

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

At December 31, 2017, the City reported the following liability for its proportionate share of the net pension liability for each of the System plans. 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 City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, as actuarially determined. This information was derived from the report provided to the City by each System.

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	April 1, 2016	April 1, 2016
Net pension liability	\$ 9,396,223,126	\$ 2,072,651,958
City's proportionate share of the	4,233,966	11,732,879
Plan's total net pension liability		
City's share of the net pension liability	0.0450603%	0.5660805%

CITY OF BINGHAMTON

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

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

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

For the year ended December 31, 2017, the City recognized pension expense of \$2,351,467 for ERS and \$6,738,727 for PFRS in the financial statements. At December 31, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>ERS</u>	<u>PFRS</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 106,099	\$ 1,539,152
Changes of assumptions	1,446,478	5,780,296
Net differences between projected and actual earnings on pension plan investments	845,694	1,752,288
Changes in proportion and differences between the City's contributions and proportionate share of contributions	17,745	51,972
City's contributions subsequent to the measurement date	<u>1,268,031</u>	<u>3,533,585</u>
Total	\$ <u>3,684,047</u>	\$ <u>12,657,293</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 642,952	\$ 2,027,182
Changes in proportion and differences between the City's contributions and proportionate share of contributions	<u>221,143</u>	<u>752,382</u>
Total	\$ <u>864,095</u>	\$ <u>2,779,564</u>

CITY OF BINGHAMTON

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

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

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

City 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	PFRS
2018	\$	727,559	\$ 2,163,860
2019		727,559	2,163,860
2020		694,445	2,033,076
2021		(597,642)	(240,781)
2022			224,129
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	PFRS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate of return	7.0%	7.0%
Salary increases	3.8%	4.5%
Cost of living adjustments	1.3%	1.3%
Inflation rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the 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.

CITY OF BINGHAMTON

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

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

Actuarial Assumptions

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>ERS and PFRS</u>
Measurement date	March 31, 2017
Asset Type:	
Domestic equities	4.6%
International equities	6.4%
Real estate	5.8%
Private equity/Alternative investments	7.8%
Absolute return strategies	4.0%
Opportunistic portfolio	5.9%
Real assets	5.5%
Cash	-0.3%
Inflation-indexed bonds	1.5%
Mortgages and bonds	1.3%

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.

CITY OF BINGHAMTON

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City'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%)
City's proportionate share of the net pension liability	\$ 15,914,017	\$ 4,233,966	\$ (4,259,558)

PFRS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	\$ 33,262,032	\$ 11,732,879	\$ (6,324,810)

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:

	<u>Dollars in Thousands</u>	<u>Dollars in Thousands</u>
	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2017	March 31, 2017
Employers' total pension liability	\$ 177,400,586	31,670,483
Plan net position	(168,004,363)	(29,597,831)
Employers' Net Pension Liability	<u><u>\$ 9,396,223</u></u>	<u><u>2,072,652</u></u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	94.7%	93.5%

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-.

CITY OF BINGHAMTON

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

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

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	\$ 7,645,586	\$ (3,411,620)	\$ 4,233,966
Deferred outflows of resources	(8,016,117)	4,332,070	(3,684,047)
Deferred inflows of resources	1,064,067	(199,972)	864,095
Sub Total	<u>693,536</u>	<u>720,478</u>	<u>\$ 1,414,014</u>

PFRS	Beginning Balance	Change	Ending Balance
Net pension liability	17,993,642	(6,260,763)	11,732,879
Deferred outflows of resources	(21,486,176)	8,828,883	(12,657,293)
Deferred inflows of resources	3,282,156	(502,592)	2,779,564
Sub Total	<u>(210,378)</u>	<u>2,065,528</u>	<u>1,855,150</u>

Total	<u>\$ 483,158</u>	<u>\$ 2,786,006</u>	<u>\$ 3,269,164</u>
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Note 7 Short-term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund and used to finance capital projects. Principal payments on BANs must be made annually.

State law requires BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made. BANs issued to the New York State Environmental Facilities Corporation (EFC) do not renew on an annual basis; funds are drawdown as needed, and converted to long-term debt at conclusion of the project.

CITY OF BINGHAMTON

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

Note 7 Short-term Debt - Continued

BANs payable at December 31, 2017 in the Capital Projects Fund consisted of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount</u>
Joint Sewer Project	2014	01/30/2019	\$ 26,362,659
Various projects	2017	04/20/2018	39,347,617
Various projects	2017	01/26/2018	<u>3,123,478</u>
			\$ <u>68,833,754</u>

Interest on short-term debt for the year ended December 31, 2017 was as follows:

Interest paid	\$ 347,927
Less: Interest accrued in the prior year	(237,039)
Plus: Interest accrued in the current year	<u>676,454</u>
Total	\$ <u>787,342</u>

Note 8 Long-term Debt

At December 31, 2017, total outstanding indebtedness of the City aggregated \$186,891,587. Of this amount, \$74,477,407 was subject to the constitutional debt limit and represented approximately 73% of its debt limit.

Serial Bonds

The City 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 Statement of Net Position. 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 the liquidation of the long-term liabilities.

Other Long-term Debt and Liabilities

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

- **Compensated Absences** - Represents the unfunded value of the liability for compensated absences and is liquidated in the General, Parking Ramps, Water, Sewer, and Refuse and Garbage Funds.
- **Other Postemployment Benefits Payable** - Represents the liability for future health insurance benefits. See Note 9 for more information.

CITY OF BINGHAMTON

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

Note 8 Long-term Debt - Continued

- Lease Obligations Payable - Represents the amount outstanding on a capital lease for energy improvements. The gross amount of assets in the Statement of Net Position recorded under capital leases is \$3,120,195, which is recorded under buildings. The associated accumulated depreciation of these assets is \$2,714,974. The lease obligation is liquidated in the General, Parking Ramps, Water, and Sewer Funds.

Changes in Indebtedness and Other Long-term Liabilities

The following is a summary of changes in the City's indebtedness and long-term liabilities for the period ended December 31, 2017:

Description	Balance at 12/31/2016	New Issues/ Additions	Maturities/ Deletions	Balance at 12/31/2017	Due Within One Year
General obligation debt	\$ 125,739,836	\$	\$ 7,920,714	\$ 117,819,122	\$ 7,014,123
Bond anticipation notes	46,331,422	55,488,822	32,986,490	68,833,754	68,833,754
Lease obligations payable	1,053,853		815,142	238,711	77,968
Liability for other					
postemployment benefits	107,456,019		5,222,727	102,233,292	
Compensated absences	4,060,323	81,878		4,142,201	
Total Governmental Activities	284,641,453	55,570,700	46,945,073	293,267,080	75,925,845
Regency Hotel -					
Business Type Activities	516,875		172,000	344,875	172,000
Total	\$ 285,158,328	\$ 55,570,700	\$ 47,117,073	\$ 293,611,955	\$ 76,097,845

Additions and deletions to the liability for other postemployment benefits and compensated absences are shown net, as it is impractical to determine these amounts separately.

CITY OF BINGHAMTON

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

Note 8 Long-term Debt - Continued

Debt Maturity Schedule

The following is a statement of serial bonds with corresponding maturity schedules.

Governmental Activities Description	Date of Issue	Interest	Maturity Date	Outstanding
Wastewater projects	2000	3.8%	2019	\$ 410,000
Water projects	2000	4.6%	2022	3,860,000
Combined sewer overflow	2003	4.5%	2031	3,230,000
Wastewater projects	2005	3.0%	2034	12,490,000
Wastewater projects	2010	4.1%	2039	4,055,000
Refunding bonds - 2004 & 2005	2012	3.0%	2026	9,060,000
Various projects	2012	2.0%	2029	7,335,328
Various projects	2012	2.0%	2029	2,674,672
General capital improvements	2014	3.8%	2034	4,044,535
Water and sewer improvements	2014	3.8%	2034	4,810,465
Refunding bonds	2014	2.6%	2029	15,370,000
Refunding bonds	2014	3.9%	2029	885,000
Various projects	2015	3.0%	2040	11,500,000
Environmental facilities corporation	2016	0.6-3.5%	2046	28,324,122
Public improvement	2016	2.0-3.0%	2036	9,770,000
Total				\$ 117,819,122

Business-type Activities Description	Date of Issue	Interest	Maturity Date	Outstanding
Regency Hotel	1993	1.3%	2019	\$ 344,875

The following table summarizes the City's future debt service requirements as of December 31, 2017:

Year Ending December 31,	Governmental Activities		Installment Purchase		Business-type	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 7,014,123	\$ 3,700,403	\$ 77,968	\$ 4,872	\$ 172,000	\$ 1,135
2019	7,170,001	3,500,628	79,560	3,281	172,875	570
2020	7,125,001	3,300,317	81,183	1,657		
2021	7,280,000	3,092,655				
2022	7,450,000	2,873,864				
2023-2027	32,755,001	11,040,794				
2028-2032	23,120,001	6,293,133				
2033-2037	13,204,995	3,224,573				
2038-2042	7,930,000	1,505,041				
2043-2046	4,770,000	403,796				
Total	\$ 117,819,122	\$ 38,935,204	\$ 238,711	\$ 9,810	\$ 344,875	\$ 1,705

CITY OF BINGHAMTON

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

Note 8 Long-term Debt - Continued

Debt Maturity Schedule - Continued

Interest on long-term debt for the year ended December 31, 2017 (including installment purchase agreements) is as follows:

Interest paid	\$	3,990,720
Less: Interest accrued in the prior year		(514,774)
Plus: Interest accrued in the current year		<u>470,011</u>
Total	\$	<u><u>3,945,957</u></u>

Note 9 Postemployment Benefits Other Than Pensions (OPEB)

During the year ended December 31, 2017 the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending December 31, 2017. 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."

General Information about the OPEB Plan

Plan Description - The City's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The City provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the City offices and are available upon request.

Employees Covered by Benefit Terms - At December 31, 2017, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries	
currently receiving benefit payments	357
Inactive employees entitled to	
but not yet receiving benefit payments	
Active Employees	<u>511</u>
	<u><u>868</u></u>

CITY OF BINGHAMTON

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

***Note 9* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

Total OPEB Liability

The City's total OPEB liability of \$102,233,292 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.56%
Salary Scale	2.0%
Inflation Rate	3.0%
Healthcare Cost Trend Rates	9.0% for 2018, decreasing to an ultimate rate of 4.5% for 2027 and later years

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The single discount rate reflects a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments.

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay actuarial cost method.

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

Termination Rates were based on assumptions used in the NYS ERS actuarial valuation as of April 1, 2016.

Retirement rates are based on assumptions used in the NYS ERS actuarial valuation as of April 1, 2016.

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment. The ultimate trend rate was selected based on historical medical CPI information.

The actuarial assumptions used in the December 31, 2017 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

CITY OF BINGHAMTON

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

Note 9 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2016	\$ 107,456,019
Changes for the year	
Service cost	4,538,756
Interest cost	4,207,633
Changes of benefit terms	(3,818,625)
Differences between expected and actual experience	(14,993,078)
Changes in assumptions or other inputs	7,988,405
Benefit payments	(3,145,818)
Net change	<u>(5,222,727)</u>
Balance at December 31, 2017	<u>\$ 102,233,292</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.34% percent in 2016 to 3.8% in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.8%) or 1-percentage-point higher (4.8%) than the current discount rate:

	1% Decrease (2.6%)	Discount Rate (3.6%)	1% Increase (4.6%)
Total OPEB liability	\$ 119,056,397	\$ 102,233,292	\$ 88,664,608

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 5.2% percent in 2016 to 5.3% percent in 2017.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (4.3 to 3.2%) or 1 percentage point higher (6.3 to 5.2%) than the current healthcare cost trend rate:

	1% Decrease (8.0% to 3.5%)	Healthcare Cost Trend Rate (5.3% to 4.2%)	1% Increase (10.0% to 5.5%)
Total OPEB liability	\$ 86,820,977	\$ 102,233,292	\$ 122,059,948

CITY OF BINGHAMTON

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

Note 9 Postemployment Benefits Other Than Pensions (OPEB) - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2017, the City recognized OPEB expense of \$2,089,292.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,847,204	\$ -
Changes in assumptions or other inputs	-	12,851,210
Contributions subsequent to measurement date	-	-
Total	\$ 6,847,204	\$ 12,851,210

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending December 31,	Amount
2018	\$ (1,000,667)
2019	(1,000,667)
2020	(1,000,667)
2021	(1,000,667)
2022	(1,000,667)
Thereafter	(1,000,671)

Effect on Net Position

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

	Beginning Balance	Change	Ending Balance
OPEB liability	\$ 107,456,019	\$ (5,222,727)	\$ 102,233,292
Deferred outflows of resources	-	(6,847,204)	(6,847,204)
Deferred inflows of resources	-	12,851,210	12,851,210
Total	\$ 107,456,019	\$ 781,279	\$ 108,237,298

Note 10 Interfund Balances and Activity

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services, which are routine annual events for the budget and accounting process.

CITY OF BINGHAMTON

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

Note 10 Interfund Balances and Activity - Continued

Interfund balances and activity at December 31, 2017 were as follows:

	Interfund Receivable	Interfund Payables	Interfund Revenue	Interfund Expenditures
General Fund	\$ 1,231,828	\$ 752,911	\$	\$ 4,456,582
Capital Projects Fund	700,779	1,414,662	2,363,582	
Non-Major Funds	763,401	528,435	2,598,000	505,000
Total Governmental Funds	2,696,008	2,696,008	4,961,582	4,961,582
Enterprise Fund		1,276,768		
Agency Fund	1,276,768			
Total	\$ 3,972,776	\$ 3,972,776	\$ 4,961,582	\$ 4,961,582

Note 11 Fund Equity

Nonspendable Fund Balance

Nonspendable fund balance includes the following:

Purpose	Balance December 31, 2017
General Fund:	
Inventory	\$ 14,307
Prepaid expenses	1,691,246
Sewer Fund:	
Inventory	106,881
Prepaid expenses	66,055
Water Fund:	
Inventory	243,479
Prepaid expenses	210,401
Parking Ramps Fund - prepaid expenses	60
Refuse and Garbage Fund - prepaid expenses	143,812
Total	\$ 2,476,241

CITY OF BINGHAMTON

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

***Note 11* Fund Equity - Continued**

Restricted Fund Balance

Restricted fund balance includes the following:

Purpose	Balance December 31, 2017
General Fund:	
Retirement contribution	\$ 1,464,252
Insurance reserve	500,480
Employee benefits reserve	180,779
Capital reserve	1,800,000
Tax stabilization reserve	500,000
Debt	656,021
Sewer Fund:	
Debt	130,446
Water Fund:	
Debt	94,051
Refuse and Garbage Fund:	
Debt	3,569
Special Grant Fund:	
Grant activities	424,094
Total	\$ 5,753,692

Assigned Fund Balance

Assigned fund balance includes the following:

Purpose	Balance December 31, 2017
General Fund	
Appropriated for the 2018 budget	\$ 1,581,997
Encumbrances	906,044
Water Fund	
Encumbrances	151,881
Remaining fund balance	2,345,806
Sewer Fund	
Remaining fund balance	4,390,351
Refuse and Garbage Fund	
Remaining fund balance	307,733
Total Assigned Fund Balance	\$ 9,683,812

CITY OF BINGHAMTON

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

Note 12 Joint Venture

The following is the activity undertaken jointly with another municipality. Except for their equity interest in the joint venture, this activity is excluded from the financial statements of the participating municipalities. Separate financial statements are issued for this joint venture and may be obtained from the City Comptroller's office.

A sewage project is operated jointly with the Village of Johnson City (Village), under an agreement originally dated July 14, 1965 and most recently amended February 3, 2016. The agreement is for an indefinite period. A six member board constitutes the governing body; three members of the board are appointed by the City, and three by the Village. Ownership of the project, operational and capital costs are shared by the participants as follows: City - 54.8%; Village - 45.2%. The board of the project has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. In addition to providing services for the City and Village, the project also provides services for several other municipalities.

The following is an unaudited summary of financial information included in financial statements for the joint venture:

	Year Ending 12/31/2017
Total Assets and Deferred Outflows of Resources	\$ 167,301,853
Total Liabilities and Deferred Inflows of Resources	164,625,090
Joint Venture Equity	2,676,763
Total Revenues	44,168,782
Total Expenses	31,239,997

Note 13 Component Units

Condensed financial information for component units are as follows:

	BURA	BLDC August 31, 2017	Total
Current assets	\$ 25,007	\$ 2,953,211	\$ 2,978,218
Noncurrent assets	439,432	872,927	1,312,359
Total Assets	<u>464,439</u>	<u>3,826,138</u>	<u>4,290,577</u>
Current liabilities		113,156	113,156
Noncurrent liabilities			
Total Liabilities	<u>-</u>	<u>113,156</u>	<u>113,156</u>
Net invested in capital assets	439,432		439,432
Restricted	20,000	3,677,403	3,697,403
Unrestricted	<u>5007</u>	<u>35,579</u>	<u>40,586</u>
Total Net Position	\$ <u>464,439</u>	\$ <u>3,712,982</u>	\$ <u>4,177,421</u>

CITY OF BINGHAMTON

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

***Note 13* Component Units - Continued**

Operating revenues and expenses are presented in the Statement of Activities; nonoperating revenues are as follows:

		BLDC	
	BURA	August 31, 2017	Total
\$	<u>14</u>	\$ <u>6,447</u>	\$ <u>6,461</u>

***Note 14* Public Entity Risk Pool**

Risk Financing

The City's Corporation Counsel reviews all claims made against the City and estimates liabilities, if any, based on expertise and experience. All amounts reflected as an estimated liability are at present value with no discount. No annuity contracts have been purchased to satisfy claims.

Effective June 1, 1985, the City became self-insured for general liability exposure. A self-insurance fund was established as an internal service fund to administer the City's insurance program for general liability for all City departments and funds.

Effective July 1, 1995, the City became self-insured for workers' compensation insurance. The City annually appropriates funds for compensation pay awarded to disabled employees or surviving family. The City is negotiating premium costs related to claims incurred prior to July 1, 1995 with the insurance carrier in force at that time. Effective December 1, 1999 the City purchased stop loss insurance for workers compensation claims. City officials believe annual appropriations, reserves and stop loss insurance are sufficient to liquidate the City's obligations. In 2010, the City purchased workers compensation insurance.

***Note 15* Summary of Significant Commitments and Contingencies**

General Information

The City is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Judgments and Claims

The City and/or its agencies are named in several lawsuits, some of which are for substantial amounts. Except as described in Note 16, these claims are either adequately covered by insurance or, in the opinion of City officials, will not result in material judgments against the City or will not be pursued and, therefore, are not expected to have a material effect on the basic financial statements.

CITY OF BINGHAMTON

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

***Note 15* Summary of Significant Commitments and Contingencies - Continued**

State and Federally Assisted Programs

The City receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory and/or contractual requirements. The City makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the City will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. City officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

Tax Certiorari Proceedings

Various tax certiorari proceedings pending against the City as of December 31, 2017 seek reductions in property tax assessments. The City's Assessment Rolls were changed to full market value in 1994, and are updated on a regular basis. Negotiations continue to settle open cases.

Hotel

In 1993 the City utilized a Section 108 loan to provide permanent financing to a local hotel. The hotel was sold in December 1998. The collateral for the loan is secured by the personal guarantees of the former owners. The term of this loan is 20 years, and principal payments began in 1999. In 2008 the City refinanced its agreement with the U.S. Department of Housing and Urban Development (HUD) and has been paying interest at variable rates.

The City was required to pledge its full faith and credit. The required security is limited to future federal grants under the Housing & Community Development Act of 1974, proceeds from foreclosure sale of the property, and if necessary, certain other funds generated by Federal Grant Programs. The City has been granted an extension from HUD to complete repayment of the loan to August 1, 2019.

Stadium

In 1992 the BURA agreed to make certain payments as an incentive for private investment in a municipal stadium development plan located on blighted railroad land. The obligations to Sterling Doubleday, L.P. as developer were satisfied in 1996. The other obligation is to the Binghamton Mets Baseball Club, Inc. for an annual repair and replacement payment. During 2017, payment of \$50,000 was made.

CITY OF BINGHAMTON

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

Note 16* **Litigation Issues*

In 2014 a Plaintiff commenced an action against the City and individual police officers alleging excessive force and other claims. In January 2017, a jury returned a verdict (i) that the police officer did not use excessive force, did not assault or battery Plaintiff, and was not negligent; (ii) however, the City was negligent under a theory of *respondeat superior* and awarded the Plaintiff \$2,750,000; \$500,000 in compensatory damages is to be paid initially and the remainder is to be paid over the term of 30 years. Given the inconsistent verdict, the Court afforded the parties an opportunity to submit a motion to set aside the verdict. The City's motion to set aside the verdict was granted on September 27, 2017. The Plaintiff has appealed to the United States Court of Appeals for the Second Circuit. The appeal is fully submitted.

Note 17* **Tax Abatements*

For the year ended December 31, 2017, property in the City was subject to property tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA), the Binghamton Housing Authority (BHA), and the Binghamton Urban Renewal Agency (BURA).

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.

BURA 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 City.

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

CITY OF BINGHAMTON

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

***Note 17* Tax Abatements - Continued**

Tax Abatement Program	<u>Amount of Taxes Abated</u>
BURA	
Economic Development:	
Real property tax	\$ 32,771
BCIDA	
Economic Development:	
Real property tax	1,063,518
BHA	
Economic Development:	
Real property tax	<u>1,084,176</u>
Total	\$ <u><u>2,180,465</u></u>

***Note 18* Subsequent Events**

On March 21, 2018, the City authorized the issuance of bonds in the amount not to exceed \$8,800,000. The proceeds of the bonds will finance the construction of a new parking garage.

***Note 19* Restatement**

The City's December 31, 2017 net position has been restated to reflect the following:

Net Position Beginning of Year, as Originally Reported	\$ 170,878,429
GASB Statement No. 75 Implementation	
Beginning OPEB plan liability	<u>(57,407,028)</u>
Net Position Beginning of Year, as Restated	\$ <u><u>113,471,401</u></u>

CITY OF BINGHAMTON

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Fav./(Unfav.)</u>
REVENUES					
Real property taxes	\$ 36,670,786	\$ 36,670,786	\$ 36,621,564	\$	\$ (49,222)
Real property tax items	711,848	711,848	787,668		75,820
Nonproperty tax items	11,558,787	11,558,787	12,163,195		604,408
Departmental income	1,708,660	1,841,160	1,778,205		(62,955)
Intergovernmental charges	309,276	324,576	262,357		(62,219)
Use of money and property	120,446	120,446	141,349		20,903
Licenses and permits	265,600	265,600	325,594		59,994
Fines and forfeitures	696,500	696,500	613,377		(83,123)
Sale of property and compensation for loss	126,000	163,726	134,048		(29,678)
Miscellaneous local sources	174,500	993,500	1,131,314		137,814
Interfund revenues	1,621,917	1,621,917	1,591,373		(30,544)
State sources	9,980,768	10,274,728	10,018,335		(256,393)
Federal sources	70,107	91,094	52,805		(38,289)
Total Revenues	<u>64,015,195</u>	<u>65,334,668</u>	<u>65,621,184</u>	<u>-</u>	<u>286,516</u>
EXPENDITURES					
Current					
General governmental support	6,492,368	7,557,657	6,661,623	675,478	220,556
Public safety	22,252,668	22,404,745	22,031,204	159,159	214,382
Public health	46,228	47,832	47,260	43	529
Transportation	2,005,980	1,968,632	1,845,410	39,300	83,922
Economic assistance and opportunity	298,204	305,676	296,112	2,532	7,032
Culture and recreation	3,028,055	3,018,917	2,922,219	29,532	67,166
Home and community services	1,034,394	1,055,691	943,128		112,563
Employee benefits	19,209,095	18,790,101	17,099,921		1,690,180
Debt Service					
Principal and Interest	6,762,355	6,902,355	6,898,665		3,690
Total Expenditures	<u>61,129,347</u>	<u>62,051,606</u>	<u>58,745,542</u>	<u>906,044</u>	<u>2,400,020</u>
Excess of Revenues	<u>2,885,848</u>	<u>3,283,062</u>	<u>6,875,642</u>	<u>(906,044)</u>	<u>2,686,536</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers (out)	(3,309,848)	(4,617,955)	(4,456,582)		161,373
Total Other Financing (Uses)	<u>(3,309,848)</u>	<u>(4,617,955)</u>	<u>(4,456,582)</u>	<u>-</u>	<u>161,373</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(424,000)</u>	<u>(1,334,893)</u>	<u>2,419,060</u>	<u>\$ (906,044)</u>	<u>\$ 2,847,909</u>
Appropriated Fund Balances	<u>424,000</u>	<u>1,334,893</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,419,060</u>		
Fund Balance, Beginning			<u>19,881,903</u>		
Fund Balance, Ending			<u>\$ 22,300,963</u>		

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

CITY OF BINGHAMTON

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employees' Retirement System			
Contractually required contribution	\$ 1,737,859	\$ 2,101,209	\$ 2,470,316
Contributions in relation to the contractually required contribution	(1,737,859)	(2,101,209)	(2,470,316)
Contribution deficiency (excess)	-	-	-
City's covered - employee payroll	11,924,746	11,778,203	13,490,397
Contributions as a percentage of covered - employee payroll	14.6%	17.8%	18.3%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Police and Fire Retirement System			
Contractually required contribution	\$ 4,558,458	\$ 4,209,210	\$ 4,944,560
Contributions in relation to the contractually required contribution	(4,558,458)	(4,209,210)	(4,944,560)
Contribution deficiency (excess)	-	-	-
City's covered - employee payroll	19,911,823	19,028,870	18,004,243
Contributions as a percentage of covered - employee payroll	22.89%	22.12%	27.46%

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,600,259	\$ 2,590,272	\$ 1,960,555	\$ 1,472,183	\$ 859,580	\$ 1,032,795	\$ 1,057,717
(2,600,259)	(2,590,272)	(1,960,555)	(1,472,183)	(859,580)	(1,032,795)	(1,057,717)
-	-	-	-	-	-	-
13,575,922	13,602,297	13,427,145	12,838,879	13,042,977	12,772,033	12,415,322
19.2%	19.0%	14.6%	11.5%	6.6%	8.1%	8.5%

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 5,111,965	\$ 4,013,150	\$ 4,952,773	\$ 2,812,440	\$ 2,649,611	\$ 2,707,510	\$ 3,171,007
(5,111,965)	(4,013,150)	(4,952,773)	(2,812,440)	(2,649,611)	(2,707,510)	(3,171,007)
-	-	-	-	-	-	-
17,463,543	18,177,672	18,957,845	16,543,613	17,597,841	17,597,841	17,860,873
28.10%	22.98%	27.25%	14.84%	16.02%	15.39%	17.75%

CITY OF BINGHAMTON

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employees' Retirement System			
City's proportion of the net pension liability	0.0450603%	0.0548793%	0.0559201%
City's proportionate share of the net pension liability	\$ 4,233,966	\$ 7,645,586	\$ 1,889,118
City's covered-employee payroll during the measurement period	11,560,295	11,685,808	13,572,847
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.63%	65.43%	13.92%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%
 Police and Fire Retirement System			
City's proportion of the net pension liability	0.5660805%	0.6077317%	0.5556400%
City's proportionate share of the net pension liability	\$ 11,732,879	\$ 17,993,642	\$ 1,529,449
City's covered-employee payroll during the measurement period	19,420,231	17,854,786	18,452,614
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.42%	100.78%	8.29%
Plan fiduciary net position as a percentage of the total pension liability	93.5%	90.2%	99.0%

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

CITY OF BINGHAMTON

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>
Total OPEB Liability		
Service Cost	\$ 4,538,756	\$ *
Interest Cost	4,207,633	*
Changes of benefit terms	(3,818,625)	*
Differences between expected and actual experience	(14,993,078)	*
Changes in assumptions	7,988,405	*
Benefit payments	(3,145,818)	*
	<u>(5,222,727)</u>	*
Total OPEB liability - beginning	<u>107,456,019</u>	<u>*</u>
Total OPEB liability - ending	<u>\$ 102,233,292</u>	<u>\$ 107,456,019</u>
Covered employee payroll	\$ 28,811,266	*

* Information is unavailable and will be present as information becomes available.

CITY OF BINGHAMTON

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

***Note 1* Budgeting Policies**

Budget policies are as follows:

- No later than September 15, the budget officer submits a tentative budget to the City Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 31, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. (However, the Comptroller is authorized to transfer certain budgeted amounts within departments.)

***Note 2* 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.

An annual legal budget is not adopted for the Special Grant Fund, which is one of the Special Revenue Funds. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements. Projects within the Special Grant Fund also cover periods other than the City's fiscal year.

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

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at December 31, 2017.

***Note 4* Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2017 - 3.8%
2016 - 3.4%

CITY OF BINGHAMTON

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

Note 5 **Schedule of City's Contributions and Proportionate Share of Net Pension Liability**
The Schedules of the City's Contributions presents ten years of information as required by U.S. generally accepted accounting principles.

The Schedule of Proportionate Share of Net Pension Liability presents three years of information, and will present ten years of information as it becomes available.

Note 6 **Schedules of City's Contributions - NYSLRS Pension Plan and Schedule of the City'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.

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, 4.5% in PFRS, indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.3% annually

CITY OF BINGHAMTON

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2017

	Special Revenue Funds				Non-Major Governmental Funds
	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Sewer Fund	
ASSETS					
Cash and cash equivalents - Unrestricted	\$ 70,279	\$ 698,102	\$	\$ 1,295,784	\$ 2,064,165
Cash and cash equivalents - Restricted		94,051	3,569	130,446	228,066
Due from other funds		150,302	606,901	6,198	763,401
Due from other governments				751,909	751,909
Other receivables, net	2,637	1,887,986	482,039	2,549,430	4,922,092
Inventories		243,479		106,881	350,360
Prepaid expenses	60	210,401	143,812	66,055	420,328
Total Assets	\$ 72,976	\$ 3,284,321	\$ 1,236,321	\$ 4,906,703	\$ 9,500,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 57,043	\$ 88,981	\$ 70,006	\$ 27,827	\$ 243,857
Accrued liabilities	14,587	138,185	95,871	34,247	282,890
Due to other funds	381,612			146,823	528,435
Compensated absences		5,403	5,836	3,249	14,488
Other liabilities	10,200		107,364		117,564
Total Liabilities	463,442	232,569	279,077	212,146	1,187,234
Deferred Inflows of Resources					
Unavailable revenues		6,134	502,130	824	509,088
Fund Balances					
Nonspendable	60	453,880	143,812	172,936	770,688
Restricted		94,051	3,569	130,446	228,066
Assigned		2,497,687	307,733	4,390,351	7,195,771
Unassigned	(390,526)				(390,526)
Total Fund Balances (Deficit)	(390,466)	3,045,618	455,114	4,693,733	7,803,999
Total Liabilities and Fund Balances	\$ 72,976	\$ 3,284,321	\$ 1,236,321	\$ 4,906,703	\$ 9,500,321

See Independent Auditor's Report

CITY OF BINGHAMTON

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

	Special Revenue Funds				Total Non-Major Governmental Funds
	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Sewer Fund	
REVENUES					
Departmental income	\$ 1,039,372	\$ 6,683,263	\$ 852,135	\$ 8,394,147	\$ 16,968,917
Intergovernmental charges				878,702	878,702
Use of money and property	64	56,312		549	56,925
Sale of property and other compensation for loss	8,375	7,529	132,912		148,816
Miscellaneous local sources	25,330	257,854		801,748	1,084,932
Total Revenues	1,073,141	7,004,958	985,047	10,075,146	19,138,292
EXPENDITURES					
Current					
General governmental support		47,208	7,150	68,191	122,549
Transportation	586,951				586,951
Home and community services		3,277,903	2,319,874	3,124,718	8,722,495
Employee benefits		1,207,333	1,212,979	417,542	2,837,854
Debt Service					
Principal	366,541	1,733,156	18,000	3,446,371	5,564,068
Interest	111,776	571,775	1,764	2,157,227	2,842,542
Total Expenditures	1,065,268	6,837,375	3,559,767	9,214,049	20,676,459
Excess of Revenues (Expenditures)	7,873	167,583	(2,574,720)	861,097	(1,538,167)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in			2,598,000		2,598,000
Interfund transfers (out)	(5,000)	(313,000)	(2,000)	(185,000)	(505,000)
Total Other Financing (Uses) Sources	(5,000)	(313,000)	2,596,000	(185,000)	2,093,000
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	2,873	(145,417)	21,280	676,097	554,833
Fund Balances (Deficit), Beginning	(393,339)	3,191,035	433,834	4,017,636	7,249,166
Fund Balances (Deficit), Ending	\$ (390,466)	\$ 3,045,618	\$ 455,114	\$ 4,693,733	\$ 7,803,999

See Independent Auditor's Report

**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***

City Council
City of Binghamton
Binghamton, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Binghamton's basic financial statements, and have issued our report thereon dated September 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 entity'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 City'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
September 14, 2018

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

City Council
City of Binghamton
Binghamton, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Binghamton (the City) 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 City's major federal programs for the year ended December 31, 2017. The City'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 City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 City'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 City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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 City 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 City'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 City'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
September 14, 2018

CITY OF BINGHAMTON

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				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	\$ 407,706	\$ 1,709,360
Community Development Block Grant - Section 108 Loan	14.218	N/A		178,760
Total Community Development Block Grant and CDBG Entitlement Grants Cluster			407,706	1,888,120
Home Investment Partnerships Program	14.239	N/A		405,752
Emergency Solutions Grants Program	14.231	N/A	231,924	231,924
Total U.S. Department of Housing and Urban Development			<u>639,630</u>	<u>2,525,796</u>
U.S. Department of Transportation				
Passed Through NYS Department of Transportation:				
Highway Planning Cluster:				
Highway Planning and Construction	20.205	D035450		50,209
Highway Planning and Construction	20.205	D035014		34,718
Highway Planning and Construction	20.205	D030377		16,077
Highway Planning and Construction	20.205	D032026		492,342
Highway Planning and Construction	20.205	D035470		98,668
Highway Planning and Construction	20.205	D034719		19,853
Highway Planning and Construction	20.205	D034256		1,516,383
Highway Planning and Construction	20.205	D032021		152,984
Total U.S. Department of Transportation and Highway Planning Cluster				<u>2,381,234</u>
U.S. Department of Homeland Security				
Homeland Security Grant	97.067	N/A		86,493
Total U.S. Department of Homeland Security				<u>86,493</u>
U.S. Environmental Protection Agency				
Chesapeake Bay Program	66.466	N/A		87,830
Total U.S. Environmental Protection Agency				<u>87,830</u>
Total Expenditures of Federal Awards			<u>\$ 639,630</u>	<u>\$ 5,081,353</u>

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

CITY OF BINGHAMTON

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 City, an entity as defined in Note 1 to the City'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 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 City has not elected to use the 10% de minimis cost rate.

Note 4 **Matching Costs**

Matching costs, for example, the City's share of certain program costs, are not included in the reported expenditures.

CITY OF BINGHAMTON

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 x no

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

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that
are not considered to be material weakness(es)? _____ yes x 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 2 CFR 200.516(a)? _____yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>
<u>14.239</u>	<u>HOME Investment Partnerships Program</u>

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

Auditee qualified as low-risk auditee x yes _____ no

CITY OF BINGHAMTON

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

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means “financial obligation” as such term is used in the Rule 15c2-12, as evidenced by SEC Release No. 34-83885 (August 20, 2018).

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **City of Binghamton**, in the County of Broome, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Comptroller as of April 18, 2019.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$43,374,320 Various Purpose Bond Anticipation Note-2019 Series B, dated April 18, 2019, maturing on April 17, 2020, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Fiscal Advisors & Marketing, Inc. 120 Walton Street, Suite 600 Syracuse, New York, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;

- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Issuance of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **April 18, 2019**.

CITY OF BINGHAMTON, NEW YORK

By _____
City Comptroller

FORM OF OPINION

April 18, 2019

The City Council of the
City of Binghamton, in the
County of Broome, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Binghamton (the “City”), in the County of Broome, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$43,374,320 Various Purpose Bond Anticipation Note-2019 Series B (the “Note”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the City will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the City’s representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,