

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

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



\$1,529,200

VESTAL FIRE DISTRICT

IN THE TOWN OF VESTAL

BROOME COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$1,529,200 Bond Anticipation Notes, 2018

(the "Notes")

Dated: May 10, 2018

Due: May 10, 2019

The Notes are general obligations of the Vestal Fire District in the Town of Vestal, Broome County, New York (the "Fire District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes are to be issued without the option of prior redemption.

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

If the Notes are issued registered in the name of the purchaser, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Fire District. Paying agent fees, if any, will be the responsibility of the purchaser should the purchaser choose to engage any.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination including \$4,200. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Fire District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Fire District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon, on or about May 10, 2018.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on May 1, 2018 until 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Fire District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

April 24, 2018

THE FIRE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE FIRE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "MATERIAL EVENT NOTICES" HEREIN.

VESTAL FIRE DISTRICT IN THE TOWN OF VESTAL BROOME COUNTY, NEW YORK



FIRE DISTRICT OFFICIALS

BOARD OF FIRE DISTRICT COMMISSIONERS*

W. JOHN SCHAFFER

Town Supervisor Serving as
Chairman and Chief Fiscal Officer

SHOBA AGNESHWAR
FRANCIS MAJEWSKI
SUZANNE MESSINA
PATRICIA FITZGERALD

* * * * *

ADMINISTRATION

LAURA MCKANE

Town Comptroller Serving as Budget Officer

EMIL BIELECKI

Town Clerk serving as Fire District Secretary

DAVID BERGER, ESQ.

Fire District Attorney



FISCAL ADVISORS & MARKETING, INC.

Fire District Municipal Advisors



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

*The Vestal Fire District is a separate political subdivision of the State with the same geographical boundaries as the Town which, by virtue of special legislation, has the Town Board also serve as the Board of Fire Commissioners.

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
VESTAL FIRE DISTRICT
IN THE TOWN OF VESTAL
BROOME COUNTY, NEW YORK**

**Relating To
\$1,529,200 Bond Anticipation Notes, 2018**

This Official Statement, which includes the cover page and appendices, has been prepared by the Vestal Fire District in the Town of Vestal, Broome County, New York (the "Fire District", "Town," "County," and "State," respectively) in connection with the sale by the Fire District of \$1,529,200 Bond Anticipation Notes, 2018 (referred to herein as the "Notes").

The factors affecting the Fire District'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 Fire District'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 and acts and proceedings of the Fire District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the Fire District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limitation Law") applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and this is what the courts have held they mean.... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses

in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted.... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in 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 not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

Investors should note that these Constitutional provisions do not, by their terms, apply to fire districts; however, such cases do provide judicial interpretations of the faith and credit pledge which is required of fire districts by section 100.00 of the Local Finance Law.

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.

THE NOTES

Description of the Notes

The Notes are general obligations of the Fire District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Fire District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" herein.

The Notes are dated May 10, 2018 and will mature, without option of prior redemption, on May 10, 2019. Interest on the Notes will be calculated on a 30-day month and 360-day year basis.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) requested in the name of the purchaser, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination including \$4,200, as may be determined by the successful bidder(s); or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law, Local Finance Law, and a bond resolution adopted by the Board of Fire Commissioners on October 9, 2013 authorizing the issuance of \$699,000 serial bonds for the purchase of a heavy rescue fire-fighting vehicle and a bond resolution adopted December 20, 2017 authorizing the issuance of \$970,000 serial bonds for the purchase of a ladder fire-fighting truck. The issuance of the Notes, together with \$46,600 available funds, will partially redeem and renew \$605,800 bond anticipation notes maturing May 11, 2018 and provide \$970,000 new money for the aforementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

Redemption notices shall be sent to DTC. If less than all of the 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 Fire District, 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 Fire District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

THE FIRE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 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 FIRE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE 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 FIRE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Fire District and discharging its responsibilities with respect thereto under applicable law, or the Fire District 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, the following provisions will apply:

The Notes will be issued in registered certificated form registered in the name of the Purchaser in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination which includes \$4,200. Principal of and interest on the Notes will be payable at the Fire District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE FIRE DISTRICT

General Information

The Vestal Fire District is located in upstate New York in the geographical location known as the Southern Tier and encompasses an area of 52.5 square miles. It is situated in the Town of Vestal, Broome County (with identical geographical boundaries), bounded by the State of Pennsylvania on the South, by Tioga County on the West, the Susquehanna River to the North and by the City of Binghamton to the East.

Major expressways in and around the Town include State highway #17 and Interstate highways #86, #88 and #81. The major highways provide easy access to Scranton, PA. Albany, NY, Rochester, NY, Syracuse, NY, New York City and Buffalo, NY.

Air transportation is available through the Binghamton Regional Airport. In addition, the Elmira Corning and Ithaca Tompkins Regional Airports are just over an hour away. This allows access various national, commuter and regional airlines which include Delta, American and United. The Town is also served by the Tri-Cities Airport, located in nearby Endicott. Railroads providing freight service to the town include Conrail, the Canadian Pacific Railroad, New York Susquehanna Railroad and Western Railroad.

Electric utility and natural gas services are provided by the New York State Electric and Gas Corporation (NYSEG). Police protection is provided by full time paid staff of the Town. Water and sewer services are provided by the Town of Vestal. Refuse service is provided by private haulers. Fire protection is provided by a volunteer force.

The Town is home to the nationally recognized Binghamton University, a part of the State University of New York. Numerous malls and plazas offer excellent shopping while Vestal's twenty parks and Rail Trail offer many recreational opportunities. Vestal is close to ski slopes for winter fun and New York's Finger Lakes for summer recreation.

Source: Fire District officials.

Population Trends

	<u>Town of Vestal</u>	<u>Broome County</u>	<u>New York State</u>
1970	26,909	221,815	18,236,882
1980	27,243	213,648	17,558,072
1990	26,733	212,160	17,990,455
2000	26,535	200,536	18,976,457
2010	28,043	200,600	19,378,102
2016	28,082	195,334	19,745,289
2017 (estimated)	N/A	193,639	19,849,399

Source: U. S. Census.

Banking Facilities

The following banks are located in the Town:

M&T Bank
NBT Bank, N.A.
Tioga State Bank
Citizens Bank, N.A.
Chemung Canal Trust Company
Elmira Savings Bank

Source: Town officials.

Local Economy

Binghamton University and the area medical facilities, continue to drive growth within the Town of Vestal.

A \$26 million, 231 bed nursing center is complete and is filling an important need for seniors in the area. This facility replaced an older nursing center, located on Vestal Road. Indications are that the old facility will be renovated and expanded for senior housing purposes. This senior housing project has received zoning and planning board approval and will be moving forward with permitting.

A \$3 million, 53,280 sq. ft. indoor soccer facility has been permitted and is currently under construction toward the west end of town. The Broome County IDA granted this project a ten year payment in lieu of taxes agreement. Construction is expected to be completed in late 2018 or early 2019.

Construction on student housing, providing primarily townhouse apartments, has been completed and is currently at approximately 90% occupancy. These apartments are situated at the east end gateway entrance to Vestal from the City of Binghamton. This project has generated interest from other developers and questions about how new residential living quarters, focused on the University demographic, can be accommodated in the Town.

Land directly across from the above mentioned student housing project has had a portion of the east end re-zoned to a commercial designation, with the remaining parcels being rezoned to Transitional Neighborhood (light commercial). This may ignite building on this vacant land since this zoning allows for a wide range of uses.

Plans for a new 3 story hotel have been submitted, and the building permit has been issued for construction. Estimated start date is Spring 2018.

The rehabilitation and remodeling of commercial property in the town is stable. Inquiries regarding permitted use of property and how to prepare for and perform construction in Vestal continue to stream in. These inquiries pertain to not only existing developed property but vacant land as well. This is an indication to Town Officials that developers are thoroughly examining potential opportunities in Vestal, hoping to be able to join the already viable economic climate.

The residential market for new construction saw some growth in 2017, primarily with larger custom built homes. Eight new homes were permitted in 2017 and are completed or currently under construction. To date, 4 new home building permits have been issued in 2018. Several other new homes have been submitted and are currently under review, prior to issuance of building permits, and the Building Department has been in discussions on 3-4 other new homes for 2018. Overall, the real estate market in Vestal is considered stable. In the higher end market segments, selling prices are trending slightly upward.

The total taxable assessed value is expected to increase slightly in 2018. This stability and the new residential and commercial growth signal a strong projected revenue outlook.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>
Towns of:						
Vestal	\$ 22,363	\$ 26,452	\$ 26,831	\$ 60,676	\$ 82,507	\$ 76,430
County of:						
Broome	19,168	24,314	25,880	45,422	57,545	63,072
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

Note: 2013-2017 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2012-2016 American Community Survey data.

Larger Employers within Broome County

Many residents of the Town find employment with one of the following major employers located within Broome County.

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

<u>Employer</u>	<u>Type</u>	<u>Number of Employees</u>
Binghamton University	Education	5,943
United Health Services	Private Hospital	5,428
Lockheed Martin	Technology	2,700
Broome County	Government	2,500
Our Lady of Lourdes Hospital	Private Hospital	2,311
BAE Control Systems	Electronics	1,300
I3 Electronics	Electronics	1,100
Maines Paper & Food Service	Grocer	1,100
IBM	Technology	1,100

Source: Broome County Industrial Development Agency.

Unemployment Rate Statistics

The information set forth below with respect to the County and State of New York is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County or the State is necessarily representative of the Town, or vice versa.

	<u>Annual Average</u>						
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Vestal	8.4%	8.5%	7.6%	6.5%	5.9%	5.5%	5.9%
Broome County	8.6%	8.7%	7.8%	6.6%	6.0%	5.4%	5.6%
New York State	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%

	<u>2018 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Town of Vestal	6.0%	6.3%	N/A	N/A	N/A
Broome County	6.8%	7.0%	N/A	N/A	N/A
New York State	5.1%	5.1%	4.8%	N/A	N/A

Note: Unemployment rates for April and May 2018 are unavailable as of the date of this Official Statement.

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

Post-Secondary Education

The Town is home to the main campus of Binghamton University. Binghamton University began as 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, and the Thomas J. Watson School of Engineering & Applied Science. Binghamton University has an enrollment of 13,694 undergraduates and 3,615 graduate students.

The University is nationally recognized for its strong academic programs, distinguished faculty, and talented students. Kiplinger's Personal Finance Magazine rated Binghamton University second among the nation's Public Universities for out-of-state students and in the top ten for in-state students.

SUNY Broome Community College (formerly known as Broome Community College) 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 in 1971. SUNY Broome Community College has an enrollment of 4,075 full-time and 1,549 part-time students. The college offers 71-degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.

Form of Fire District Government

The Fire District is governed by the provisions of the General Municipal Law and the Town Law. The Vestal Fire District is governed by a Board of Fire Commissioners whose membership is the Town of Vestal Town Board, ex officio in accordance with Section 186 of the Town Law.

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

Financial Organization

Pursuant to the Local Finance Law and Section 186 of the Town Law, the Supervisor of the Town of Vestal, as Chairman of the Board of Fire Commissioners, is the chief fiscal officer of the Fire District. The Town Comptroller serves as the budget officer of the Fire District, the chief auditing and accounting officer and audits all claims against the Fire District and maintains the central accounting records.

Budgetary Procedures

The Commissioner prepares a preliminary budget each year, pursuant to the laws of the State of New York, and holds a public hearing thereon. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year no later than November 20. The budget is not subject to referendum.

Investment Policy

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

The Fire District at present only invests in items (1), (2) and (8) above, and does not reasonably expect to make any other type investments in the foreseeable future.

Employees

The Fire District has 1 full time employee that is represented by the Town's CSEA bargaining unit. The Union's contract expired on December 31, 2017. The Town has a tentative agreement in place that is expected to be voted on in May 2018.

Pension Payments

Substantially the 1 full time employee of the Fire District is a member of the New York State and Local Employees' Retirement System ("ERS") (the "Retirement System"). The ERS is generally also known as the "Common Retirement Fund". The Retirement System 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 System 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 System.

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

For ERS, Tier 5 provides for:

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

For both ERS, Tier 6 provides for:

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

The Fire District's payments to ERS since the 2013 fiscal year have been as follows:

<u>Fiscal Year</u>		<u>ERS</u>
2013	\$	6,154
2014		6,582
2015		6,250
2016		5,543
2017		5,444
2018 (Budgeted)		5,600

Source: Fire District officials.

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

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the 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 (2014 to 2019) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	20.9%	28.9%
2015	20.1	27.6
2016	18.2	24.7
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	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 ERS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

Other Post-Employment Benefits

The Fire District has no post-employment benefit liabilities.

Length of Service Award Program (LOSAP)

The Fire District established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program) for the active volunteer firefighter members of the Fire District. The program was established pursuant to Article 11-A of the General Municipal Law of the State of New York. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Fire District is the sponsor of the program and program administrator.

The Fire District contributions to the LOSAP since 2013 are follows:

2013	\$ 50,203
2014	20,382
2015	21,808
2016	21,808
2017	53,200
2018 (Budgeted)	58,000

Other Information

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

The Fire District is in compliance with the procedures for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the Fire District is January 1 through December 31.

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

Financial Statements

The financial affairs of the Fire District are subject to audits by the State Comptroller. The Town retains independent auditors Insero & Co. to audit its financial statements, and includes the Fire District, which are submitted to the Comptroller’s office and review the Town’s single audit requirements, if any.

The Audited Financial report for fiscal year ended December 31, 2016 is available and attached hereto as Appendix – E to this official statement. The Annual Financial Report Update Document (Unaudited) and the audit for the fiscal year ended December 31, 2017 are not yet available as of the date of this Official Statement. Certain other financial information can also be found in APPENDIX – A1 – A3 attached hereto.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles (GAAP) 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 Town has begun implementing procedures to comply with GAAP starting with fiscal year ended December 31, 2017.

The Town’s audited financial statements do not comply with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis. In addition, the Town’s audited financial statements do not comply with GASB Statement No. 45 (see “Other Post-Employment Benefits” herein). The Town’s financial reports do not incorporate the changes required for GAAP statements as these changes are not required by the State Comptroller.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Fire District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no recent State Comptrollers audits of the Fire District nor any that are currently in progress or pending release.

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

TAX INFORMATION

Taxable Assessed Valuations by Tax Year

<u>Fiscal Years Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation	\$ 1,884,431,822	\$ 1,863,863,577	\$ 1,863,272,051	\$ 1,884,194,694	\$ 1,890,461,252
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	\$ 1,884,431,822	\$ 1,863,863,577	\$ 1,863,272,051	\$ 1,884,194,694	\$ 1,890,461,252

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Years Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Vestal Fire District	\$ 0.57	\$ 0.57	\$ 0.58	\$ 0.62	\$ 0.68

Tax Collection Procedure

Taxes and assessments are payable during January without penalty. After February 1, taxes are collected by the Town receiver of taxes until March 31, with a 1% per month penalty. Thereafter, unpaid taxes become the responsibility of the County.

The Town Receiver of Taxes and Assessments collects all real estate taxes for Fire District and County purposes. The Town Receiver distributes the collected tax money to the Fire District prior to distributing the balance collected to the County each April. The Fire District thereby is assured of 100% tax collections. Responsibility for collecting of unpaid taxes rests with the County.

Tax Levy and Tax Collection Record

<u>Fiscal Years Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Vestal Fire District	\$ 1,137,231	\$ 1,089,725	\$ 1,103,808	\$ 1,190,898	\$ 1,296,686
Uncollected ⁽¹⁾	0	0	0	0	0
% Uncollected	0%	0%	0%	0%	0%

⁽¹⁾ See 'Tax Collection Procedure' herein.

Ten Largest Taxpayers –2018 Tentative Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Assessed Valuation</u>
NYSE&G	Utility	\$ 123,545,942
Vestal Town Square LLC	Retail	25,356,500
Vestal Parkway Plaza LLC	Retail	24,817,101
Wal-Mart Stores Inc.	Retail	17,000,000
Dayton Hudson Corp. (Target)	Retail	13,937,000
Vestal Shoppes LLC	Retail	13,250,000
Sam's Real Estate Business	Retail	13,000,000
Vestal Campus Plaza LLC	Retail	12,942,000
Vestal Retail Center LLC	Retail	11,375,000
FGR Realty LLC	Commercial	<u>11,071,400</u>
Total		\$ 266,294,943

The ten larger taxpayers listed above have a total taxable assessed valuation of \$266,294,943 which represents 14.48% of the tax base of the Town, which is also the tax base of the Fire District.

Note: There are also several Article 7 tax certiorari proceedings pending brought by some of the Town's largest taxpayers. Many of these are routinely abandoned or dismissed pursuant to Court rules. The remainder will be resolved by settlement or by further court proceedings. There is currently one case scheduled for trial this year.

Source: Town assessment rolls.

Additional Tax Information

Real property in the Fire District is assessed by the Town.

Veterans' and senior citizens' exemptions are offered to those who qualify.

Based on taxable assessed valuation, the assessment roll of the Town is constituted approximately 65% residential and 35% commercial, industrial, public service and other.

The total property tax bill of a \$100,000 residential property located in the Town is approximately \$3,518 including County, Town, Fire District, School and Library District taxes and excluding special assessments for improvement districts.

TAX LEVY LIMITATION LAW

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

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

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

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

STATUS OF INDEBTEDNESS OF THE FIRE DISTRICT

Legal Requirements

The New York State Constitution (Article VIII, Section 2) does not directly address the Fire District's power to contract indebtedness and the levy of taxes upon real estate in support thereof (although Article VIII, Section 3 thereof does include fire districts in its listing of the types of municipal corporations in the State, possessing the power to both contract indebtedness and to cause the levy of taxes upon real estate.) The authorization and issuance of Fire District debt, including the purpose, amount and nature thereof, the method and manner of contracting such indebtedness, the maturity and terms of repayment thereof, and other related matters are provided by statute. Section 100.00 of the Local Finance Law does statutorily apply the faith and credit pledge to all district corporations, including fire districts.

The Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York limits the power of the Fire District (and municipalities, school and other fire districts of the State) to issue obligations and contract indebtedness. Such limitations include the following, in summary form, and as generally applicable to the Fire District and the Notes.

Purpose and Pledge. The Fire District shall not give or loan its credit to or in aid of any individual, or public or private corporation or association, or private undertaking.

The Fire District may contract indebtedness only for a Fire District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Security. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Fire District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Fire District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for payment of principal on its serial bonds, bond anticipation notes and capital notes.

Debt Limit. The Fire District has the power to contract indebtedness for any Fire District purpose authorized by the Legislature of the State so long as the principal amount thereof shall not exceed three per centum of the full valuation of taxable real estate of the Fire District and subject to certain enumerated exclusions and deductions such as cash or appropriations for principal of debt. The 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 State Legislature is required to prescribe the manner by which such ratio shall be determined.

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Fire District authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Fire District Board of Fire Commissioners, the finance board of the Fire District which must be submitted as a proposition for approval by a majority of the qualified electors at a Fire District election, before such bond resolution becomes effective. Customarily, the Fire District Board of Fire Commissioners has delegated to the Chairman of the Board of Fire Commissioners, as chief fiscal officer of the Fire District, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

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

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

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

The Board of Fire Commissioners, as the finance board of the Fire District, has the power to enact bond resolutions which are subject to voter approval as described above. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the Fire District Chairman, the chief fiscal officer of the Fire District, pursuant to the Local Finance Law.

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds	\$ 205,000	\$ 90,000	\$ 45,000	\$ 0	\$ 0
Bond Anticipation Notes	0	0	699,000	652,400	605,800
Revenue or Tax Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 205,000</u>	<u>\$ 90,000</u>	<u>\$ 744,000</u>	<u>\$ 652,400</u>	<u>\$ 605,800</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Fire District evidenced by bonds and notes as of April 24, 2018.

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	-	\$ -
<u>Bond Anticipation Notes</u>		
Fire Fighting Vehicle – Fire District	May 11, 2018	<u>605,800</u> ⁽¹⁾
Total Indebtedness		<u>\$ 605,800</u>

⁽¹⁾ To be redeemed at maturity with proceeds of bond anticipation renewal notes and \$46,600 available funds of the Fire District.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 24, 2018:

Five-Year Average Full Valuation of Taxable Real Property.....	\$ 1,877,244,679
Debt Limit - 3% thereof.....	56,317,340
<u>Inclusions:</u>	
Bonds.....	\$ 0
Bond Anticipation Notes	<u>605,800</u>
Total Inclusions	<u>\$ 605,800</u>
<u>Exclusions:</u>	
Appropriations – Bonds ⁽¹⁾	\$ 0
Appropriations – Notes ⁽¹⁾	<u>46,600</u>
Total Exclusions	<u>\$ 46,600</u>
Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 559,200</u>
Net Debt-Contracting Margin	<u>\$ 55,758,140</u>
Percent of Debt Contracting Power Exhausted	0.99%

⁽¹⁾ Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The proceeds of the Notes will increase the net indebtedness of the Fire District by \$923,400.

Authorized But Unissued Debt

Other than the purposes for which the Notes are being issued, the Fire District has no other projects authorized or contemplated at this time.

Cash Flow Borrowing

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

Estimated Overlapping Indebtedness

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

<u>Unit</u>	<u>Outstanding Indebtedness⁽¹⁾</u>	<u>Exclusions⁽²⁾</u>	<u>Net Indebtedness</u>	<u>% Within Town</u>	<u>Applicable Net Indebtedness</u>
County of: Broome	\$ 138,191,235	\$ 12,221,235	\$ 125,970,000	19.59%	\$ 24,677,523
Town: Vestal	16,950,689 ⁽⁵⁾	8,446,128	8,504,561	100.00	8,504,561
School District: Vestal CSD ⁽³⁾	31,945,154	22,521,334 ⁽⁴⁾	9,423,820	90.24	<u>8,504,055</u>
Total					<u>\$ 41,686,139</u>

(1) Bonds and bond anticipation notes as of close of 2016 fiscal year. Not adjusted to include subsequent bond sales, if any.

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

(3) Debt outstanding as of fiscal year end June 30, 2017.

(4) Estimated State building aid based on current aid ratios.

(5) Debt Outstanding as of April 24, 2018.

Note: The 2017 Comptroller's Special Report for the County and Fire District is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2016.

Debt Ratios

The following table sets forth certain ratios relating to the Fire District's net indebtedness as of April 24, 2018.

	<u>Amount</u>	<u>Per Capita ^(a)</u>	<u>Percentage of Full Value ^(b)</u>
Net Indebtedness ^(c)	\$ 559,200	\$ 19.91	0.03%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	42,245,339	1,504.36	2.25

(a) The current estimated population of the Town is 28,082. (See "THE FIRE DISTRICT – Population" herein.)

(b) The Town five-year average full value of taxable real estate is \$1,877,244,679. (See "TAX INFORMATION" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$41,686,139. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Fire District may not be enforced by levy and execution against property owned by the Fire District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. This provision does not by its terms apply to fire districts.

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law 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. This provision does not by its terms apply to fire districts.

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

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

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

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

Several municipalities in the State are presently working with the FRB. Fire districts are not eligible for FRB assistance.

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

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes, and does not, in any event, apply by its terms to fire districts.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

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

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

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

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

TAX MATTERS

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

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Bond Counsel. Bond Counsel expects to deliver such opinions at the time of issuance of the Notes substantially in the form set forth in Appendix – D hereto.

LITIGATION

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

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

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Town will enter into a Material Event Notices Certificate, a description of which is attached hereto as "APPENDIX – B."

Historical Compliance

The Fire District is in compliance within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

MUNICIPAL ADVISOR

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

RATING

The Notes are not rated.

The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) at the approval of the Fire District, including any fees to be incurred by the Fire District, as such rating action will result in a material event notification to be posted to EMMA which is required by the Town's Continuing Disclosure Undertakings. (See "MATERIAL EVENT NOTICES" herein.)

The Fire District currently has no debt outstanding rated by any rating agency.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement 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 Fire District management's beliefs as well as assumptions made by, and information currently available to, the Fire District'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 Fire District's files with the repositories. When used in Town documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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 Fire District 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 Fire District.

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

The Fire District 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 Fire District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the Fire District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the Fire District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Fire District contact information is as follows: Ms. Laura McKane, Town Comptroller serving as Fire District Budget Officer, Vestal Fire District, 605 Vestal Parkway West, Vestal, New York 13850, phone: (607) 748-1514 x324, telefax: (607) 786-3631, email: lmckane@vestalny.com.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

This Official Statement has been duly executed and delivered by the Chairman of the Board of Commissioners the Vestal Fire District.

**VESTAL FIRE DISTRICT
IN THE TOWN OF VESTAL**

Dated: April 24, 2018

**W. JOHN SCHAFFER
Chairman**

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>ASSETS</u>					
Cash and Investments	\$ 443,284	\$ 295,670	\$ 312,620	\$ 395,220	\$ 306,759
Due from Other Funds	-	-	-	-	-
Due from State and Federal Governments	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Prepaid Expenses	1,529	1,542	1,680	1,523	1,340
Other Receivables, net	1,066	1,066	1,405	1,066	1,166
Restricted Cash and Cash Equivalents	75,583	190,283	465,039	666,299	714,424
Temporary Investments	36,386	36,225	36,064	35,903	35,742
TOTAL ASSETS	\$ 557,848	\$ 524,786	\$ 816,808	\$ 1,100,011	\$ 1,059,431
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 16,372	\$ 24,447	\$ 47,365	\$ 39,728	\$ 76,183
Accrued Liabilities	1,964	2,652	2,402	1,660	1,569
Due to Other Governments	42,496	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	\$ 60,832	\$ 27,099	\$ 49,767	\$ 41,388	\$ 77,752
<u>FUND EQUITY</u>					
Nonspendable	\$ 1,529	\$ 1,542	\$ 1,680	\$ 1,523	\$ 1,340
Restricted	75,582	190,282	465,038	666,299	703,699
Assigned	419,905	305,863	300,323	390,801	276,640
Unassigned	-	-	-	-	-
TOTAL FUND EQUITY	\$ 497,016	\$ 497,687	\$ 767,041	\$ 1,058,623	\$ 981,679
TOTAL LIABILITIES and FUND EQUITY	\$ 557,848	\$ 524,786	\$ 816,808	\$ 1,100,011	\$ 1,059,431

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 1,161,860	\$ 1,100,215	\$ 1,121,634	\$ 1,118,269	\$ 1,085,051
Real Property Tax Items	-	-	-	-	-
Non Property Tax Items	-	-	-	-	-
Departmental Income	-	-	-	-	-
Intergovernmental Charges	7,075	6,775	7,500	8,075	-
Use of Money & Property	5,898	4,547	4,404	3,566	11,217
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Sale of Property and Compensation for Loss	133,319	200,088	3,621	288	569
Miscellaneous	3,218	3,865	-	570	500
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	-	15,434	-	-	-
Revenues from Federal Sources	-	46,303	226	-	1,500
Total Revenues	<u>\$ 1,311,370</u>	<u>\$ 1,377,227</u>	<u>\$ 1,137,385</u>	<u>\$ 1,130,768</u>	<u>\$ 1,098,837</u>
<u>EXPENDITURES</u>					
General Government Support	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	679,204	666,795	677,851	571,210	582,178
Health	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Home and Community Services	-	-	-	-	-
Employee Benefits	149,230	274,682	192,174	148,553	155,655
Debt Service	355,604	279,025	277,785	122,148	48,443
Total Expenditures	<u>\$ 1,184,038</u>	<u>\$ 1,220,502</u>	<u>\$ 1,147,810</u>	<u>\$ 841,911</u>	<u>\$ 786,276</u>
Excess of Revenues Over (Under) Expenditures	<u>127,332</u>	<u>156,725</u>	<u>(10,425)</u>	<u>288,857</u>	<u>312,561</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	29,202	-	-
Appropriated Reserve	-	-	-	-	-
Operating Transfers Out	(135,015)	(17,092)	(18,106)	(19,503)	(20,979)
Other Budgetary Purposes	-	-	-	-	-
Total Other Financing	<u>(135,015)</u>	<u>(17,092)</u>	<u>11,096</u>	<u>(19,503)</u>	<u>(20,979)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(7,683)</u>	<u>139,633</u>	<u>671</u>	<u>269,354</u>	<u>291,582</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	365,065	357,383	497,016	497,687	767,041
Residual Equity Transfers	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 357,382</u>	<u>\$ 497,016</u>	<u>\$ 497,687</u>	<u>\$ 767,041</u>	<u>\$ 1,058,623</u>

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

GENERAL FUND

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

Fiscal Years Ending December 31:

	2016		2017	2018
	<u>Revised Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<u>REVENUES</u>				
Real Property Taxes	\$ 1,103,808	\$ 1,091,261	\$ 1,190,898	\$ 1,296,686
Real Property Tax Items	-	-	-	-
Non-Property Tax Items	-	-	-	-
Departmental Income	-	-	-	-
Intergovernmental Charges	-	6,800	-	-
Use of Money & Property	10,560	4,629	10,400	14,451
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	-	783	-	-
Interfund Revenues	-	-	-	-
Revenues from State Sources	8,000	-	-	-
Revenues from Federal Sources	-	1,000	-	-
Total Revenues	<u>\$ 1,122,368</u>	<u>\$ 1,104,473</u>	<u>\$ 1,201,298</u>	<u>\$ 1,311,137</u>
<u>EXPENDITURES</u>				
General Government Support	\$ -	\$ -	\$ 5,766	\$ 7,000
Public Safety	983,517	906,068	1,487,812	1,589,408
Health	-	-	-	-
Transportation	-	-	-	-
Economic Assistance and Opportunity	-	-	-	-
Culture and Recreation	-	-	-	-
Home and Community Services	-	-	-	-
Employee Benefits	156,600	154,966	274,400	369,188
Debt Service	100,335	100,334	56,386	61,745
Total Expenditures	<u>\$ 1,240,452</u>	<u>\$ 1,161,368</u>	<u>\$ 1,824,364</u>	<u>\$ 2,027,341</u>
Excess of Revenues Over (Under) Expenditures	<u>(118,084)</u>	<u>(56,895)</u>	<u>(623,066)</u>	<u>(716,204)</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Appropriated Reserve	-	-	-	-
Operating Transfers Out	(20,535)	(20,049)	(74,200)	(78,500)
Other budgetary purposes	-	-	-	-
Total Other Financing	<u>(20,535)</u>	<u>(20,049)</u>	<u>(74,200)</u>	<u>(78,500)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(138,619)</u>	<u>(76,944)</u>	<u>(697,266)</u>	<u>(794,704)</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	338,619	1,058,623	697,266	794,704
Appropriated Reserves	(200,000)	-	-	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 981,679</u>	<u>\$ -</u>	<u>\$ -</u>

Source: 2016 audited financial statement and budgets of the Town. This Appendix itself is not audited.

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the Fire District
- (m) the consummation of a merger, consolidation, or acquisition involving the Fire District or the sale of all or substantially all of the assets of the Fire District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

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

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

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

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

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

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

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

**TOWN OF VESTAL
BROOME COUNTY, NEW YORK
(Including the Fire District)**

FINANCIAL REPORT

For the Year Ended December 31, 2016

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

TOWN OF VESTAL

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INDEPENDENT AUDITOR'S REPORT

Town Board
Town of Vestal
Vestal, New York

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the funds of the Town of Vestal (the Town) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements permitted by the financial reporting provisions of the *Accounting and Reporting Manual* published by the Office of the New York State Comptroller, as described in Note 1, to meet the requirements of the State of New York. Management is also responsible for 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 an opinion 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by the Town of Vestal on the basis of the reporting provisions of the *Accounting and Reporting Manual* published by the Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New York.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Vestal as of December 31, 2016, and the respective changes in its financial position, or, where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of each fund of the Town of Vestal as of December 31, 2016, and the respective changes in regulatory basis financial position and, where applicable, cash flows and budgetary results for the year then ended, on the regulatory basis accounting and budget laws of New York State as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vestal’s basic financial statements. The accompanying Schedule of Nonspendable, Restricted, and Assigned Fund Balance - Governmental Funds, Schedule of Town Contributions - NYSLRS Pension Plans, and Schedule of Town’s Proportionate Share of the Net Pension Liability (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 June 29, 2017 on our consideration of the Town of Vestal'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 Town of Vestal's internal control over financial reporting and compliance.

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
June 29, 2017

TOWN OF VESTAL

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2016

	General Townwide Fund	Public Library Fund	Special Revenue Funds		
			Special District Funds		
			Drainage Fund	Lighting Fund	Fire Fund
ASSETS					
Cash and cash equivalents - Unrestricted	\$ 1,466,479	\$ 84,415	\$ 318	\$ 70,062	\$ 306,759
Temporary investments					35,742
Taxes receivable, net					
Due from state and federal governments	4,285				
Due from other governments	952,653				
Prepaid expenses	302,122				1,340
Other receivables, net	119,143				1,166
Restricted cash and cash equivalents	1,156,859				714,424
Restricted investments	858,711				
Total Assets	\$ 4,860,252	\$ 84,415	\$ 318	\$ 70,062	\$ 1,059,431
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 87,557	\$ 5,384	\$	\$ 4,775	\$ 76,183
Accrued liabilities	227,658	12,591			1,569
Bond Anticipation Notes payable					
Unearned revenues	5,550				
Total Liabilities	320,765	17,975	-	4,775	77,752
Fund Balances					
Nonspendable	302,122				1,340
Restricted	2,026,683		6		703,699
Assigned	311,562	66,440	312	65,287	276,640
Unassigned	1,899,120				
Total Fund Balances (Deficit)	4,539,487	66,440	318	65,287	981,679
Total Liabilities and Fund Balances	\$ 4,860,252	\$ 84,415	\$ 318	\$ 70,062	\$ 1,059,431

See Independent Auditor's Report and Notes to Financial Statements

Special Revenue Funds							
Special District Funds		Highway Townwide Fund	Special Grant Fund	Other Special Revenue	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Sewer Fund	Water Fund						
\$ 1,163,235	\$ 710,596	\$ 614,151	\$	\$	\$ 1,561,530	\$	\$ 5,977,545
	99,537						135,279
						8,975	8,975
		156,952			157,589		318,826
1,480	636	608,343					1,563,112
	31,417	51,716					386,595
1,014,061	730,178	10,436			43		1,875,027
1,142,497	1,375,510	46,711	46,845	26,081		165	4,509,092
							858,711
\$ 3,321,273	\$ 2,947,874	\$ 1,488,309	\$ 46,845	\$ 26,081	\$ 1,719,162	\$ 9,140	\$ 15,633,162
\$ 132,518	\$ 22,762	\$ 99,710	\$	\$	\$ 241,539	\$	\$ 670,428
	35,050	53,322					330,190
					12,702,400		12,702,400
163,510	98,209					8,975	276,244
296,028	156,021	153,032	-	-	12,943,939	8,975	13,979,262
	31,417	51,716					386,595
1,177,782	1,375,510	46,711	46,845	26,081		165	5,403,482
1,847,463	1,384,926	1,236,850					5,189,480
					(11,224,777)		(9,325,657)
3,025,245	2,791,853	1,335,277	46,845	26,081	(11,224,777)	165	1,653,900
\$ 3,321,273	\$ 2,947,874	\$ 1,488,309	\$ 46,845	\$ 26,081	\$ 1,719,162	\$ 9,140	\$ 15,633,162

TOWN OF VESTAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	General Townwide Fund	Public Library Fund	Special District Funds		
			Drainage Fund	Lighting Fund	Fire Fund
REVENUES					
Real property taxes	\$ 5,198,858	\$ 563,995	\$	\$ 243,317	\$ 1,091,261
Real property tax items	151,537	12,697	99,661	194	
Nonproperty tax items	4,045,972				
Departmental income	226,268	10,495			
Intergovernmental charges					6,800
Use of money and property	45,680	7,169			4,629
Licenses and permits	173,797				
Fines and forfeitures	120,624				
Sale of property and compensation for loss	78,003	1,909			
Miscellaneous local sources	98,145	71,450			783
Interfund revenues	259,764				
State sources	611,522	9,994			
Federal sources	3,675				1,000
Total Revenues	<u>11,013,845</u>	<u>677,709</u>	<u>99,661</u>	<u>243,511</u>	<u>1,104,473</u>
EXPENDITURES					
Current					
General governmental support	1,924,151				
Public safety	3,458,723				906,068
Health	1,500				
Transportation	362,462			253,637	
Economic assistance and opportunity	17,711				
Culture and recreation	987,029	555,267			
Home and community services	7,191		99,664		
Employee benefits	1,504,959	71,305			154,966
Debt Service					
Principal	472,601				91,600
Interest	59,201				8,734
Capital outlay					
Total Expenditures	<u>8,795,528</u>	<u>626,572</u>	<u>99,664</u>	<u>253,637</u>	<u>1,161,368</u>
Excess of Revenues (Expenditures)	<u>2,218,317</u>	<u>51,137</u>	<u>(3)</u>	<u>(10,126)</u>	<u>(56,895)</u>
OTHER FINANCING (USES) SOURCES					
Interfund transfers in	121,858				
Interfund transfers (out)	(2,050,246)	(33,402)			(20,049)
Proceeds of obligations					
Total Other Financing (Uses) Sources	<u>(1,928,388)</u>	<u>(33,402)</u>	<u>-</u>	<u>-</u>	<u>(20,049)</u>
Net Changes in Fund Balances	<u>289,929</u>	<u>17,735</u>	<u>(3)</u>	<u>(10,126)</u>	<u>(76,944)</u>
Fund Balances (Deficit), Beginning of Year	4,249,558	48,705	321	75,413	1,058,623
Fund Balances (Deficit), End of Year	<u><u>\$ 4,539,487</u></u>	<u><u>\$ 66,440</u></u>	<u><u>\$ 318</u></u>	<u><u>\$ 65,287</u></u>	<u><u>\$ 981,679</u></u>

See Independent Auditor's Report and Notes to Financial Statements

Special Revenue Funds							
Special District Funds		Highway	Special	Other	Capital	Debt	Total
Sewer	Water	Townwide	Grant	Special	Projects	Service	Governmental
Fund	Fund	Fund	Fund	Revenues	Fund	Fund	Funds
\$ 485,337	\$ 327,353	\$ 2,403,239	\$	\$	\$	\$ 3,821	\$ 10,317,181
		59,577					323,666
		2,410,122					6,456,094
2,993,795	2,574,578						5,805,136
		14,060					20,860
1,983	10,116	3,498	34	13	1,127	1	74,250
							173,797
							120,624
7,813	5,696	11,356					104,777
833,830	61,766	49,536		111		54	1,115,675
	305,343	99,433					664,540
		389,774					1,011,290
					157,590		162,265
4,322,758	3,284,852	5,440,595	34	124	158,717	3,876	26,350,155
							1,924,151
				550			4,365,341
							1,500
		2,952,647					3,568,746
							17,711
				391			1,542,687
2,783,715	1,853,598						4,744,168
	242,055	474,945					2,448,230
34,919	450,160	1,048,320				3,550	2,101,150
5,867	109,312	137,765				310	321,189
					2,497,622		2,497,622
2,824,501	2,655,125	4,613,677		941	2,497,622	3,860	23,532,495
1,498,257	629,727	826,918	34	(817)	(2,338,905)	16	2,817,660
		297					122,155
	(340,018)	(733,343)			(89,155)		(3,266,213)
					1,917,600		1,917,600
-	(340,018)	(733,046)	-	-	1,828,445	-	(1,226,458)
1,498,257	289,709	93,872	34	(817)	(510,460)	16	1,591,202
1,526,988	2,502,144	1,241,405	46,811	26,898	(10,714,317)	149	62,698
\$ 3,025,245	\$ 2,791,853	\$ 1,335,277	\$ 46,845	\$ 26,081	\$ (11,224,777)	\$ 165	\$ 1,653,900

TOWN OF VESTAL
BUDGETARY COMPARISON SCHEDULE
GENERAL - TOWNWIDE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual
REVENUES			
Real property taxes	\$ 5,221,080	\$ 5,221,080	\$ 5,198,858
Real property tax items	154,264	154,264	151,537
Nonproperty tax items	4,042,740	4,042,740	4,045,972
Departmental income	212,590	211,889	226,268
Use of money and property	40,606	40,606	45,680
Licenses and permits	111,550	111,550	173,797
Fines and forfeitures	125,000	125,000	120,624
Sale of property and compensation for loss	15,000	47,928	78,003
Miscellaneous local sources	63,043	77,212	98,145
Interfund revenues	268,664	268,664	259,764
State sources	481,972	475,083	611,522
Federal sources			3,675
Total Revenues	<u>10,736,509</u>	<u>10,776,016</u>	<u>11,013,845</u>
EXPENDITURES			
Current			
General governmental support	1,900,767	2,065,019	1,924,151
Public safety	3,482,023	3,521,672	3,458,723
Health	1,500	1,500	1,500
Transportation	396,756	396,756	362,462
Economic assistance and opportunity	17,995	18,140	17,711
Culture and recreation	918,025	1,040,096	987,029
Home and community services	11,437	11,437	7,191
Employee benefits	1,501,776	1,512,656	1,504,959
Debt service (principal and interest)	<u>486,034</u>	<u>531,803</u>	<u>531,802</u>
Total Expenditures	<u>8,716,313</u>	<u>9,099,079</u>	<u>8,795,528</u>
Excess of Revenues	<u>2,020,196</u>	<u>1,676,937</u>	<u>2,218,317</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	33,000	78,769	121,858
Interfund transfers (out)	<u>(2,104,910)</u>	<u>(2,063,410)</u>	<u>(2,050,246)</u>
Total Other Financing (Uses) Sources	<u>(2,071,910)</u>	<u>(1,984,641)</u>	<u>(1,928,388)</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(51,714)</u>	<u>(307,704)</u>	<u>289,929</u>
Appropriated Fund Balance	<u>51,714</u>	<u>307,704</u>	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>289,929</u>
Fund Balance, Beginning of Year			<u>4,249,558</u>
Fund Balance, End of Year			<u>\$ 4,539,487</u>

See Independent Auditor's Report and Notes to Financial Statements

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$ _____	\$ _____ (22,222)
_____	_____ (2,727)
_____	_____ 3,232
_____	_____ 14,379
_____	_____ 5,074
_____	_____ 62,247
_____	_____ (4,376)
_____	_____ 30,075
_____	_____ 20,933
_____	_____ (8,900)
_____	_____ 136,439
_____	_____ 3,675
_____ -	_____ 237,829
_____	_____
_____ 9,545	_____ 131,323
_____ 12,054	_____ 50,895
_____	_____ -
_____	_____ 34,294
_____	_____ 429
_____ 28,998	_____ 24,069
_____	_____ 4,246
_____	_____ 7,697
_____	_____ 1
_____ 50,597	_____ 252,954
_____ (50,597)	_____ 490,783
_____	_____
_____	_____ 43,089
_____	_____ 13,164
_____ -	_____ 56,253
_____	_____
\$ <u><u>(50,597)</u></u>	\$ <u><u>547,036</u></u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE PUBLIC LIBRARY FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Fav. (Unfav.) Variance</u>
REVENUES				
Real property taxes	\$ 564,248	\$ 564,248	\$ 563,995	\$ (253)
Real property tax items	12,719	12,718	12,697	(21)
Departmental income	14,000	14,000	10,495	(3,505)
Use of money and property	3,700	3,700	7,169	3,469
Sale of property and compensation for loss	3,300	3,300	1,909	(1,391)
Miscellaneous local sources	72,450	74,450	71,450	(3,000)
State sources	8,641	9,942	9,994	52
Total Revenues	<u>679,058</u>	<u>682,358</u>	<u>677,709</u>	<u>(4,649)</u>
EXPENDITURES				
Current				
Culture and recreation	569,269	600,500	555,267	45,233
Employee benefits	69,164	69,164	71,305	(2,141)
Total Expenditures	<u>638,433</u>	<u>669,664</u>	<u>626,572</u>	<u>43,092</u>
Excess of Revenues (Expenditures)	<u>40,625</u>	<u>12,694</u>	<u>51,137</u>	<u>38,443</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers (out)	(48,675)	(44,925)	(33,402)	11,523
Total Other Financing (Uses) Sources	<u>(48,675)</u>	<u>(44,925)</u>	<u>(33,402)</u>	<u>11,523</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(8,050)</u>	<u>(32,231)</u>	<u>17,735</u>	<u>\$ 49,966</u>
Appropriated Reserves	<u>8,050</u>	<u>32,231</u>		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>17,735</u>	
Fund Balance, Beginning of Year			<u>48,705</u>	
Fund Balance, End of Year			<u>\$ 66,440</u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - DRAINAGE FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Fav. (Unfav.) Variance</u>
REVENUES				
Real property tax items	\$ <u>99,673</u>	\$ <u>99,673</u>	\$ <u>99,661</u>	\$ <u>(12)</u>
Total Revenues	<u>99,673</u>	<u>99,673</u>	<u>99,661</u>	<u>(12)</u>
EXPENDITURES				
Current				
Home and community services	<u>99,673</u>	<u>99,673</u>	<u>99,664</u>	<u>9</u>
Total Expenditures	<u>99,673</u>	<u>99,673</u>	<u>99,664</u>	<u>9</u>
Excess of (Expenditures)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u>(3)</u>	\$ <u><u>(3)</u></u>
Fund Balance, Beginning of Year			<u>321</u>	
Fund Balance, End of Year			\$ <u><u>318</u></u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - LIGHTING FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Real property taxes	\$ 245,800	\$ 245,800	\$ 243,317	\$ (2,483)
Real property tax items			194	194
Total Revenues	<u>245,800</u>	<u>245,800</u>	<u>243,511</u>	<u>(2,289)</u>
EXPENDITURES				
Current				
Transportation	<u>254,400</u>	<u>254,400</u>	<u>253,637</u>	<u>763</u>
Total Expenditures	<u>254,400</u>	<u>254,400</u>	<u>253,637</u>	<u>763</u>
Excess of Revenues	<u>(8,600)</u>	<u>(8,600)</u>	<u>(10,126)</u>	<u>\$ (1,526)</u>
Appropriated Fund Balance	<u>8,600</u>	<u>8,600</u>		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(10,126)</u>	
Fund Balance, Beginning of Year			<u>75,413</u>	
Fund Balance, End of Year			<u>\$ 65,287</u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - FIRE FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget
REVENUES		
Real property taxes	\$ 1,103,808	\$ 1,103,808
Intergovernmental charges		
Use of money and property	10,560	10,560
Miscellaneous local sources		
State sources	36,000	8,000
Federal sources		
Total Revenues	1,150,368	1,122,368
EXPENDITURES		
Current		
Public safety	724,662	983,517
Employee benefits	165,400	156,600
Debt service (principal and interest)	100,335	100,335
Total Expenditures	990,397	1,240,452
Excess of Revenues (Expenditures)	159,971	(118,084)
OTHER FINANCING SOURCES (USES)		
Interfund transfers (out)	(20,535)	(20,535)
Total Other Financing (Uses) Sources	(20,535)	(20,535)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	139,436	(138,619)
Appropriated Fund Balance and Reserves	60,564	338,619
Appropriated Reserves	(200,000)	(200,000)
Net Change in Fund Balance	\$ -	\$ -
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report and Notes to Financial Statements

<u>Actual</u>	<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$ 1,091,261	\$	\$ (12,547)
6,800		6,800
4,629		(5,931)
783		783
		8,000
1,000		1,000
1,104,473	-	(1,895)
906,068	1,500	75,949
154,966		1,634
100,334		1
1,161,368	1,500	77,584
(56,895)	(1,500)	75,689
(20,049)		486
(20,049)	-	486
(76,944)	\$ <u><u>(1,500)</u></u>	\$ <u><u>76,175</u></u>
(76,944)		
1,058,623		
\$ <u><u>981,679</u></u>		

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Real property taxes	\$ 485,380	\$ 485,380	\$ 485,337	\$ (43)
Departmental income	2,985,000	2,985,000	2,993,795	8,795
Use of money and property	100	100	1,983	1,883
Sale of property and compensation for loss		1,998	7,813	5,815
Miscellaneous local sources			833,830	833,830
Total Revenues	3,470,480	3,472,478	4,322,758	850,280
EXPENDITURES				
Current				
Home and community services	3,433,896	3,435,894	2,783,715	652,179
Debt service (principal and interest)	40,787	40,787	40,786	1
Total Expenditures	3,474,683	3,476,681	2,824,501	652,180
Excess of Revenues	(4,203)	(4,203)	1,498,257	\$ 1,502,460
Appropriated Fund Balance and Reserves	124,203	124,203		
Appropriated Reserves	(120,000)	(120,000)		
Net Change in Fund Balance	\$ -	\$ -	1,498,257	
Fund Balance, Beginning of Year			1,526,988	
Fund Balance, End of Year			\$ 3,025,245	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - WATER FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Real property taxes	\$ 328,822	\$ 328,822	\$ 327,353	\$ (1,469)
Departmental income	2,544,965	2,544,965	2,574,578	29,613
Use of money and property	6,000	6,000	10,116	4,116
Sale of property and compensation for loss		1,901	5,696	3,795
Miscellaneous local sources			61,766	61,766
Interfund revenues	305,343	305,343	305,343	-
Total Revenues	3,185,130	3,187,031	3,284,852	97,821
EXPENDITURES				
Current				
Home and community services	2,181,312	2,265,794	1,853,598	412,196
Employee benefits	247,817	247,817	242,055	5,762
Debt service (principal and interest)	559,472	559,472	559,472	-
Total Expenditures	2,988,601	3,073,083	2,655,125	417,958
Excess of Revenues	196,529	113,948	629,727	515,779
OTHER FINANCING (USES) SOURCES				
Interfund transfers (out)	(351,073)	(351,073)	(340,018)	11,055
Total Other Financing (Uses) Sources	(351,073)	(351,073)	(340,018)	11,055
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(154,544)	(237,125)	289,709	\$ 526,834
Appropriated Fund Balance	154,544	237,125		
Net Change in Fund Balance	\$ -	\$ -	289,709	
Fund Balance, Beginning of Year			2,502,144	
Fund Balance, End of Year			\$ 2,791,853	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE HIGHWAY TOWNWIDE FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget
REVENUES		
Real property taxes	\$ 2,411,552	\$ 2,411,552
Real property tax items	59,676	59,676
Nonproperty tax items	2,418,720	2,418,720
Intergovernmental charges	14,060	14,060
Use of money and property	800	800
Sale of property and compensation for loss	10,500	13,500
Miscellaneous local sources		
Interfund revenues	99,433	99,433
State sources	315,090	445,775
Total Revenues	5,329,831	5,463,516
EXPENDITURES		
Current		
Transportation	3,000,607	3,234,306
Employee benefits	499,600	485,100
Debt service (principal and interest)	1,186,087	1,186,087
Total Expenditures	4,686,294	4,905,493
Excess of Revenues (Expenditures)	643,537	558,023
OTHER FINANCING (USES) SOURCES		
Interfund transfers in		
Interfund transfers (out)	(740,000)	(736,500)
Total Other Financing (Uses) Sources	(740,000)	(736,500)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(96,463)	(178,477)
Appropriated Fund Balance	96,463	178,477
Net Change in Fund Balance	\$ -	\$ -
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report and Notes to Financial Statements

<u>Actual</u>	<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$ 2,403,239	\$	\$ (8,313)
59,577		(99)
2,410,122		(8,598)
14,060		-
3,498		2,698
11,356		(2,144)
49,536		49,536
99,433		-
389,774		(56,001)
5,440,595	-	(22,921)
2,952,647	87,681	193,978
474,945		10,155
1,186,085		2
4,613,677	87,681	204,135
826,918	(87,681)	181,214
297		297
(733,343)		3,157
(733,046)	-	3,454
93,872	\$ <u>(87,681)</u>	\$ <u>184,668</u>
93,872		
1,241,405		
\$ <u>1,335,277</u>		

TOWN OF VESTAL

BALANCE SHEET INTERNAL SERVICE FUND DECEMBER 31, 2016

ASSETS

Cash and cash equivalents - Unrestricted	\$ <u>2,878,410</u>
Prepaid expenses	<u>176,544</u>

Total Assets	\$ <u><u>3,054,954</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ <u>232,810</u>
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Total Liabilities	<u>232,810</u>
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Net Assets

Assigned	<u>2,822,144</u>
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Total Net Assets	<u>2,822,144</u>
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Total Liabilities and Net Assets	\$ <u><u>3,054,954</u></u>
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See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INTERNAL SERVICE FUND FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES

Miscellaneous local sources	\$ <u>304,624</u>
Interfund revenues	<u>3,942</u>

Total Revenues	<u>308,566</u>
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OPERATING EXPENSES

Current

General governmental support	<u>442,888</u>
Employee benefits	<u>2,604,259</u>

Total Expenses	<u>3,047,147</u>
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Excess of (Operating Expenses)	<u>(2,738,581)</u>
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NON-OPERATING REVENUES

Interfund transfers in	<u>3,144,058</u>
Use of money and property	<u>5,346</u>

Total Non-Operating Revenues	<u>3,149,404</u>
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Net Change in Net Assets	<u>410,823</u>
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Net Assets, Beginning of Year	<u>2,411,321</u>
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Net Assets, End of Year	\$ <u><u>2,822,144</u></u>
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See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities

Other operating revenue	\$ 308,566
Cash payments - Contractual	<u>(459,822)</u>
Cash payments - Hospital and medical	<u>(2,551,329)</u>

Net Cash (Used) by Operating Activities (2,702,585)

Cash Flows from Non-Capital Financing Activities

Cash received from other funds	<u>3,144,058</u>
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Net Cash Provided by Non-capital Financing Activities 3,144,058

Net Cash Provided by Capital and Related Financing Activities -

Cash Flows from Investing Activities

Interest income received	<u>5,346</u>
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Net Cash Provided by Investing Activities 5,346

NET CHANGE IN CASH EQUIVALENTS 446,819

Cash and Cash Equivalents, January 1, 2016 2,431,591

Cash and Cash Equivalents, December 31, 2016 \$ 2,878,410

**Reconciliation of Income from Operations
to Net Cash (Used) by Operating Activities**

Loss from operations	\$ (2,738,581)
(Increase) in prepaid expenses	<u>(16,934)</u>
Increase in accounts payable	<u>52,930</u>

Net Cash (Used) by Operating Activities \$ (2,702,585)

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2016

	<u>Agency Fund</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Cash		
Unrestricted	\$ <u>13,134</u>	\$ <u>1,178</u>
Restricted investments	<u> </u>	<u>2,616,532</u>
Total Assets	\$ <u><u>13,134</u></u>	\$ <u><u>2,617,710</u></u>
 LIABILITIES		
Other liabilities	\$ <u>13,134</u>	<u> </u>
Total Liabilities	\$ <u><u>13,134</u></u>	<u> </u> -
 NET ASSETS		
Restricted for fire service awards		<u>2,617,710</u>
Total Net Assets		\$ <u><u>2,617,710</u></u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2016

	Private Purpose Trust Fund
ADDITIONS	
Investment earnings	\$ <u>264,893</u>
Total Additions	<u>264,893</u>
DEDUCTIONS	
General government support	<u>99,468</u>
Net Additions	165,425
OTHER ADDITIONS AND DEDUCTIONS	
Interfund revenues	<u>21,808</u>
Change in Net Assets	187,233
Net Assets - Beginning of Year	<u>2,430,477</u>
Net Assets - End of Year	\$ <u><u>2,617,710</u></u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

SCHEDULE OF NONCURRENT ASSETS AND LIABILITIES DECEMBER 31, 2016

NONCURRENT GOVERNMENT ASSETS

Land	\$ <u>9,304,585</u>
Improvements	<u>4,480,664</u>
Buildings	<u>20,513,082</u>
Machinery and equipment	<u>22,061,883</u>
Accumulated Depreciation - Improvements	<u>(1,603,425)</u>
Accumulated Depreciation - Buildings	<u>(13,183,791)</u>
Accumulated Depreciation - Machinery and equipment	<u>(15,991,442)</u>
Total Noncurrent Government Assets	\$ <u><u>25,581,556</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	\$ <u>5,535,685</u>
Total Deferred Outflows of Resources	\$ <u><u>5,535,685</u></u>

NONCURRENT GOVERNMENT LIABILITIES

Net pension liability	\$ 4,754,824
Bonds payable	<u>5,651,475</u>
Total Noncurrent Government Liabilities	\$ <u><u>10,406,299</u></u>

DEFERRED INFLOWS OF RESOURCES

Pensions	\$ <u>674,952</u>
Total Deferred Inflows of Resources	\$ <u><u>674,952</u></u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

The financial statements of the Town of Vestal (the Town) have been prepared in conformity with the accounting principles prescribed by the *Accounting and Reporting Manual* permitted by the Office of the New York State Comptroller to meet the requirements of the State of New York, and are not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States (GAAP) established by the Governmental Accounting Standards Board (GASB). The financial statements do not include a Statement of Net Position or a Statement of Activities for the Governmental Activities, prepared on the accrual basis of accounting, or a Management's Discussion and Analysis. Under the accrual basis of accounting the Town would have recorded capital assets, net of accumulated depreciation, as well as long-term debt and other long-term liabilities in the government-wide financial statements. The more significant of the Town's accounting policies are described below.

Financial Reporting Entity

The Town, which was founded in 1823, is governed by Town Law, and other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for overall operations; the Town Supervisor serves as chief executive officer and as chief fiscal officer.

The following basic services are provided: public safety, health, transportation (streets and highways), economic assistance and opportunity, culture and recreation, home and community services, planning and zoning, general administration, water and sewer.

All Governmental activities and functions performed for the Town 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 Governmental Accounting Standards Board (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 Financial Reporting Entity: Omnibus."

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Financial Reporting Entity - Continued

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended by GASB Statements Nos. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town's reporting entity.

Fire District

Fire protection is provided by the Vestal Fire District (the Fire District). The Fire District is governed by the Board of Fire Commissioners, whose membership is the Town Board, ex officio. The Fire District is included in the reporting entity as a separate Governmental Fund.

Public Library

The Vestal Public Library (Library) was established in 1949 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Library Trustees are appointed by the Town Board. Taxes for Library purposes are raised by the Town and title to real property used by the Library is held by the Town, who also issues all Library indebtedness which is supported by the full faith and credit of the Town. The Library is included in the reporting entity as a separate Governmental Fund.

On April 5, 2016 the voters of the Vestal Central School District voted by referendum to establish a separate taxing entity for library purposes. This new taxing district levied taxes in the fall of 2016 and effective January 1, 2017, there will no longer be a library special revenue fund due to the establishment of a new entity, the Vestal Public Library.

Emergency Squad

Effective December 1, 1996, the Town entered into a contract with VVES, Inc., a not-for-profit corporation, to provide general ambulance service within the Town boundaries. VVES, Inc. is not included in the Town reporting entity. The Town has no authority to appoint the governing authority or management of VVES, Inc. In addition, the Town has no responsibility for deficits, no entitlement to surpluses, and does not guarantee debt of VVES, Inc. VVES, Inc. has substantial financial independence, with the following exceptions. Fees imposed and collected by VVES, Inc. were established by the Town pursuant to the authority contained in Section 122-b(2) of General Municipal Law and are included in the contractual agreement. Under the provisions of the contract, title to certain Town assets was transferred to VVES, Inc., which is contractually obligated to pay for these assets by reimbursing the Town for remaining debt service payments.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Emergency Squad - Continued

In 2006, the Town constructed a new building which houses the emergency squad's operations. In accordance with a written agreement, VVES, Inc. reimburses the Town for the debt service costs on the \$768,500 notes issued and remains responsible for certain repair and maintenance costs. At December 31, 2016, \$450,000 remained outstanding on this debt.

Fund Accounting

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Town records its transactions in the fund types described below:

Fund Categories - Governmental Fund Types

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

- **General Townwide Fund** - Principal operating fund; includes all operations not required to be recorded in other funds.
- **Special Revenue Funds** - Used to account for the proceeds of specific revenue sources legally restricted to expenditure for specified purposes.

The following Special Revenue Funds are utilized:

- **Public Library Fund** - Established to account for activities of the Town of Vestal Public Library.
- **Special District Funds** - Established by the Town to account for activities in the following areas: Drainage, Lighting, Fire, Sewer, and Water.
- **Highway Townwide Fund** - Established pursuant to Highway Law, Section 141, to account for revenues and expenditures for highway purposes.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Fund Categories - Governmental Fund Types - Continued

- **Special Grant Fund** - Accounts for proceeds of a specific revenue source, expenditures for which are legally restricted for purposes specified in the grant agreements.
- **Other Special Revenues** - Accounts for other special revenue funds.
- **Capital Projects Fund** - Used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment.
- **Debt Service Fund** - Used to account for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations or activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

- **Internal Service Fund**
The Internal Service Fund is used to account for the accumulation of resources for payment of health insurance as authorized by General Municipal Law.

Fiduciary Fund Types

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

- **Agency Fund**
The Agency Fund is used to account for money and/or property received and held in the capacity of trustee, custodian, or agent.
- **Private Purpose Trust Fund**
Established to account for Town Fire District trusts.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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.

Modified Accrual Basis - All Governmental Funds are accounted for using the modified accrual basis of accounting. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town recognizes receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. 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 except:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of the purchase.
- Principal and interest on indebtedness are not recognized as an expenditure until due.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- General fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received on the Schedule of Noncurrent Assets and Liabilities. No budgetary provision for depreciation is made. General long-term debt liabilities are recorded at the par value of the principal amount and reported in the Schedule of Noncurrent Assets and Liabilities. No liability is recorded for interest payable to maturity.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Basis of Accounting/Measurement Focus - Continued

Accrual Basis

The Proprietary and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including long-term liabilities, are included in the accompanying Balance Sheet and Statement of Fiduciary Net Assets. The Statement of Revenues, Expenditures and Changes in Net Assets and Statement of Changes in Fiduciary Net Assets presents changes in net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Property Taxes

Town real property taxes are levied annually on January 1, and become a lien on that date. Taxes are collected during the period January 1 to March 31. The Town Receiver of taxes collects all real estate taxes for Town and County purposes. The Town Receiver distributes the collected tax money to the Town Supervisor prior to distributing the balance collected to the County on March 31. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Annually the County bills the Town for current and prior year adjustments to tax bills resulting from small claims decisions or court orders. The Town pays this bill before December 31st and with the exception of court ordered settlements, nets these adjustments against the current year levy in reporting real property tax revenue.

In June of 2011 New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the town in a particular year, beginning with the 2012-2013 fiscal year. The growth in annual levy is limited to the lesser of 2% or annual change in the national unadjusted Consumer Price Index for All Urban Consumers - All Items (CPI-U), subject to certain limited exceptions and adjustments.

Internal Service Fund Revenues

The Town's internal service fund records revenue as either operating or nonoperating revenue. Generally, revenue from investments or from other funds of the Town are considered nonoperating revenue. Other revenues are considering operating.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Budget Policies - The budget policies are as follows:

- No later than September 30, a tentative budget is submitted by the budget officer to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed for the General and Special Revenue Funds. Encumbrances are reported as assignments of fund balance, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Budgetary Basis of Accounting

Budgets are adopted annually on a basis consistent with its prescribed fund's basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreement, which covers a period other than the Town's fiscal year.

Cash and Cash Equivalents

For financial statement purposes, the Town considers all highly liquid investments with original maturities of three months or less as cash equivalents.

Investments

Temporary investments consist of short-term treasury instruments and are stated at fair value. Restricted investments consist of U.S. Treasury investments and are stated at fair value.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Vacation, Sick Leave, and Compensatory Absences

Full-time employees earn from ten to 25 days of vacation leave per year depending on length of employment. Generally, vacation leave must be used by year end or forfeited, except that up to ten days may be carried over to the next year. In the event of termination or upon retirement, an employee is entitled to payment of accumulated vacation at various rates subject to certain maximum limitations. Part-time employees of the Library who work at least 19 hours a week, nine months of the year earn vacation leave, prorated on the basis of the number of hours worked each week. Part-time Library employees who work less than 19 hours a week do not earn leave benefits. Other part-time employees of the Town do not earn leave benefits.

Employees may also accumulate compensatory time in lieu of overtime pay. Police department personnel can carry up to 80 hours of compensatory time to the next year.

For employees represented by the Operating Engineers and the Vestal Police Supervisors unions and full-time non-union employees, the town provided a balance of sick time hours that accrued effective January 1, 2016. One additional day of sick time accrues monthly if the employee is on the payroll at least half the month. Upon retirement, the employee may cash out the balance of sick leave in excess of 192 hours up to a specified maximum.

Personal leave is granted in accordance with collective bargaining agreements or the Employee Handbook and is generally limited to six days per year with no accumulated balance. Similarly, the Town has no accumulated sick leave program. The Town does maintain an insured disability program, in which eligible employees receive insurance benefits on the 30th day of disability. The Town continues to pay the employee's full compensation during the waiting period. Insurance benefits amount to two-thirds of pay with a weekly maximum. The weekly maximum is \$700 for members of CSEA and the International Union of Operating Engineers Local Union 106, and \$500 for members of the Library CSEA. The weekly maximum is \$800 for members of the Police Benevolent Association and \$1,000 for the Police Supervisors Association and non-union management. This insurance pays benefits for a one-year period only.

Vested valuation and compensation time is recorded as a liability and expenditure in the Governmental Funds. The liability for compensated absences as of December 31, 2016 equals \$168,044.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Property, Plant, and Equipment

Fixed assets purchased for general governmental purposes are recorded as expenditures in the Governmental Funds and are capitalized at cost in the Schedule of Noncurrent Assets and Liabilities. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value upon acquisition.

Major outlays for capital and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend asset's lives are not capitalized.

Assets consisting of certain infrastructure type improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and drainage and lighting systems, have not been capitalized or presented in these financial statements.

The asset values, net of accumulated depreciation, appear in the Schedule of Noncurrent Assets and Liabilities within this report. Depreciation has been provided using the straight-line method over the estimated useful life of the asset. Interest on general fixed assets work in progress has not been capitalized.

Insurance

The Town maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. The Town is self-insured for general liability, public officials' liability, law enforcement liability and other court ordered settlements. 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. In the last six years, paid losses for claims totaled \$654,219, which were paid from the insurance reserve fund. Claims of \$446,221 were paid for court ordered assessment settlements. Legal fees and expenses incurred to defend general liability claims totaled approximately \$331,775 over that same period. Legal and professional fees included for assessment challenges are paid from general appropriations and are not included above. Contributions are made to the insurance reserve annually via real property taxes levied, interest earnings and an interfund transfer.

Use of Estimates

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Post-employment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage for eligible retirees. Current retirees with health insurance coverage consist of full-time employees who had been employed by the Town for at least ten years and were age 55 or older (except for police officers, who have no age limit) at the time of retirement from Town employment. Coverage as of December 31, 2016 included 98 retirees, some having family coverage. During 2016, \$1,138,604 was paid into the Health Insurance Fund in the form of a premium equivalent on behalf of the retirees. This cost is reported as part of interfund transfers to the Health Insurance Internal Service Fund from the operating fund which had originally recorded the retirees personal services as follows: \$808,124 from the General Fund, \$20,317 from the Public Library Fund, \$235,845 from the Highway Town-wide Fund, and \$74,318 from the Special District - Consolidated Water Fund. Effective May 1, 2012, Medicare eligible retirees receive insurance benefits through a Medicare Advantage insurance policy.

In addition, retirees and their spouses are reimbursed for Medicare premiums paid. Those retirees that were represented by the Police Benevolent Association are paid the full Medicare premium. All others are paid up to a maximum of \$88.50 per person per month. Medicare premium reimbursements are recorded as expenditures in the Health Insurance Internal Service Fund. These expenditures total \$106,636 in 2016. The spousal benefit terminates upon death of the retiree.

Upon retirement, retirees are entitled to a \$5,000 life insurance death benefit. In some instances, when an employee is within five years of retirement age and has at least ten years of service with the Town, the Town starts funding a retired lives reserve benefit consisting of a paid up \$5,000 life insurance policy that is given to each respective employee upon retirement or when the paid up policy is fully funded, whichever is later. Cost of funding the retired lives reserve in 2016 was: General Fund - \$1,997; Highway Fund - \$822; and Library Fund - \$419. Other retirees are covered by term insurance costing a total of approximately \$679 in 2016.

Currently all new employees must have at least 20 years of service to be eligible for health insurance benefits at retirement. This requirement has been phased in by union groups and depends on date of hire.

In 2008 the Town contracted for an actuarial study of its net OPEB liability. This study has been received and filed but no other action has been taken. Through collective bargaining, the town endeavors to reduce the OPEB liability.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Fund Equity

The Town classifies fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, which 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. The Town Board, by budgetary appropriation authorized the department heads to assign fund balance for encumbrances. The Town Board may by budgetary appropriation or resolution assign fund balance to fund operations or capital expenditures.
- **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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Fund Equity

The Town has not adopted any resolutions to commit fund balance. The Town's policy is to apply expenditures against restricted fund balance, assigned fund balance, and unassigned fund balance in this respective order. Nonspendable, restricted, and assigned fund balances are reported on the Schedule of Nonspendable, Restricted, and Assigned Fund Balance.

The Town adopted a reserve fund policy on August 10, 2016 that covers reserve and unassigned fund balance.

For restricted fund balance (reserves) the Town shall strive to maintain a level of reserves to guard taxpayers against a service disruption and to help reduce the reliance on borrowing. Funding of the reserves comes from surplus funds in a fiscal year or other sources designated by the Town Board. The Board must approve any expenditures of or use of reserves by approval of a resolution and the reserves shall only be used for their intended purpose.

For unassigned fund balance Town management will maintain levels at no less than 10% and no more than 15% of the total adopted budgeted expenditures of the General Fund. On an annual basis the Comptroller/Director of Finance will calculate and verify compliance with this by taking the audited balance available in the unrestricted unassigned fund balance of the General Fund for the most recent audited fiscal year and dividing that by the adopted expenditure budget for the current fiscal year for the General Fund, taking into account any appropriation of fund balance. The Comptroller/Director of Finance shall report annually to the Town Board and make recommendations for the use of funds or the replenishment of funds, depending of a surplus or deficit. For years in which a surplus results, any excess may be utilized for any lawful purpose by the Town Board. For years in which a deficit occurs resulting in the unrestricted unassigned fund balance falling below 10%, the Comptroller/Director of Finance shall prepare and submit to the Town Board a plan to restore the minimum target level in the next budget year or appropriate period of time.

Deferred Outflows and Inflows of Resources

In addition to assets, the Schedule of Noncurrent Assets and Liabilities reports 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 will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions in the Schedule of Noncurrent Assets and Liabilities. The types of deferred outflows related to pensions are described in Note 6.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Deferred Outflows and Inflows of Resources

In addition to liabilities, the Schedule of Noncurrent Assets and Liabilities reports 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 will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions which are further described in Note 6.

Newly Adopted Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable except GASB Statements No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." At December 31, 2016, the Town implemented the following new standard issued by GASB:

- GASB Statement No. 77, "Tax Abatement Disclosures," effective for the year ending December 31, 2016.

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

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$(11,224,777) at December 31, 2016. This deficit will be eliminated as short-term debt is converted to long-term financing.

***Note 3* Cash and Investments**

The Town of Vestal's investment policies are governed by State statutes. In addition, the Town of Vestal has its own written investment policy. Town of Vestal monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Supervisor 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 at 100% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, as well as obligations of the state, its municipalities and school districts.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 3* Cash and Investments - Continued**

Deposits and investments are categorized as either (1) insured and for which the securities are held by the Town's agent in the Town's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Town's name, (3) uncollateralized.

Total financial institution (bank) balances at December 31, 2016, per the bank, were \$13,768,797. These deposits are either insured or collateralized in accordance with State statutes and Town investment policies.

Investments are stated at fair value and are categorized as either (1) insured or registered, with investments held by the Town or the Town's agent in the Town's name, (2) uninsured and unregistered, with investments held by the financial institution's trust department in the Town's name, (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the Town's name. The Town has the following investments in the following denominations:

Description	Fund Type	Category	Amount
U.S. Treasury Bonds	General Fund Insurance Reserve	(1)	\$ 404,736
U.S. Treasury Bonds	Fire Fund	(1)	35,742
U.S. Treasury Bonds	Water Fund	(1)	99,537
Town of Vestal Bond	General Fund Insurance Reserve	(1)	3,975
Town of Vestal Note	General Fund Insurance Reserve	(1)	450,000

In addition, the Town's Fire District Service Award program has investments of \$2,616,532 at December 31, 2016. This amount is invested in several different mutual funds, and is not insured. See Note 11 for a further description of the program.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 4* Other Receivables**

Other receivables for the year ended December 31, 2016 consisted of:

General Townwide Fund

Franchise fees	\$	79,059
Justice fees		26,550
Other receivables		2,321
Accrued interest receivable		11,213
Total General Fund		<u>119,143</u>

Special District Funds

Fire Fund:

Other receivables	<u>1,166</u>
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Sewer Fund

Sewer rents receivable	<u>1,014,061</u>
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Water Fund

Water rents receivable	709,493
Other receivables	18,360
Accrued interest receivable	2,325
Total Water Fund	<u>730,178</u>

Capital Projects Fund

Other receivables	<u>43</u>
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Highway Townwide Fund

Other receivables	<u>10,436</u>
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Total	\$	<u><u>1,875,027</u></u>
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TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 5 Fixed Assets

The changes in fixed assets for the fiscal year ended December 31, 2016 are as follows:

Type	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 9,304,585	\$	\$	\$ 9,304,585
Buildings	20,494,214	18,868		20,513,082
Improvements	4,228,173	252,491		4,480,664
Machinery and equipment	21,684,601	865,853	(488,571)	22,061,883
Total	<u>55,711,573</u>	<u>1,137,212</u>	<u>(488,571)</u>	<u>56,360,214</u>
Accumulated Depreciation:				
Buildings	(12,586,700)	(597,091)		(13,183,791)
Improvements	(1,484,902)	(118,523)		(1,603,425)
Machinery and equipment	(15,279,996)	(1,180,517)	469,071	(15,991,442)
Total	<u>(29,351,598)</u>	<u>(1,896,131)</u>	<u>469,071</u>	<u>(30,778,658)</u>
Net Fixed Assets	<u>\$ 26,359,975</u>	<u>\$ (758,919)</u>	<u>\$ (19,500)</u>	<u>\$ 25,581,556</u>

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 Town participates in the New York State and Local Employees' Retirement System (the System) which include 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Plan Descriptions and Benefits Provided - Continued

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

Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The 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.

Contributions

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

	ERS	PFRS
2016	\$ 719,063	\$ 590,861
2015	823,480	586,847
2014	933,277	560,060

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

At December 31, 2016, the Town 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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the Town by each System.

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	04/01/2015	04/01/2015
Net pension liability	\$ 16,050,279,000	\$ 2,960,787,000
Town's portion of the Plan's total net pension liability	2,704,548	2,050,276

For the year ended December 31, 2016, the Town recognized the proportionate share of net pension expense of \$1,000,978 for ERS and \$751,561 for PFRS. At December 31, 2016 the Town's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 13,667	\$ 18,389	\$ 320,579	\$ 309,977
Changes of assumptions	721,221	883,867		
Net differences between projected and actual earnings on pension investments	1,604,486	1,149,014		
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	128,012	33,175	7,299	37,097
Town's contributions subsequent to the measurement date	<u>540,708</u>	<u>443,146</u>		
Total	<u>\$ 3,008,094</u>	<u>\$ 2,527,591</u>	<u>\$ 327,878</u>	<u>\$ 347,074</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS
Year ended:		
2017	\$ 546,804	\$ 407,989
2018	546,804	407,989
2019	546,804	407,989
2020	499,096	391,991
2021	-	121,413
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, 2016	March 31, 2016
Actuarial valuation date	April 1, 2015	April 1, 2015
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Salary increases	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***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, 2016
Asset Type:	
Domestic equities	7.30%
International equities	8.55%
Real estate	8.25%
Private equity/Alternative investments	11.00%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Cash	2.25%
Inflation-indexed bonds	4.00%
Mortgages and bonds	4.00%

Discount Rate

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Town's proportionate share of the net pension liability	\$ 6,098,560	\$ 2,704,548	\$ (163,247)
PFRS			
Town's proportionate share of the net pension liability	\$ 4,579,506	\$ 2,050,276	\$ (69,768)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	PFRS
Measurement date	March 31, 2016	March 31, 2016
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727
Plan net position	(156,253,265)	(27,386,940)
Employers' net pension liability	<u>\$ 16,050,279</u>	<u>\$ 2,960,787</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.7%	90.2%

Note 7 Short-term Debt - Bond Anticipation Notes (BANs)

Liabilities for short-term BANs are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually beginning with the second complete year of origination.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 7* Short-term Debt - Bond Anticipation Notes (BANs) - Continued**

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 to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made.

BANs renewed prior to issuance of the financial statements for a one year period are considered long-term obligations as of the balance sheet date and as such are reported in the Schedule of Noncurrent Liabilities.

The following is a summary of changes in short-term BANs, for the year ended December 31, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance
BANs	\$ <u>11,129,000</u>	\$ <u>12,702,400</u>	\$ <u>(11,129,000)</u>	\$ <u>12,702,400</u>

Maturity dates and interest rates for short-term BANs are as follows:

Maturity Date	Fund	Interest Rate	Balance at December 31, 2016
05/12/2017	Capital Projects	1.25-2%	\$ 12,702,400

Interest expenditures on BANs totaled \$176,603.

***Note 8* Long-term Debt**

Serial Bonds

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Noncurrent Assets and Liabilities. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8 Long-term Debt

Serial Bonds

The following is a summary of changes in serial bonds for the year ended December 31, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Serial Bonds	\$ 5,835,025	\$ 727,500	\$ (911,050)	\$ 5,651,475	\$ 978,550

Summary of Serial Bonds

As of December 31, 2016, serial bonds, including issue and maturity dates and interest rates, consisted of the following:

Description of Issue	Final Maturity	Interest Rate	Payable to Maturity
Water District 7 - Part 3	9/01/2021	5.00%	\$ 3,975
Emergency Squad Building	5/15/2031	5.75-7.00%	450,000
Parks and Highway Equipment	5/15/2021	1.30-4.00%	480,000
Parks and Highway Equipment	5/15/2022	2.10-3.15%	305,000
Refunding Bond	6/15/2026	2.00-2.375%	2,080,000
Parks, Road Reconstruction, and Highway Equipment	5/15/2023	1.00-2.00%	960,000
Highway and Various Projects	5/15/2022	2.25-2.75%	645,000
Highway and Various Projects	5/15/2021	1.5-1.625%	<u>727,500</u>
Total			<u>\$ 5,651,475</u>

The following is a summary of maturing debt service requirements for serial bonds:

Year	Principal	Interest	Total
2017	\$ 978,550	\$ 137,160	\$ 1,115,710
2018	911,050	110,191	1,021,241
2019	916,050	89,980	1,006,030
2020	845,825	69,393	915,218
2021	735,000	50,088	785,088
2022-2026	1,115,000	116,714	1,231,714
2027-2031	<u>150,000</u>	<u>26,213</u>	<u>176,213</u>
Total	<u>\$ 5,651,475</u>	<u>\$ 599,739</u>	<u>\$ 6,251,214</u>

Interest expenditures on long-term debt totaled \$144,586.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9 Interfund Balances

Interfund balances and transfers at December 31, 2016 are as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Townwide Fund	\$	\$	121,858	\$ 2,050,246
Public Library Fund				33,402
Special District Fund - Fire Fund				20,049
Special District Fund - Water Fund				340,018
Highway Townwide Fund			297	733,343
Capital Projects Fund				89,155
Internal Service Fund			3,144,058	
Total	\$	- \$	\$ 3,266,213	\$ 3,266,213

The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Note 10 Restricted Fund Balance

Funds restricted for other purposes at December 31, 2016 are as follows:

General Fund	
DARE Program	\$ 3,062
Crime Proceeds	18,007
Sale of Property	5,001
Handicapped Parking Education	1,441
Total	\$ 27,511
 Other Special Revenue Fund	
Parks Improvements	\$ 19,782
Fire Equipment	5,905
Police Equipment	394
Total	\$ 26,081

Note 11 Fire Service Award Program

The information contained in this note is based on information for the Town of Vestal/Vestal Fire District Service Award Program for the program year ending on December 31, 2016.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 11* Fire Service Award Program - Continued**

Length of Service Awards Program - LOSAP

The Town of Vestal/Vestal Fire District established a defined benefit Service Award Program (referred to as a “LOSAP” - length of service award program) under Section 457(e)(11) of the Internal Revenue Code, effective January 1, 1996 for active volunteer firefighter members of the Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate recruitment and retention of active volunteer firefighters. The Town of Vestal/Vestal Fire District is the sponsor of the program and the program administrator.

Program Description

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age." The amount of the service award paid to a volunteer is based upon the number of years of service credit earned for performing active volunteer firefighter activities.

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 16 and completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age (65) while an active volunteer. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter of the Fire Department.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 11* Fire Service Award Program - Continued**

Benefits

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$15 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is 40 years under the program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards commence payment when a participant attains entitlement age. Volunteers who continue to be active after attaining entitlement age and beginning to receive a service award continue to have the opportunity to earn program credit and thereby increase their service award payments. The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement (for participants who were active volunteers at death, the minimum death benefit payable is \$10,000). The program does not provide extra line-of-duty death or disability benefits. Except for the minimum guaranteed death benefit of \$10,000 (funded through Group Term Life Insurance), all death and disability benefits are "self insured" and paid from the program trust fund.

For a complete explanation of the program, see the Program Document, a copy of which is available from the Town Comptroller.

Fiduciary Investment and Control

After the end of each calendar year, the Fire Department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year, indicating which volunteers earned 50 points. The certified list is delivered to the Town Board/Board of Fire Commissioners for the Board's review and approval. The Fire Department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Town Board/Board of Fire Commissioners. The listing was forwarded to the actuary Penflex, Inc. whose staff also assists in the administration of the program.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying reasonable expenses of the operation and administration of the program. The Town Board/Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Town Comptroller. The Town Board/Board of Fire Commissioners are the Program Trustees.

Authority to invest program assets is vested in the Program Trustees. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Town Board/Board of Fire Commissioners.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 11* Fire Service Award Program - Continued**

Fiduciary Investment and Control - Continued

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the Town/Fire District during 2008-2016 is Tony Fiorillo of Penflex, Inc. Mr. Fiorillo is a member of the American Society of Actuaries and meets the qualifications of the Academy of Actuaries. Portions of the following information are derived from a report dated April 7, 2017 prepared by Mr. Fiorill.

Program Financial Condition

Assets and Liabilities:

Actuarial Present Value of Accrued Service Awards as of 12/31/16	\$	<u>2,304,637</u>
Total Investments:		
Equity mutual funds		2,131,552
Fixed income mutual funds		484,980
Cash and market accounts		<u>1,178</u>
Total Investments		2,617,710
Less: Benefits payable		-
Total Net Assets Available for Benefits		2,617,710
Excess contributions		313,073
Less: Unfunded liability for separately amortized costs		<u>-</u>

Excess Available for Normal Benefits	\$	<u><u>313,073</u></u>
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Receipts and Disbursements:

Plan net assets, beginning of year	\$	2,430,477
Changes during the year:		
Plus: Plan contributions		21,808
Plus: Investment income earned		68,677
Plus: Change in market value		196,216
Less: Administrative fees/paid		(6,633)
Plus: Changes in benefits payable		930
Less: Plan benefit withdrawals		<u>(93,765)</u>

Plan Net Assets, End of Year	\$	<u><u>2,617,710</u></u>
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Contributions

Amount of Town/Fire District's contribution recommended by actuary	\$	17,084
Amount of Town/Fire District's actual contribution		21,808

Administration Fees

Fees paid for actuary	\$	6,633
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TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 11* Fire Service Award Program - Continued**

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Cost Method. Under this method, the unfunded accrued liability is calculated using the Unit Credit Cost Method. All other calculations proceed in a similar manner to the Frozen Initial Liability Cost Method. The assumptions used by the actuary to determine the contribution amount and the actuarial present value of benefits are:

Assumed rate of return on program investments: 5.50% (decreased from 6% in previous years)

Tables used for:

Post Entitlement Age mortality:	1994 Unisex Pensioner Male Mortality Table projected with scale AA to 2007
*Pre Entitlement Age mortality:	None
*Pre Entitlement Age disability:	None
*Pre Entitlement Age withdrawal:	None
*Pre Entitlement Age service credit accruals:	100%

Actuarial Value of Assets reflects a simple linear smoothing of actuarial investments gains/losses over 3 years. This smoothing has commenced with the 2015 plan year, for the annual required contribution due in 2017.

*For program cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to: survive to the entitlement age; remain active and earn 50 points each year and begin to be paid service awards upon attainment of the entitlement age.

***Note 12* Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town began participation in the New York State Deferred Compensation Plan (the Plan) on January 1, 2000. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with GASB Statement No. 32 "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the Plan does not meet the criteria for inclusion in the Town's financial statements.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 13* Federal Housing Program**

Prior to 1999, the Town participated in a Section 8 housing program of the U.S. Department of Housing and Urban Development. This program was, by contractual arrangement, administered by the Town of Union in all respects other than the receipt and disbursement of funds. Effective October 1, 1999, the Town agreed to the merger of its program with the Town of Union's program. The Town of Union thereby assumed the Town of Vestal annual contribution contract and administration obligations. The use of the Federal funds and interest earnings remaining in the Town's custody is restricted to housing programs.

***Note 14* Sales and Franchise Taxes**

A 4% sales tax is levied in the County of Broome under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% sales and compensating use tax. The County retains the first 25% of sales tax received. Beginning in 2009 the County capped its distributions to local municipalities. In November 2016, the formula was amended and now returns 50% of the 3% imposed sales tax to the constituent municipalities based on population. Sales tax revenue increased 2.39% from \$5,994,498 in 2015 to \$6,137,880 in 2016.

The cable television company providing service in the Town of Vestal must pay a franchise fee of 5% to the Town on gross receipts generated in the Town. The franchise agreement expired in June 2014, and is currently being negotiated. In 2016, this fee totaled \$318,214; which increased 0.54% from \$316,489 received in 2015.

***Note 15* Subsequent Events**

Change in Vestal Public Library

On April 5, 2016 the voters of the Vestal Central School District voted yes to the following referendum:

Shall the Vestal Public Library be permanently established as a school district library for the benefit and free use of all residents of the Vestal Central School District, such library to have five Library Board Trustees, whose members are elected by the voters of the School District for terms of up to three years, and be authorized to raise \$700,000, separate and apart from the annual School District budget, to support and maintain such library, said appropriation shall be raised annually by a tax upon the taxable property of said School District and shall be an annual appropriation thereafter until changed by further vote of the majority of electors of the Vestal Central School District, and shall be levied and collected yearly as are other general taxes.

This new taxing district will levy taxes in the fall of 2016 and effective January 1, 2017 there will no longer be a Library special revenue fund associated with the Town of Vestal.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 15* Subsequent Events - Continued**

Subsequent Debt Issuances

In May 2017, the Town issued \$1,445,500 in Bond Anticipation Notes for other projects authorized in January and February 2017 for the following purposes and amounts:

Bridge rehabilitation	\$	164,000
Park improvements and related equipment		46,500
Reconstruction and resurfacing roads		700,000
Highway equipment		205,000
Study for swimming pool improvements		30,000
Improvements to Town Hall		150,000
Improvements to library roof drainage		150,000

Authorized but Unissued Debt

At its meeting of April 12, 2017 the Town Board authorized the purchase of a dump truck at a cost not to exceed \$195,000 and to finance the truck, in part, by the issuance of \$110,000 of bonds. The adoption of this resolution will allow the Town to order the truck and further evaluate the financing options. It is anticipated the truck will not be delivered until the fall of 2017 at which time it will be determined if notes will be issued for the purchase. In addition, the Town Board adopted bond resolutions in the amounts of \$75,000 for parks improvements and \$82,000 for purchase of police cars on December 16, 2015. It is not anticipated the town will borrow for these purposes in 2017.

Prior to December 2012, the Town also authorized but has not issued the following: Consolidated Sewer District \$500,000 (May 23, 2007), Consolidated Water District \$2,165,000 (May 23, 2007), Revaluation Town Assessment \$100,000 (December 12, 2007), Acquisition of Land and Construction of a Parks Facility \$1,000,000. There are no plans to issue debt for these purposes in 2017.

***Note 16* Tax Abatements**

The town is impacted by three property tax abatement agreements. Generally these agreements provide for a percentage abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) for an agreed upon period of time. The entity further agrees to construct a project for a specified project benefiting the economic and social welfare of the community.

	<u>Student Housing</u>	<u>Multi-Use Senior Long Term Care Facility</u>	<u>Low Income Senior Housing</u>
Date of Agreement	August 13, 2014	February 6, 2014	December 6, 2006
Taxable Assessed Value	\$ 40,055,180 \$	26,640,000 \$	1,379,000
Tax Rate 2016, per \$1,000	4.514541	4.514541	4.514541
Tax Value 2016	180,831	120,267	6,226
PILOT Received	133,779	60,134	1,421
Taxes Abated 2016	47,052	60,133	4,805

TOWN OF VESTAL

SCHEDULE OF NONSPENDABLE, RESTRICTED AND ASSIGNED FUND BALANCE GOVERNMENTAL FUNDS DECEMBER 31, 2016

	General Townwide Fund	Public Library Fund	Special District Funds		
			Drainage Fund	Lighting Fund	Fire Fund
Nonspendable					
Prepaid expenses	\$ 302,122	\$	\$	\$	\$ 1,340
Total Nonspendable	\$ 302,122	\$ -	\$ -	\$ -	\$ 1,340
Restricted					
Insurance	\$ 1,830,799	\$	\$	\$	\$
General	15,876				
Capital projects	61,787				653,561
Debt service	67,470		6		2,999
Other purposes	27,511				
Repairs	23,240				47,139
Special grant projects					
Total Restricted	\$ 2,026,683	\$ -	\$ 6	\$ -	\$ 703,699
Assigned					
Fund balance appropriated for next years' budget	\$ 260,965	\$	\$	\$ 26,600	\$
Encumbrances for:					
General governmental support	9,545				
Public safety	12,054				1,500
Transportation					
Culture and recreation	28,998				
Home and community services					
Total Encumbrances	50,597	-	-	-	1,500
Remaining fund balance		66,440	312	38,687	275,140
Total Assigned	\$ 311,562	\$ 66,440	\$ 312	\$ 65,287	\$ 276,640

See Independent Auditor's Report and Notes to Financial Statements

Special Revenue Funds							
Special District Funds		Highway	Special	Other	Capital	Debt	Total
Sewer	Water	Townwide	Grant	Special	Projects	Service	Governmental
Fund	Fund	Fund	Fund	Revenues	Fund	Fund	Funds
\$ _____	\$ 31,417	\$ 51,716	\$ _____	\$ _____	\$ _____	\$ _____	\$ 386,595
\$ _____	\$ 31,417	\$ 51,716	\$ _____	\$ _____	\$ _____	\$ _____	\$ 386,595
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ 1,830,799
							15,876
1,169,047	1,317,836						3,202,231
8,735	57,674	46,711				165	183,760
				26,081			53,592
							70,379
			46,845				46,845
\$ 1,177,782	\$ 1,375,510	\$ 46,711	\$ 46,845	\$ 26,081	\$ _____	\$ 165	\$ 5,403,482
\$ 530,221	\$ 175,081	\$ 480,000	\$ _____	\$ _____	\$ _____	\$ _____	\$ 1,472,867
							9,545
							13,554
		87,681					87,681
							28,998
							-
-	-	87,681	-	-	-	-	139,778
1,317,242	1,209,845	669,169					3,576,835
\$ 1,847,463	\$ 1,384,926	\$ 1,236,850	\$ _____	\$ _____	\$ _____	\$ _____	\$ 5,189,480

TOWN OF VESTAL

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution			
ERS	\$ 823,480	\$ 933,277	\$ 856,505
PFRS	586,847	560,060	696,727
Contributions in relation to the contractually required contribution			
ERS	(823,480)	(933,277)	(856,505)
PFRS	(586,847)	(560,060)	(696,727)
Contribution deficiency (excess)			
ERS	-	-	-
PFRS	-	-	-
Town's covered - employee payroll			
ERS	4,608,592	4,507,117	4,511,444
PFRS	2,477,727	2,330,830	2,323,436
Contributions as a percentage of covered - employee payroll			
ERS	17.9%	20.7%	19.0%
PFRS	23.7%	24.0%	30.0%

See Independent Auditor's Report and Notes to Supplementary Information

	2013		2012		2011		2010		2009		2008		2007
\$	886,701	\$	817,876	\$	548,626	\$	310,531	\$	365,070	\$	379,339	\$	356,578
	599,959		440,907		401,218		316,055		308,136		329,288		302,971
	(886,701)		(817,876)		(548,626)		(310,531)		(365,070)		(379,339)		(356,578)
	(599,959)		(440,907)		(401,218)		(316,055)		(308,136)		(329,288)		(302,971)
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	4,428,245		4,521,353		4,461,236		4,736,023		4,531,255		4,342,822		4,048,381
	2,411,015		2,331,873		2,311,227		2,395,380		2,333,135		2,257,208		2,205,430
	20.0%		18.1%		12.3%		6.6%		8.1%		8.7%		8.8%
	24.9%		18.9%		17.4%		13.2%		13.2%		14.6%		13.7%

TOWN OF VESTAL

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

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability		
ERS	0.0168505%	0.0171905%
PFRS	0.0692477%	0.0680381%
Town's proportionate share of the net pension liability		
ERS	\$ 2,704,548	\$ 580,736
PFRS	2,050,276	187,281
Town's covered-employee payroll during the measurement period		
ERS	4,490,879	4,555,829
PFRS	2,345,303	2,287,412
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll		
ERS	60.22%	12.75%
PFRS	87.42%	8.19%
Plan fiduciary net position as a percentage of the total pension liability		
ERS	90.7%	97.9%
PFRS	90.2%	99.0%

See Independent Auditor's Report and Notes to Supplementary Information

TOWN OF VESTAL

NOTES TO SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

***Note 1* Schedules of the Town's Proportionate Share of the Net Pension Liability**

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

***Note 2* Schedules of Town's Contributions - NYSLRS Pension Plans and Schedules of the Town's Proportionate Share of the Net Pension Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits.

Changes of Assumptions

There was a change in assumption for the pensioner mortality improvement in the April 1, 2014 actuarial valuation from the Society of Actuaries' Scale AA to Scale MP - 2014.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2014 actuarial valuation determines the employer rates for contributions payable in fiscal year 2016. 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	2.7%
Salary scale	4.9% in ERS, indexed by service, 6.0% in PFRS by service.
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.4% annually

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

Town Board
Town of Vestal
Vestal, 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 funds of the Town of Vestal (the Town), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Vestal's basic financial statements, and have issued our report thereon dated June 29, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vestal'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
June 29, 2017

FORM OF BOND COUNSEL'S OPINION

May 10, 2018

Vestal Fire District in the Town of Vestal
County of Broome,
State of New York

Re: Vestal Fire District in the Town of Vestal, Broome County, New York
\$1,529,200 Bond Anticipation Notes, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$1,529,200 Bond Anticipation Note, 2018 (the "Obligation"), of the Vestal Fire District in the Town of Vestal, Broome County, New York (the "Obligor"), dated May 10, 2018, numbered 1, of the denomination of \$_____, bearing interest at the rate of _____ % per annum, payable at maturity, and maturing May 10, 2019.

We have examined:

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

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

In our opinion:

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP