

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUES

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, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 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 Notes will be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.



\$2,050,000
TOWN OF VESTAL
BROOME COUNTY, NEW YORK
GENERAL OBLIGATIONS
\$1,500,000 Bond Anticipation Notes, 2021 Series C
(the "Series C Notes")

Dated: August 13, 2021

Due: August 12, 2022

&
\$550,000 Bond Anticipation Notes, 2021 Series D
(the "Series D Notes")
(collectively referred to herein as the "Notes")

Dated: August 13, 2021

Due: August 12, 2022

The Notes are general obligations of the Town of Vestal, Broome County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein.

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

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

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

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. 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 at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinions as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. 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 with the purchaser, on or about August 13, 2021.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 28, 2021 by no later than 11:00 A.M., Prevailing Time, pursuant to the Notices of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notices of Sale.

July 20, 2021

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "MATERIAL EVENT NOTICES" HEREIN.

TOWN OF VESTAL BROOME COUNTY, NEW YORK



TOWN OFFICIALS

TOWN BOARD

W. JOHN SCHAFER
Supervisor

JASON ELLIS
PATRICIA FITZGERALD
JOHN FLETCHER
SUZANNE MESSINA

* * * * *

ADMINISTRATION

LAURA L. MCKANE
Town Comptroller

DEBRA WALLACE
Town Clerk

DAVID BERGER, ESQ.
Town Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisors



ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by the Town 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 Town.

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PREPARED WITH THE ASSISTANCE OF



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

**Relating To
\$1,500,000 Bond Anticipation Notes, 2021 Series C
&
\$550,000 Bond Anticipation Notes, 2021 Series D**

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Vestal, Broome County, New York (the "Town", "County," and "State," respectively) in connection with the sale by the Town of \$1,500,000 Bond Anticipation Notes, 2021 Series C (the "Series C Notes") and \$550,000 Bond Anticipation Notes, 2021 Series D (the "Series D Notes") (collectively referred to herein as the "Notes").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "MARKET AND RISK FACTORS – COVID-19" herein.

NATURE OF OBLIGATION

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

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

The Notes are dated August 13, 2021 and will mature on August 12, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue – Series C Notes

The Series C Notes are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law, and various bond resolutions as described below.

Purpose	Authorization Date	Authorization Amount	Amount Outstanding	Principal Paydown	New Money	Issue Amount
General Fund						
Salt Shed Facility Improvements	5/26/21	500,000	-	-	500,000	500,000
Highway Fund						
Reconstruction and Resurfacing Roads I	5/26/21	700,000	-	-	700,000	700,000
Reconstruction and Resurfacing Roads II	5/26/21	300,000	-	-	300,000	300,000
Totals			<u>\$0</u>	<u>\$0</u>	<u>\$1,500,000</u>	<u>\$1,500,000</u>

The proceeds of the Series C Notes will provide new money for the projects listed above.

Purpose of Issue – Series D Notes

The Series D Notes are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law, and a bond resolution as described below.

Purpose	Authorization Date	Authorization Amount	Amount Outstanding	Principal Paydown	New Money	Issue Amount
General Fund						
Emergency Squad Building	5/26/21	550,000	-	-	550,000	550,000
Totals			<u>\$0</u>	<u>\$0</u>	<u>\$550,000</u>	<u>\$550,000</u>

The proceeds of the Series D Notes will provide \$550,000 new money the project listed above.

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

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

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

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

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

The Town 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 Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

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

Certificated Notes

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

The Notes will be issued in registered form registered in the name of the Purchaser in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the Town. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE TOWN

General Information

The Town 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 Broome County, 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 system. Numerous malls and plazas offer excellent shopping while Vestal's twenty parks and Rail Trail offer many recreational opportunities. The Town is close to ski slopes for winter fun and New York's Finger Lakes for summer recreation.

Source: Town 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
2018	28,199	191,659	19,542,209
2019 (estimated)	28,578	190,488	19,453,561

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
JP Morgan Chase Bank, N.A.

Source: Town officials.

Local Economy

Binghamton University (the “University”) and the area medical facilities continue to drive growth within the Town of Vestal. The town is also home to most area shopping and dining options from national brands.

Approvals required to advance a \$40 million multi-unit housing complex consisting of 64 cottage-style two and three story buildings and 161 units are progressing. The project is now under review by the Town of Vestal Planning Board and Town Board.

A 2-building car rental office and vehicle fueling and washing facility was recently completed at an estimated cost of construction is \$2.2 million.

Permits have been issued, and construction has begun, on a new Dollar General building. Estimated construction costs are noted as \$750,000.

Plan review and permitting for a new Visions Federal Credit Union bank facility is nearing completion.

Plans have been submitted and are currently under review for a restaurant and boutique hotel at the former Drovers Inn, a National Register Historic Building. Estimated construction costs are noted as \$525,000.

The local Texas Roadhouse restaurant has submitted plans for an outdoor covered patio addition to the existing building. Plans are currently under review. Estimated construction costs are noted as \$125,000.

The local Lowe’s Home Center has submitted plans, and is currently seeking approvals to construct a tool rental addition to the existing building. Estimated construction costs are noted as \$1,000,000.

The Binghamton-Johnson City Joint Sewage Treatment Plant, located in the east end of Vestal, has completed a major construction and remodeling project.

The commercial sector in Vestal remains generally stable. The impact from the Covid-19 pandemic is not fully known. Demand for building materials has slowed the completion or advancement of residential remodeling projects.

The residential market for new single family home construction has seen little growth. There is an undersupply of housing available for sale. Entering 2021 the residential sector of the real estate market values continue to trend upward as it has over a number of years and to maintain 100% equalization Town of Vestal residential assessments were increase accordingly. A document explaining the process was include with the release of the 2021 assessment roll and there were few contested assessments. The taxable assessed valuation of the town increased by 6%.

Source: Town officials.

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>
United Health Services	Private Hospital	3,300
Lockheed Martin	Technology	2,600
Binghamton University	Education	2,300
Our Lady of Lourdes Hospital	Private Hospital	2,300
Broome County	Government	2,200
I3 Electronics	Electronics	1,500
Broome Developmental Center	Education	1,400
BAE Control Systems	Electronics	1,250
Maines Paper & Food Service	Grocer	1,200
IBM	Technology	1,200

Source: City of Binghamton and New York State Department of Labor.

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 2015-2019 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns of:						
Vestal	\$ 22,363	\$ 26,452	\$ 30,752	\$ 60,676	\$ 82,507	\$ 89,040
County of:						
Broome	19,168	24,314	28,699	45,422	57,545	68,775
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 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 2015-2019 American Community Survey data.

Unemployment Rate Statistics

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

	<u>Year Average</u>							
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town of Vestal	7.6%	6.5%	5.9%	5.5%	5.8%	4.9%	4.6%	6.7%
Broome County	7.8	6.6	6.0	5.4	5.6	4.9	4.5	8.7
New York State	7.7	6.3	5.3	4.8	4.7	4.1	3.8	10.0

	<u>2021 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Town of Vestal	5.7%	6.3%	5.2%	4.5%	4.0%	N/A	N/A
Broome County	7.5	7.8	6.9	5.7	5.0	N/A	N/A
New York State	9.4	9.7	8.4	7.7	7.0	7.3	N/A

Note: Unemployment rates for July 2021 are unavailable as of the date of this Official Statement. Due to the COVID-19 pandemic, unemployment rates are expected to remain substantially higher than prior periods.

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

Post-Secondary Education

The Town is home to the main campus of Binghamton University (the “University”). The 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 College of Community & Public Relations, the School of Management, the Decker College of Nursing & Health Services, the School of Pharmacy and Pharmaceutical Sciences, and the Thomas J. Watson College of Engineering & Applied Science. According to its website, the University had an enrollment of 14,300 undergraduates and 3,800 graduate students in fall 2020.

Binghamton’s most recent recognition comes from U.S. News & World Report, which ranks the University 31st among public universities and colleges, and 79th among all public and private universities in its 2020 listing of “America’s Best Colleges.” Binghamton also moved up 10 slots, from 62 to 52, on the publication’s “Best Value Colleges” list.

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 4,473 in degree programs and 2,291 non-matriculating students. The college offers degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities. (Source: Annual Report September 1, 2019 – August 31, 2020).

Form of Town Government

The Town is governed by the provisions of the General Municipal Law and the Town Law.

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

The Town Board appoints all department heads and non-elected officials.

Financial Organization

Pursuant to the Local Finance Law and the Town Law, the Supervisor is the chief fiscal officer and budget officer of the Town. The Town Comptroller serves as the director of finance, the chief auditing and accounting officer and audits all claims against the Town and maintains the central accounting records.

Budgetary Procedures

The Supervisor and the Town Board 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. See “TAX LEVY LIMITATION LAW” herein.

The Town’s Tax Levy for 2017 decreased by 0.50%, which was within the Town’s tax levy cap limit.

The Town’s Tax Levy for 2018 increased by 2.00%, which is within the Town’s tax levy cap limit.

The Town’s Tax Levy for 2019 increased by 3.00%, which is within the Town’s tax levy cap limit.

The Town’s Tax Levy for 2020 increased by 2.10%, which is within the Town’s tax levy cap limit.

The Town’s Tax Levy for 2021 increased by 0.65%, which is within the Town’s tax levy cap limit.

Investment Policy

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

The Town at present only invests in items (1), (2) and (8) above. In addition, in 2018 the town entered into a cooperative investment agreement pursuant to Article 5-G of the General Municipal Law and in accordance with Article 3-A of the General Municipal Law and the town's investment policy.

State Aid

The Town receives financial assistance from the State. In its General Fund budget for the 2021 fiscal year, approximately 2.61% of the operating revenues of the Town are expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

Due the outbreak of COVID-19, the State has declared a state of emergency and the Governor took and continues to take steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, including the Town. (See "COVID-19" herein).

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Employees

The Town currently employs approximately 145 people. The number of Town employees represented by collective bargaining agents and the dates of expiration of their agreements are as follows:

<u>Unit</u>	<u>Number Represented</u>	<u>Date of Contract Expiration</u>
Operating Engineers	51	December 31, 2021
Police Benevolent Assn.	30	December 31, 2026
Vestal Police Supervisors Assn.	8	December 31, 2026
CSEA Town of Vestal	25	December 31, 2021

Source: Town officials.

Status and Financing of Employee Pension Benefits

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

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

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

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

For both ERS & PFRS, Tier 6 provides for:

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

The Town's payments to ERS and PFRS since the 2016 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	\$ 746,578	\$ 589,858
2017	690,842	597,255
2018	684,500	561,148
2019	691,467	582,153
2020	681,900	627,882
2021 (Budgeted)	767,190	730,000

Source: Town officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Town does not currently have any early retirement incentives outstanding. The Town offered a retirement incentive in 2020 for 2 employees to retire in exchange for no health insurance contributions from July 1, 2020 until said employees become Medicare eligible. The Town expects savings of approximately \$59,000 for 2020 and \$85,000 for 2021 as a result.

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

A chart of average ERS and PFRS rates (2018 to 2022) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	15.3%	24.4%
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3

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

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

Stable Rate Pension Contribution Option. The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. For 2014 and 2015 the rate is 12.0% for ERS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

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

Other Post-Employment Benefits

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

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The Town was required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018 but chose to implement early in 2017.

The Town contracted with Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at December 31:	2018	2019
	\$ 47,161,768	\$ 41,000,633
<u>Changes for the year:</u>		
Service cost	1,225,045	1,034,471
Interest	1,639,590	1,692,305
Changes in benefit terms	(6,800,699)	-
	2,794,743	-
Changes in assumptions or other inputs	(3,571,153)	8,670,637
Benefit payments	(1,448,661)	(1,518,744)
Net Changes	\$ (6,161,135)	\$ 9,878,669
Balance ending at December 31:	2019	2020
	\$ 41,000,633	\$ 50,879,302

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

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

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

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

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 Town 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 this Town is past due.

The fiscal year of the Town 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 Town.

Financial Statements

The financial affairs of the Town are subject to audits by the State Comptroller. The Town retains independent auditors Insero & Co. to audit its financial statements and review the Town's single audit requirements, if any.

The Audited Financial report for fiscal year ended December 31, 2019 is available and attached hereto as Appendix – D to this official statement. The Annual Financial Report Update Document (Unaudited) for the fiscal year ended December 31, 2020 is available and can be obtained by contacting the Town or Fiscal Advisors & Marketing, Inc. The audit for the fiscal year ended December 31, 2020 is 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 began implementing procedures to comply with GAAP starting with fiscal year ended December 31, 2017.

The Town's audited financial statements for the year ended December 31, 2019 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 comply with GASB Statement No. 75 (see "Other Post-Employment Benefits" herein).

Unaudited Results of Operations for Fiscal Year Ended 2020

Unaudited financial results for the fiscal year ended December 31, 2020, which are subject to change, reflect an operating surplus (non-restricted activity) of approximately \$897,200 and a cumulative assigned and unassigned General Fund balance surplus of \$4,374,051.

2020 Projected Fund Balance Summary:

Reserved:	\$ 2,446,232
Non-spendable:	323,074
Assigned and Appropriated:	600,000
Assigned and Unappropriated:	131,164
Unassigned:	3,643,887

For the fiscal year ended December 31, 2020, the Town's unaudited general fund unassigned fund balance reflected above is an increase of \$1,671,435 or a 85% increase compared to prior year. Total unaudited unassigned fund balance at December 31, 2020 was 28.7% of total 2021 general fund appropriations. This fund balance is in excess of the percentage allowed by the town's fund balance policy. Some capital expenditures had been planned for 2020 but were postponed to preserve fund balance due to uncertainties related to COVID-19. In May 2021 budget amendments were authorized to allocate up to \$1,230,000 of unassigned fund balance of the general fund to specific capital projects, \$115,000 for a one-time workers compensation settlement and \$27,138 of fund balance for storm damage repairs.

Note: These unaudited results are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Fund Balance Policy

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 the Town 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.

New York State Comptroller Report of Examination

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

The Town has not been audited by the State Comptroller's office in the past five years and there are no State Comptroller audits of the Town that are currently in progress or pending release.

Note: Reference to websites implies no warranty of accuracy of information therein, nor inclusion herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past three years for the Town are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	3.3%
2018	No Designation	0.0%
2017	No Designation	0.0%

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

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference..

TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuation	\$ 1,829,910,584	\$ 1,838,523,218	\$ 1,862,001,484	\$ 1,872,534,104	\$ 1,879,891,551
New York State					
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	\$ 1,829,910,584	\$ 1,838,523,218	\$ 1,862,001,484	\$ 1,872,534,104	\$ 1,879,891,551

Tax Rate per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town of Vestal	\$ 4.39	\$ 4.42	\$ 4.47	\$ 4.51	\$ 4.54
Vestal Fire District	0.62	0.68	0.74	0.78	0.83

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 Town and County purposes. The Town Receiver distributes the collected tax money to the Town prior to distributing the balance collected to the County in April. The Town 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 Year Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town of Vestal	\$ 9,205,011	\$ 9,323,165	\$ 9,531,821	\$ 9,652,477	\$ 9,622,689
Vestal Fire District	1,190,898	1,296,686	1,413,064	1,521,837	1,623,708
Total Tax Levy ⁽¹⁾	10,395,909	10,619,851	10,944,885	11,174,314	11,246,397
Amount Uncollected ⁽²⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

⁽¹⁾ Does not include adjustments to the levy as a result of County ordered changes in assessments and similar corrections.

⁽²⁾ See "Tax Collection Procedure".

Largest Taxpayers – 2020 Assessment Roll for 2021

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYSEG	Utility	\$ 157,277,596
Vestal Town Square LLC	Retail	25,356,500
Vestal Parkway Plaza LLC	Retail	24,022,185
Wal-Mart Stores Inc.	Retail	17,000,000
Vestal Shoppes LLC	Retail	13,250,000
Sam's Real Estate Business	Retail	13,000,000
Vestal Campus Plaza LLC	Retail	12,942,000
Dayton Hudson Corp. (Target)	Retail	11,250,000
FGR Realty LLC	Commercial	11,071,400
Vestal Retail Center LLC	Retail	9,870,000

The larger taxpayers listed above have a total assessed valuation of \$295,039,681 which represents approximately 15.69% of the tax base of the Town.

Note: There are two 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. The Town does not reasonably expect the outcomes of these appeals to have a material impact on the Town's finances.

Source: Town Tax Rolls.

Sales and Franchise Taxes

County Sales Tax: 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 4.00% sales and compensating use tax. The County retains a full 25% of the County sales tax. Effective January 1, 2007, the County evenly split the remaining 75% of sales tax (3% imposed) with the municipalities within it based on population. However, in 2009 the County capped the sales tax growth actually distributed to 0.5% from 2010 to 2011, 1% from 2011 to 2012, 1.5% from 2012 to 2013 and 2% in 2014 and thereafter. As the Town's population grew by 5.7% from the 2000 census to the 2010 census, sales tax revenue increased 6.1% from 2010 to 2012. In November 2012, the County amended this sharing formula for 2013 to provide the constituent municipalities an additional 10% of sales tax collected which exceeds the cap. In November 2013, the formula was amended to provide 20% of the sales tax collected which exceeds the cap. In November 2015, the formula was amended to provide 30% of the sales tax collected which exceeds the cap. In November 2016, the formula was again amended and now returns 50% of the 3% imposed sales tax to the constituent municipalities based on population. The Town does not expect this formula to change in the foreseeable future.

Franchise Tax: The cable television company providing service in the Town must pay a franchise fee of 5% to the Town on gross receipts generated in the Town.

Below is a table of sales tax and franchise tax revenues for the past five fiscal years, and the budgeted amounts for the current fiscal year:

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>	<u>Franchise Tax Revenues</u>
2016	\$ 6,137,879	\$ 318,214
2017	6,624,534	316,637
2018	7,088,596	318,934
2019	7,346,072	325,443
2020	7,277,420	321,358
2021 (Budgeted)	6,615,000	323,000

Source: Town officials.

Additional Tax Information

Real property in the Town is assessed by the Town.

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

Based on taxable assessed valuation, the assessment roll of the Town is constituted approximately 62% residential and 38% commercial, industrial, public service and other.

The total property tax bill of a \$100,000 residential property located in the Town is approximately \$3,556 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, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire June 15, 2020 unless extended; it has since been made permanent. 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 are required 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 town may exceed the tax levy limitation for the coming fiscal year only if the governing body of such town first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law, 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.

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds – Town	\$ 5,651,475	\$ 5,276,325	\$ 4,789,375	\$ 4,129,160	\$ 3,801,665
Bonds – Fire District ⁽¹⁾	0	0	0	0	466,000
Bond Anticipation Notes – Town	12,050,000	11,674,364	11,883,748	10,210,642	9,418,307
Bond Anticipation Notes – Fire District ⁽¹⁾	652,400	605,800	2,141,700	2,030,433	1,422,541
Revenue or Tax Anticipation Notes	0	0	0	0	0
Total Debt Outstanding	<u>\$ 18,353,875</u>	<u>\$ 17,556,489</u>	<u>\$ 18,814,823</u>	<u>\$ 16,370,235</u>	<u>\$ 15,108,513</u>

- ⁽¹⁾ 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. Tax levy amounts and borrowed funds of either jurisdiction cannot be utilized by the other.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town and the overlapping fire district unit of government evidenced by bonds and notes as of July 21, 2021.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2021-2031	\$ 2,605,000
Fire District Bonds (not debt of the Town)	2021-2030	430,000
<u>Bond Anticipation Notes</u> ⁽¹⁾		
Various Projects	May 6, 2022	8,430,302 ⁽²⁾
Emergency Squad Building	May 6, 2022	850,000 ⁽²⁾
Fire District BAN (not debt of the Town)	May 6, 2022	<u>1,327,249 ⁽²⁾</u>
Total Indebtedness		<u>\$ 13,642,551</u>

- ⁽¹⁾ In general, the Town pays assessable improvements debt by making annual budgeted principal payments and renewing bond anticipation notes for the maximum period of probable usefulness pursuant to Local Finance Law (Up to 40 years). Projects that are not deemed assessable improvements and have a period of probable usefulness of five years or less are paid in five or less equal budget installments. Projects that are not assessable improvements and have a period of probable usefulness of more than five years are converted to serial bonds for their remaining periods of probable usefulness.
- ⁽²⁾ To be partially redeemed and renewed at maturity with serial bonds/bond anticipation notes and available funds of the Town.

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Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 21, 2021:

Five-Year Average Full Valuation of Taxable Real Property	\$ 1,856,572,188
Debt Limit – 7% thereof	129,960,053

Inclusions:

Bonds.....	\$ 2,605,000	
Bond Anticipation Notes ⁽¹⁾	9,280,302	
Total Inclusions		\$ 11,885,302

Exclusions:

Water Indebtedness – Bonds ⁽²⁾	\$ 587,137	
Water Indebtedness – Notes ⁽²⁾	3,992,987	
Appropriations – Bonds ⁽³⁾	0	
Appropriations – Notes ⁽³⁾	0	
Total Exclusions		\$ 4,580,124

Total Net Indebtedness Subject to Debt Limit	\$ 7,305,178
Net Debt-Contracting Margin	\$ 122,654,875
Percent of Debt Contracting Power Exhausted	5.62%

- (1) Does not include Vestal Fire District indebtedness in the amount of \$430,000 serial bonds and \$1,327,249 bond anticipation notes, which is not debt of the Town.
- (2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.
- (3) 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 Town by \$2,050,000.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Authorized But Unissued Debt

The Town Board adopted bond resolutions in the amounts of \$75,000 for park improvements and \$82,000 for police cars on December 16, 2015. It is not anticipated that the Town will borrow for these purposes in 2021.

Under the provisions of the agreement with the Vestal Volunteer Emergency Squad, the Town agrees to provide a facility free of rent. As the existing facility is located in a flood prone area which can limit access routes, increase response times and has required evacuation during the last two major flood events, the Town has agreed to relocate the operations of the emergency squad and is constructing a \$4,200,000 building for serving the needs of the emergency squad under a contract to provide the town with emergency medical response. This project partially funded by a NY Rising Grant (approximately \$2,870,000) which is a pass through of funds from the U.S. Department of Housing and Urban Development and construction has begun. The Town has acquired land from New York State Department of Transportation adjacent to the Vestal Public Library for this project. The Town expects to incur costs of up to \$1,400,000. A bond resolution for \$850,000 was adopted on March 27, 2019 with an additional \$550,000 authorized on March 24, 2021. The Town issued \$850,000 bond anticipation notes on May 6, 2021 for the aforementioned purpose. The Series D Notes are being issued to provide new money for this purpose.

Currently, the Town’s emergency squad pays for use of the existing town EMS building. It is expected that the new building will be complete in early 2022. The Town has agreed that the squad will no longer pay for use of the existing building after they vacate the current building. This could result in the loss of revenue of approximately \$52,000-\$54,000 upon occupancy. The Town is negotiating with the emergency squad for payment for use of the new building. The existing Town bond for this building is callable, and depending on future use of the building and market conditions, the Town may retire the bond.

On September 5, 2018, the Town Board adopted a bond resolution, authorizing at a maximum estimated cost of \$1,350,411, improvements to the Town's Water/Wastewater infrastructure to prevent further water system interruptions to critical facilities within the Town such as the Joint Sewage Treatment Plant, UHS critical care facilities and Binghamton University. The Town's share will be slightly over \$540,000. It is not anticipated that the Town will borrow for this purpose in 2021.

On May 26, 2021, the Town Board adopted a bond resolution authorizing the reconstruction and resurfacing of various roads, throughout and in and for the Town, at a maximum estimated cost of \$300,000. Additionally on May 26, 2021, the Town Board adopted the following resolutions, subject to permissive referendum: the issuance of up to \$700,000 serial bonds to pay the cost of the reconstruction and resurfacing of various roads throughout and in and for the Town, and the issuance of up to \$500,000 serial bonds for the cost of the reconstruction of the Town salt shed at a maximum estimated cost of \$500,000. The Series C Notes are being issued to provide new money for this purpose.

Cash Flow Borrowing

The Town has not found it necessary to borrow revenue or tax anticipation notes or budget or deficiency notes in the known past, and does not reasonably expect to issue such notes in the foreseeable future.

Estimated Overlapping Indebtedness

In addition to the Town, 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 Town. Bonded indebtedness, including bond anticipation notes, is estimated of the respective governmental units not adjusted to include subsequent bond issues, if any.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Broome	12/31/2019	\$ 144,175,458	\$ 7,496,458 ⁽²⁾	\$ 136,679,000	18.96%	\$ 25,914,338
School District						
Vestal CSD	6/30/2020	19,753,827	15,111,678 ⁽³⁾	4,642,149	89.73%	4,165,401
Fire District						
Vestal Fire	4/19/2021	1,888,541	131,292	1,757,249	100.00%	1,757,249
					Total:	<u>\$ 31,836,988</u>

Notes:

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

⁽²⁾ Water and sewer debt and appropriations.

⁽³⁾ Estimated State building aid.

Note: The 2020 Comptroller's Special Report for the County 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 2019 and 2020.

Debt Ratios

The following table sets forth certain ratios relating to the Town's net indebtedness as of July 21, 2021.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 7,305,178	\$ 255.62	0.39%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	39,142,166	1,369.66	2.08

^(a) The 2019 estimated population of the Town is 28,578. (See "THE TOWN – Population" herein.)

^(b) The Town's full value of taxable real estate for 2021 is \$1,879,891,551. (See "TAX INFORMATION" herein.)

^(c) See "Debt Statement Summary" herein.

^(d) Estimated net overlapping indebtedness is \$31,836,988. (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 Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the 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 Town may not be enforced by levy and execution against property owned by the Town.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

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

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

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the 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 Town. Any such future legislation would have an adverse effect on the market value of the Notes (See "TAX MATTERS" herein).

Cybersecurity. The Town, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Town will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

COVID 19. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added "disease outbreak" to the definition of "disaster" (which already includes "epidemic") in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same. On April 17, 2020 the Town declared a State of Emergency.

The degree of any such impact to the Town's operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Town and its economy. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. The Town implemented budget reductions in the 2020 and 2021 fiscal year to offset potential financial impacts of the COVID-19 pandemic.

The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" 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 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, as amended (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 alternative minimum tax. Complete copies of the proposed forms of opinion of Bond Counsel is set forth in "APPENDIX – E & F".

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The Town 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. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The reform legislation is presently under consideration in Congress. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 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, and regarding the impact of future 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 Orrick, Herrington & Sutcliffe LLP, 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 – E & F" hereto.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs, mainly tax certiorari and property damage filings. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town as the Town's insurance reserve has sufficient funds to cover any verdict or settlement.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the 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 Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

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 an Undertaking to Provide Notice of Material Events Certificate, a description of which, is attached hereto as "APPENDIX – C".

Historical Compliance

The Town on occasion did not file in a timely manner certain material event notices relating to rating changes of the various insurers of certain outstanding bonds of the Town. The underlying rating of the Town was not affected by such bond insurer rating changes.

The Town failed to file its audited financial statements for the fiscal year ending December 31, 2015 by the last business day of the succeeding fiscal year. The Town's audited financial statements were filed January 13, 2017.

The Town failed to file Annual Financial Information, consisting of its unaudited Annual Financial Report Update Document for the Fiscal Year Ended December 31, 2018, within six months of the fiscal year end in the event that the Audited Financial Statements were not yet available. Additionally, the Town is failed to file its Failure to Provide Event Filing Information as required, consisting of event notices disclosing its failure to file said Annual Financial Report Update Document within the timeline stated in the Town's prior undertaking agreements. The Town's Annual Financial Report Update Document for Fiscal Year Ending December 31, 2018 are dated as of April 30, 2019 and were posted to the MSRB's EMMA System on September 25, 2019. Although the Annual Financial Report Update Document is dated as of April 30, 2019, the document was not finalized until September 2019 due to pending changes to the information contained therein. A material event notice to this effect was filed on September 25, 2019.

Except as noted above, the Town 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"), 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. 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. The fees to be paid by the Town to the Municipal Advisor are contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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

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), including any fees to be incurred by the Town, 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 and may require supplementation of the Official Statement. (See "MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "AA-" with a stable outlook to the Town's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

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 Town management's beliefs as well as assumptions made by, and information currently available to, the Town'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 Town'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 Town, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the 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 Town 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 Town.

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

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town contact information is as follows: Ms. Laura McKane, Town Comptroller, Town of Vestal, 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 Notices 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 Town Supervisor of the Town of Vestal.

TOWN OF VESTAL

W. JOHN SCHAFFER
Town Supervisor

Dated: July 20, 2021

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u> (Unaudited)
<u>ASSETS</u>					
Cash and Investments	\$ 1,466,479	\$ 1,752,139	\$ 2,280,421	\$ 2,590,139	\$ 3,213,895
Due from Other Funds	-	-	-	-	38,398
Due from State and Federal Governments	4,285	11,615	195,492	24,408	84,911
Due from Other Governments	952,653	1,110,022	1,246,734	1,230,489	1,431,186
Prepaid Expenses	302,122	304,546	297,039	310,473	323,074
Other Receivables, net	119,143	134,362	187,399	167,469	236,039
Restricted Cash and Cash Equivalents	1,156,859	1,565,386	1,671,956	1,599,229	2,221,110
Restricted Investments	858,711	407,348	405,985	579,622	219,947
TOTAL ASSETS	<u>\$ 4,860,252</u>	<u>\$ 5,285,418</u>	<u>\$ 6,285,026</u>	<u>\$ 6,501,829</u>	<u>\$ 7,768,561</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 87,557	\$ 86,866	\$ 150,872	\$ 178,325	\$ 145,902
Accrued Liabilities	227,658	249,528	274,536	331,269	434,133
Due to Other Funds	-	-	12,943	5,708	34,062
Due to Other Governments	-	-	-	-	10,108
Unearned Revenue	5,550	6,190	33,145	8,140	-
TOTAL LIABILITIES	<u>\$ 320,765</u>	<u>\$ 342,584</u>	<u>\$ 471,496</u>	<u>\$ 523,442</u>	<u>\$ 624,205</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 302,122	\$ 304,546	\$ 297,039	\$ 310,473	\$ 323,074
Restricted	2,026,683	1,983,946	2,089,154	2,190,063	2,446,232
Assigned	311,562	720,233	1,182,083	1,505,399	731,164
Unassigned	1,899,120	1,934,109	2,245,254	1,972,452	3,643,887
TOTAL FUND EQUITY	<u>\$ 4,539,487</u>	<u>\$ 4,942,834</u>	<u>\$ 5,813,530</u>	<u>\$ 5,978,387</u>	<u>\$ 7,144,357</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 4,860,252</u>	<u>\$ 5,285,418</u>	<u>\$ 6,285,026</u>	<u>\$ 6,501,829</u>	<u>\$ 7,768,561</u>

Source: Audited financial reports of the Town, except where otherwise noted.
This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Real Property Taxes	\$ 5,178,814	\$ 5,198,858	\$ 5,372,958	\$ 5,447,836	\$ 5,512,346
Real Property Tax Items	113,965	151,537	162,454	169,796	180,840
Non Property Tax Items	3,939,587	4,045,972	4,474,075	4,913,781	5,118,515
Departmental Income	207,579	226,268	208,309	255,380	359,690
Intergovernmental Charges	-	-	-	-	51,000
Use of Money & Property	38,932	45,680	84,559	113,220	247,789
Licenses and Permits	109,080	173,797	186,873	179,494	182,258
Fines and Forfeitures	115,984	120,624	149,894	220,139	193,053
Sale of Property and Compensation for Loss	18,247	78,003	33,729	33,131	47,946
Miscellaneous	108,934	98,145	69,563	88,355	238,428
Interfund Revenues	278,559	259,764	228,910	231,595	234,989
Revenues from State Sources	579,058	611,522	520,812	770,256	358,579
Revenues from Federal Sources	128,610	3,675	5,370	132,813	12,668
Total Revenues	<u>\$ 10,817,351</u>	<u>\$ 11,013,845</u>	<u>\$ 11,497,506</u>	<u>\$ 12,555,796</u>	<u>\$ 12,738,101</u>
EXPENDITURES					
General Government Support	\$ 2,279,383	\$ 1,924,151	\$ 1,841,703	\$ 2,000,821	\$ 2,025,581
Public Safety	3,343,697	3,458,723	3,592,426	3,938,729	4,102,741
Health	1,500	1,500	1,500	1,500	1,500
Transportation	379,625	362,462	358,179	401,673	375,779
Economic Assistance and Opportunity	16,735	17,711	18,261	17,794	18,428
Culture and Recreation	906,669	987,029	1,094,467	1,047,496	1,240,854
Home and Community Services	9,788	7,191	15,955	21,183	12,911
Employee Benefits	1,487,588	1,504,959	1,467,530	1,471,384	1,580,729
Debt Service	438,320	531,802	553,604	517,722	567,495
Total Expenditures	<u>\$ 8,863,305</u>	<u>\$ 8,795,528</u>	<u>\$ 8,943,625</u>	<u>\$ 9,418,302</u>	<u>\$ 9,926,018</u>
Excess of Revenues Over (Under) Expenditures	<u>1,954,046</u>	<u>2,218,317</u>	<u>2,553,881</u>	<u>3,137,494</u>	<u>2,812,083</u>
Other Financing Sources (Uses):					
Operating Transfers In	663,136	121,858	33,000	33,599	33,000
Appropriated Reserve	-	-	-	-	-
Operating Transfers Out	(2,038,714)	(2,050,246)	(2,183,534)	(2,300,397)	(2,680,226)
Other Budgetary Purposes	-	-	-	-	-
Total Other Financing	<u>(1,375,578)</u>	<u>(1,928,388)</u>	<u>(2,150,534)</u>	<u>(2,266,798)</u>	<u>(2,647,226)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>578,468</u>	<u>289,929</u>	<u>403,347</u>	<u>870,696</u>	<u>164,857</u>
FUND BALANCE					
Fund Balance - Beginning of Year	3,671,090	4,249,558	4,539,487	4,942,834	5,813,530
Residual Equity Transfers	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 4,249,558</u>	<u>\$ 4,539,487</u>	<u>\$ 4,942,834</u>	<u>\$ 5,813,530</u>	<u>\$ 5,978,387</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:

	2020		2021
	Adopted Budget	Unaudited Actual	Adopted Budget
REVENUES			
Real Property Taxes	\$ 5,656,535	\$ 5,652,205	\$ 5,714,030
Real Property Tax Items	191,297	185,646	217,661
Non-Property Tax Items	5,107,000	5,317,778	4,563,000
Departmental Income	353,815	235,003	247,445
Intergovernmental Charges	-	25,500	25,500
Use of Money & Property	155,796	94,707	75,000
Licenses and Permits	145,425	153,579	157,925
Fines and Forfeitures	184,000	117,393	100,000
Sale of Property and Compensation for Loss	11,000	292,050	41,000
Miscellaneous	53,455	322,519	211,618
Interfund Revenues	249,756	249,756	224,359
Revenues from State Sources	331,526	438,119	330,000
Revenues from Federal Sources	4,375	90,910	3,000
Total Revenues	\$ 12,443,980	\$ 13,175,165	\$ 11,910,538
EXPENDITURES			
General Government Support	\$ 2,321,306	\$ 1,938,170	\$ 2,315,561
Public Safety	4,360,454	4,447,842	4,422,621
Health	1,500	1,498	1,500
Transportation	407,602	346,779	370,397
Economic Assistance and Opportunity	19,940	10,426	13,050
Culture and Recreation	1,186,524	859,653	806,661
Home and Community Services	28,021	14,149	17,065
Employee Benefits	1,621,800	1,623,605	1,744,300
Debt Service	405,737	405,736	446,308
Total Expenditures	\$ 10,352,884	\$ 9,647,858	\$ 10,137,463
Excess of Revenues Over (Under) Expenditures	2,091,096	3,527,307	1,773,075
Other Financing Sources (Uses):			
Operating Transfers In	33,000	199,232	33,000
Appropriated Reserve	11,300	-	151,307
Operating Transfers Out	(3,540,000)	(2,560,568)	(2,527,382)
Other budgetary purposes	(35,796)	-	(30,000)
Total Other Financing	(3,531,496)	(2,361,336)	(2,373,075)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,440,400)	1,165,970	(600,000)
FUND BALANCE			
Fund Balance - Beginning of Year	-	5,978,387	-
Appropriated Reserves	1,440,400	-	600,000
Prior Period Adjustments (net)	-	-	-
Fund Balance - End of Year	\$ -	\$ 7,144,357	\$ -

Source: 2020 Annual Financial Report Update Document (unaudited) and budgets of the Town.
This Appendix itself is not audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>WATER DISTRICT FUND</u>					
Fund Equity - Beginning of Year	\$ 2,502,143	\$ 2,791,853	\$ 3,042,419	\$ 3,325,474	\$ 2,401,354
Prior Period Adjustments (net)	-	-	-	-	4
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	3,284,853	3,241,760	3,292,061	3,260,162	3,143,966
Expenditures & Other Uses	2,995,143	2,991,193	3,009,006	4,184,286	2,951,555
Fund Equity - End of Year	\$ 2,791,853	\$ 3,042,419	\$ 3,325,474	\$ 2,401,354	\$ 2,593,765
<u>SEWER DISTRICT FUND</u>					
Fund Equity - Beginning of Year	\$ 1,526,988	\$ 3,025,245	\$ 3,090,196	\$ 3,413,800	\$ 3,822,471
Prior Period Adjustments (net)	-	-	-	-	-
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	4,322,758	3,797,551	3,858,199	4,634,182	4,135,187
Expenditures & Other Uses	2,824,501	3,732,600	3,534,595	4,225,512	4,606,544
Fund Equity - End of Year	\$ 3,025,245	\$ 3,090,196	\$ 3,413,800	\$ 3,822,468	\$ 3,351,113
<u>HIGHWAY FUND - TOWN WIDE</u>					
Fund Equity - Beginning of Year	\$ 1,241,406	\$ 1,335,277	\$ 987,985	\$ 1,357,712	\$ 1,343,704
Prior Period Adjustments	-	-	-	-	-
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	5,440,891	5,682,944	6,057,696	6,209,019	5,935,438
Expenditures & Other Uses	5,347,020	6,030,236	5,687,969	6,223,027	6,248,429
Fund Equity - End of Year	\$ 1,335,277	\$ 987,985	\$ 1,357,712	\$ 1,343,704	\$ 1,030,713
<u>LIBRARY FUND</u>					
Fund Equity - Beginning of Year	\$ 48,705	\$ 66,440	\$ -	\$ -	\$ -
Prior Period Adjustments (net)	-	(66,440)	-	-	-
Revenues & Other Sources	677,708	-	-	-	-
Expenditures & Other Uses	659,973	-	-	-	-
Fund Equity - End of Year	\$ 66,440	\$ -	\$ -	\$ -	\$ -
<u>FIRE DISTRICT / MISCELLANEOUS</u>					
Fund Equity - Beginning of Year	\$ 1,058,624	\$ 981,679	\$ 1,054,900	\$ 1,662,344	\$ 1,745,786
Prior Period Adjustments (net)	-	-	-	-	3,234,948
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	1,104,472	1,205,805	1,432,673	1,480,117	2,013,334
Expenditures & Other Uses	1,181,417	1,132,585	825,228	1,396,675	1,359,035
Fund Equity - End of Year	\$ 981,679	\$ 1,054,900	\$ 1,662,344	\$ 1,745,786	\$ 5,635,032
<u>SELF INSURANCE FUND</u>					
Fund Equity - Beginning of Year	\$ 2,411,321	\$ 2,822,145	\$ 3,275,629	\$ 3,127,308	\$ 2,911,584
Prior Period Adjustments (net)	-	-	-	-	1
Revenues & Other Sources	3,457,971	3,597,742	3,761,685	3,540,491	3,836,181
Expenditures & Other Uses	3,047,147	3,144,258	3,910,006	3,756,214	4,071,138
Fund Equity - End of Year	\$ 2,822,145	\$ 3,275,629	\$ 3,127,308	\$ 2,911,585	\$ 2,676,627

Note: On April 5, 2016 the voters of the Vestal Central School District authorized the formation of a new taxing entity, the Vestal Public Library District, a library district affiliated with the Vestal Central School District which levies taxes on behalf of the new district. The result is that the library fund has been eliminated from Town operations in 2017.

Source: Annual update documents (unaudited) of the Town. This Appendix itself is not audited.

APPENDIX - B
Town of Vestal

BONDED INDEBTEDNESS

Fiscal Year Ending December 31st	Principal	Interest	Total
2021	\$ 1,196,665	\$ 95,735.80	\$1,292,400.80
2022	860,000	61,872.50	921,872.50
2023	605,000	44,186.25	649,186.25
2024	400,000	31,762.50	431,762.50
2025	320,000	22,466.25	342,466.25
2026	200,000	15,231.25	215,231.25
2027	80,000	10,600.00	90,600.00
2028	40,000	7,781.25	47,781.25
2029	40,000	5,393.75	45,393.75
2030	30,000	3,150.00	33,150.00
2031	30,000	1,050.00	31,050.00
TOTALS	\$ 3,801,665	\$ 299,229.55	\$4,100,894.55

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2011A Various Purposes			2014 Various Purposes			2016 Various Projects		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 100,000	\$ 2,000.00	\$ 102,000.00	\$ 90,000	\$ 3,600.00	\$ 93,600.00	\$ 145,000	\$ 1,178.13	\$ 146,178.13
2022	-	-	-	90,000	1,237.50	91,237.50	-	-	-
TOTALS	\$ 100,000	\$ 2,000.00	\$ 102,000.00	\$ 180,000	\$ 4,837.50	\$ 184,837.50	\$ 145,000	\$ 1,178.13	\$ 146,178.13

Fiscal Year Ending Dec 31st	2011B Various Purposes			2012 Various Purposes			2013 Refunding of 2006 Bonds			2013 Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 30,000	\$ 20,655.00	\$ 50,655.00	\$ 60,000	\$ 1,417.50	\$ 61,417.50	\$ 155,000	\$ 15,687.50	\$ 170,687.50	\$ 155,000	\$ 5,550.00	\$ 160,550.00
2022	30,000	18,855.00	48,855.00	15,000	236.25	15,236.25	150,000	12,637.50	162,637.50	100,000	3,000.00	103,000.00
2023	30,000	17,055.00	47,055.00	-	-	-	130,000	9,837.50	139,837.50	100,000	1,000.00	101,000.00
2024	30,000	15,225.00	45,225.00	-	-	-	130,000	7,156.25	137,156.25	-	-	-
2025	30,000	13,335.00	43,335.00	-	-	-	130,000	4,312.50	134,312.50	-	-	-
2026	30,000	11,400.00	41,400.00	-	-	-	120,000	1,425.00	121,425.00	-	-	-
2027	30,000	9,412.50	39,412.50	-	-	-	-	-	-	-	-	-
2028	30,000	7,350.00	37,350.00	-	-	-	-	-	-	-	-	-
2029	30,000	5,250.00	35,250.00	-	-	-	-	-	-	-	-	-
2030	30,000	3,150.00	33,150.00	-	-	-	-	-	-	-	-	-
2031	30,000	1,050.00	31,050.00	-	-	-	-	-	-	-	-	-
TOTALS	\$ 330,000	\$ 122,737.50	\$ 452,737.50	\$ 75,000	\$ 1,653.75	\$ 76,653.75	\$ 815,000	\$ 51,056.25	\$ 866,056.25	\$ 355,000	\$ 9,550.00	\$ 364,550.00

Fiscal Year Ending Dec 31st	2017 Various Water 7 Ext 3			2018 Various Purposes			2019 Various Purposes			2020 Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 125,000	\$ 3,850.00	\$ 128,850.00	\$ 105,000	\$ 7,493.75	\$ 112,493.75	\$ 85,000	\$ 8,215.63	\$ 93,215.63	\$ 146,665	\$ 18,388.30	\$ 7,700.00
2022	130,000	1,300.00	131,300.00	110,000	4,537.50	114,537.50	85,000	6,356.25	91,356.25	150,000	7,700.00	6,012.50
2023	-	-	-	110,000	1,512.50	111,512.50	85,000	4,443.75	89,443.75	150,000	6,012.50	4,325.00
2023	-	-	-	-	-	-	90,000	2,418.75	92,418.75	150,000	4,325.00	2,637.50
2023	-	-	-	-	-	-	10,000	1,231.25	11,231.25	150,000	2,637.50	950.00
2023	-	-	-	-	-	-	10,000	981.25	10,981.25	40,000	950.00	475.00
2023	-	-	-	-	-	-	10,000	712.50	10,712.50	40,000	475.00	0.00
2023	-	-	-	-	-	-	10,000	431.25	10,431.25			
2023	-	-	-	-	-	-	10,000	143.75	10,143.75			
TOTALS	\$ 255,000	\$ 5,150.00	\$ 260,150.00	\$ 325,000	\$ 13,543.75	\$ 338,543.75	\$ 395,000	\$ 24,934.38	\$ 419,934.38	\$ 826,665	\$ 40,488.30	\$ 22,100.00

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the Town has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the 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 Notes, 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 Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the Town
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined in the Rule) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

**TOWN OF VESTAL
BROOME COUNTY, NEW YORK**

FINANCIAL REPORT

For the Year Ended December 31, 2019

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

Vestal, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2019**



TOWN OF VESTAL

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INDEPENDENT AUDITORS' REPORT

Town Board
Town of Vestal
Vestal, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vestal (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Vestal, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of the Town's Contributions - NYSLRS Pension Plans, Schedule of the Town's Proportionate Share of Net Pension Liability, Schedule of Changes in the Town's Total Pension Liability - Length of Service Award Program, Schedule of Changes in the Town's Total OPEB Liability and Related Ratios, and the related notes to required supplementary information, on pages 4-4j and 51-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Balance Sheet - Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds are presented for purposes of additional analysis and are not required part of the basic financial statements.

The Combining Balance Sheet - Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet - Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures, and the Changes in Fund Balances - Non-Major Governmental Funds are 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 January 28, 2021 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'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
January 28, 2021

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Our discussion and analysis of the Town's financial performance provides an overview of its financial activities for the fiscal year ended December 31, 2019. Where possible, results of the current year will be discussed in comparison with the prior year, with an emphasis placed on the current year. Please read it in conjunction with the Town's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- ❖ The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2019 by \$21,247,129. Of this amount, \$30,354,898 represents an unrestricted deficit. This is primarily the result of recording the Town's other postemployment benefits liability (OPEB) and pension obligations.
- ❖ The Town's debt decreased \$2,252,007 during 2019, ending the year with a balance of \$16,562,816 as compared to \$18,814,823 at December 31, 2018.
- ❖ Significant investment gain in Fiduciary Funds contributed to an increase in net position of \$482,040.
- ❖ The General Fund recorded an increase in fund balance of \$164,857 in 2019, compared to an increase of \$870,696 in 2018. Fund balance in the General Fund was \$5,978,387 and \$5,813,530 at December 31, 2019 and 2018, respectively.
- ❖ Revenues and other financing sources in the General Fund were \$813,298 greater than budgeted in 2019, and \$878,311 greater than budgeted in 2018. Expenditures, other financing uses, and encumbrances were \$605,316 under budget in 2019 and \$282,476 below budget in 2018. The final budget for the General fund called for a use of \$1,354,552 in fund balance; due to the variances noted, fund balance grew by \$164,857.

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 through 7) provide information about the Town as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 8. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Town's operations in more detail than the Government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities of the Town's Proprietary Fund and activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of budgetary comparison schedules for the General Townwide, Fire, Sewer, Water, and Highway Townwide Funds, a Schedule of Town's Contributions - NYSLRS Pension Plans, a Schedule of the Town's Proportionate Share of the Net Pension Liability, a Schedule of Changes in the Town's Total Pension Liability - Length of Service Award Program, a Schedule of Changes in the Town's OPEB Liability and Related Ratios, and Combining Schedules for the Town's Non-Major Governmental Funds.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Reporting the Town as a Whole

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

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

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

Reporting the Town's Most Significant Funds

Fund Financial Statements

Analysis of the Town's Major Funds begins on page 8. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by state law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

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

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Proprietary Funds: Internal Service Funds (a component of Proprietary Funds) are used to report activities that provide supplies and services for the Town's other programs and activities such as the administration of health insurance.

The Town as Trustee: The Town is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Town's Fiduciary Activities are reported in separate statements that begin on page 15. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring the assets reported in this fund are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's *combined* net position for the fiscal year ended December 31, 2019 increased from \$14,742,416 to \$21,247,129. A portion of the Town's net position, \$45,784,378, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$5,817,649, represents resources that are subject to external restrictions on how they may be used and is reported as restricted net position. The remaining category of total net position is an unrestricted net deficit in the amount of \$30,354,898.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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

Figure 1
Net Position

<i>Net Position</i>	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>	<i>2018 - 2019</i>
<i>Current Assets</i>	\$ 16,419,759	\$ 18,435,763	\$ 2,016,004	12.3%
<i>Noncurrent Assets</i>	5,787,582	5,619,034	(168,548)	(2.9%)
<i>Capital Assets, Net</i>	60,839,182	59,463,229	(1,375,953)	(2.3%)
<i>Total Assets</i>	83,046,523	83,518,026	471,503	0.6%
<i>Pensions and OPEB</i>	7,756,646	8,174,705	418,059	5.4%
<i>Total Deferred Outflows of Resources</i>	7,756,646	8,174,705	418,059	5.4%
<i>Current Liabilities</i>	16,788,011	16,142,775	(645,236)	(3.8%)
<i>Noncurrent Liabilities</i>	55,827,847	49,960,955	(5,866,892)	(10.5%)
<i>Total Liabilities</i>	72,615,858	66,103,730	(6,512,128)	(9.0%)
<i>Pensions and OPEB</i>	3,444,895	4,341,872	896,977	26.0%
<i>Total Deferred Inflows of Resources</i>	3,444,895	4,341,872	896,977	26.0%
<i>Net Investment in Capital Assets</i>	43,544,061	45,784,378	2,240,317	5.1%
<i>Restricted</i>	6,253,320	5,817,649	(435,671)	(7.0%)
<i>Unrestricted</i>	(35,054,965)	(30,354,898)	4,700,067	13.4%
<i>Total Net Position</i>	\$ 14,742,416	\$ 21,247,129	\$ 6,504,713	44.1%

Total assets grew slightly due to an increase in current assets, offset by decreases in both capital assets and noncurrent assets.

The changes in deferred outflows of resources - pensions, and deferred inflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the Pension Systems' Plan's net pension liability and related deferred outflows and inflows of resources.

Changes in noncurrent liabilities, deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB are primarily due to recognition of GASB Statement No. 75, which is based on an actuarial valuation of the Town's OPEB plan, as well as regular principal payments.

Net investment in capital assets increased due to reduction in debt offsetting total capital reductions. Total restricted net position was reduced due to expenditure of the capital reserve funds in the Water Fund. Unrestricted deficit was reduced as a result of operations.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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

Figure 2
Changes in Net Position

Changes in Net Position	Governmental Activities and Total Government		Dollar Change	Percent Change
	2018	2019	2018 - 2019	2018 - 2019
REVENUES				
<i>Program Revenues :</i>				
<i>Charges for Services</i>	\$ 7,084,573	\$ 7,713,423	\$ 628,850	8.9%
<i>Operating Grants</i>	358,101	200,135	(157,966)	(44.1%)
<i>Capital Grants</i>	907,978	668,571	(239,407)	(26.4%)
<i>General Revenues :</i>				
<i>Property Taxes and Tax Items</i>	10,857,777	11,188,585	330,808	3.0%
<i>Nonproperty Taxes</i>	7,407,531	7,671,515	263,984	3.6%
<i>State Sources</i>	678,499	348,735	(329,764)	(48.6%)
<i>Use of Money and Property</i>	233,374	514,207	280,833	120.3%
<i>Other General Revenues</i>	848,159	1,040,559	192,400	22.7%
Total Revenues	\$ 28,375,992	\$ 29,345,730	\$ 969,738	3.4%
PROGRAM EXPENSES				
<i>General Government</i>	4,088,975	\$ 4,302,332	213,357	5.2%
<i>Public Safety</i>	7,882,931	5,693,127	(2,189,804)	(27.8%)
<i>Public Health</i>	2,900	1,644	(1,256)	(43.3%)
<i>Transportation</i>	6,285,315	4,130,847	(2,154,468)	(34.3%)
<i>Economic Assistance</i>	17,794	18,428	634	3.6%
<i>Culture and Recreation</i>	1,987,034	1,632,041	(354,993)	(17.9%)
<i>Home and Community Services</i>	7,254,321	6,334,558	(919,763)	(12.7%)
<i>Interest on Long-term Debt</i>	287,621	728,040	440,419	153.1%
Total Expenses	\$ 27,806,891	\$ 22,841,017	\$ (4,965,874)	(17.9%)
CHANGE IN NET POSITION	\$ 569,101	\$ 6,504,713	\$ 5,935,612	1043.0%

Revenues increased by 3.4% while expenses decreased by 17.9%. Charges for services increased due to water and sewer fee increases. Operating grants decreased primarily as a result of decreased public safety grants. Expenses decreased primarily as a result of cost reduction efforts and the change in OPEB.

Governmental Activities

The cost of all Governmental Activities was \$22,841,017 in 2019. As shown in the Statement of Activities, the amount financed for these activities through property taxes and other general revenues was \$14,258,888 in 2019, as some of the cost was paid by those who directly benefited from the programs, \$7,713,423, or by other governments and organizations that subsidized certain programs with grants and contributions, \$868,706.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Figure 3 shows the sources of revenue for 2019 and 2018.

Figure 3
Revenue by Source - 2019

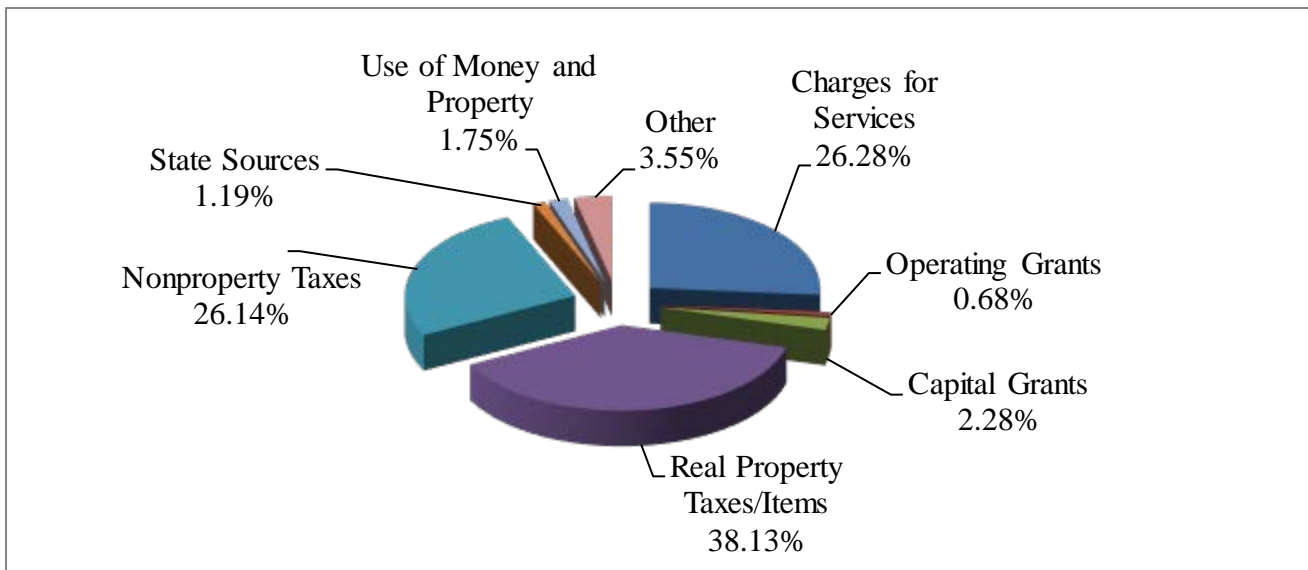
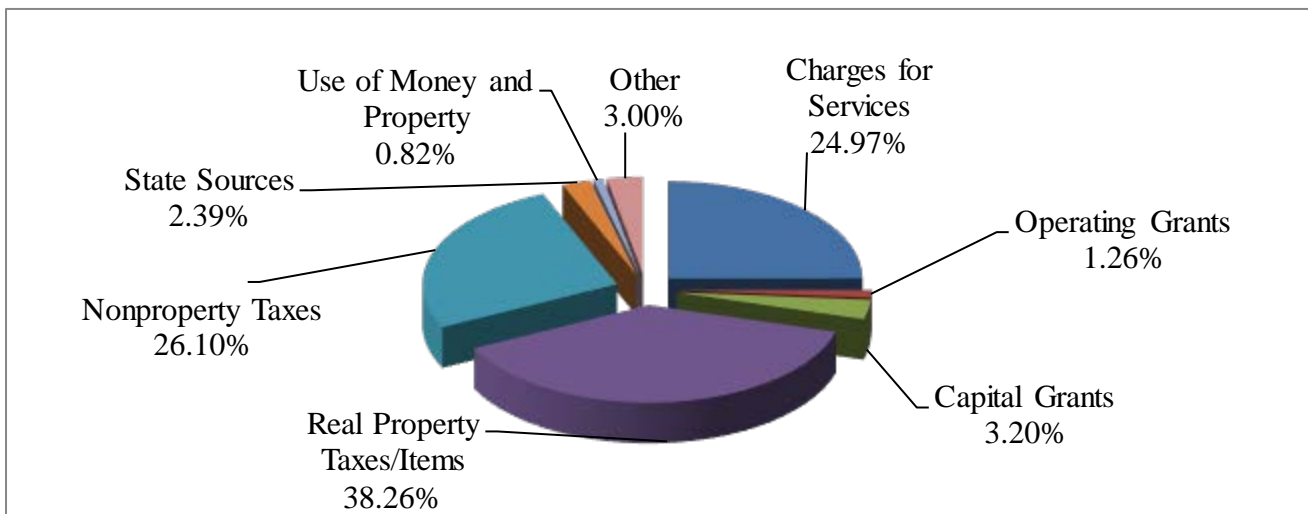


Figure 4
Revenue by Source - 2018



TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The total cost and revenue comparison of the Governmental Activities for each of the Town's largest programs follows. The difference between the cost and revenue shows the financial contribution made by the Town's taxpayers for each of these activities.

Figure 5
Program Cost and Revenue Comparison
Governmental Activities - 2019

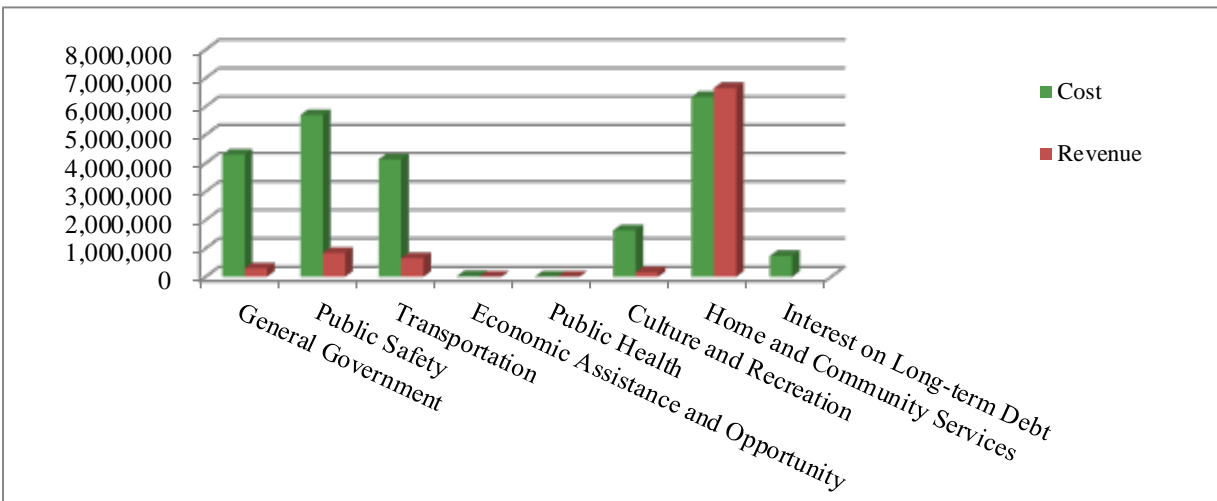
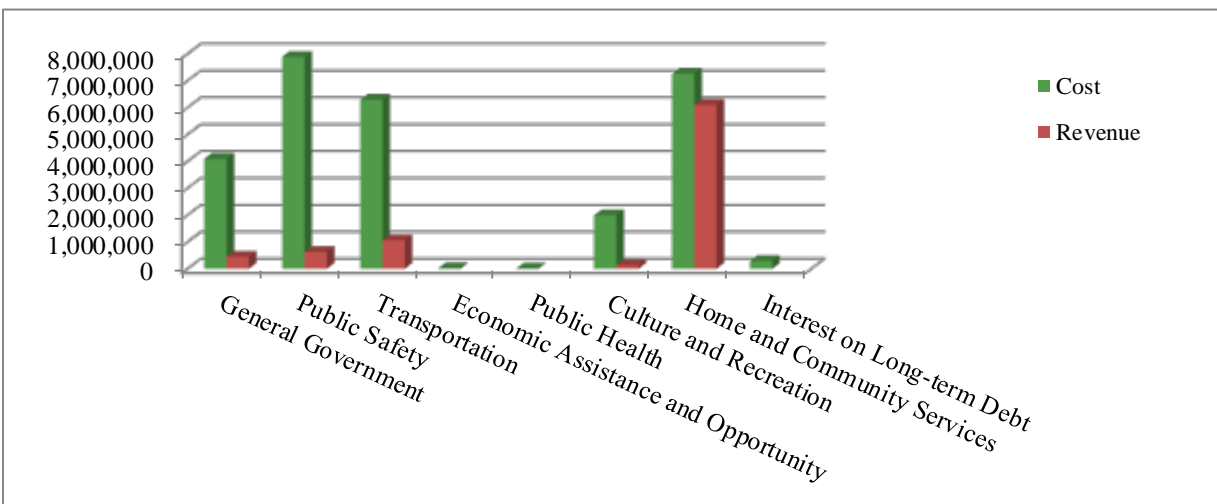


Figure 6
Program Cost and Revenue Comparison
Governmental Activities - 2018



TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

THE TOWN'S FUNDS

As the Town completed the year, its Governmental Funds, as presented in the Balance Sheet on pages 8-8a, reported a combined fund balance of \$6,363,671 which is 85.5% above last year's total of \$3,430,572.

The Capital Projects Fund improved primarily to the reduction in short-term debt. *Figure 5* shows the changes in fund balances during the year for the Town's Governmental Funds.

Figure 5
Governmental Funds
Fund Balances for the Years Ended December 31,

Governmental Funds	2018	2019	Dollar Change
			2018 - 2019
<i>General Fund - Townwide</i>	\$ 5,813,530	\$ 5,978,387	\$ 164,857
<i>Fire District</i>	1,662,345	1,745,787	83,442
<i>Sewer Fund</i>	3,413,800	3,822,470	408,670
<i>Water Fund</i>	3,325,474	2,401,350	(924,124)
<i>Highway Fund</i>	1,357,712	1,343,703	(14,009)
<i>Capital Projects Fund</i>	(12,263,717)	(9,061,931)	3,201,786
<i>Non-Major Funds</i>	121,428	133,905	12,477
Totals	\$ 3,430,572	\$ 6,363,671	\$ 2,933,099

General Townwide Fund Budgetary Highlights

Over the course of the year, the Town Board and management of the Town revised the budget several times. These budget amendments consisted of transfers between functions and an overall increase of \$681,731 from the original adopted budget.

Resources available for appropriation (revenues and other financing sources) were \$813,298 above the final budgeted amount. The actual charges to appropriations (expenditures, encumbrances and other financing uses) were below the final General Townwide Fund budget amounts by \$605,316.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2019, the Town had invested \$136,124,393, net of accumulated depreciation of \$76,661,164, in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net decrease of \$1,375,953, including additions of \$2,917,275, net book value of disposals of \$196,134 and depreciation expense of \$4,097,094.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

*Figure 6
Capital Assets*

<i>Capital Assets</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>
<i>Land</i>	\$ 9,921,132	\$ 9,944,232	\$ 23,100
<i>Buildings</i>	6,827,168	6,691,217	(135,951)
<i>Improvements</i>	2,710,050	2,640,089	(69,961)
<i>Equipment</i>	8,003,069	8,031,102	28,033
<i>Infrastructure</i>	33,377,763	32,156,589	(1,221,174)
<i>Totals</i>	\$ 60,839,182	\$ 59,463,229	\$ (1,375,953)

Debt Administration

Debt considered liabilities of Governmental Activities, is shown in *Figure 7*. Exclusive of the indebtedness of the Vestal Fire District, \$7,400,357 of the total indebtedness of the Town was subject to the constitutional debt limit and represented approximately 5.73% of the Town's statutory debt limit.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (S&P), has assigned its underlying rating of AA- with a stable outlook to the Town's outstanding bonds.

*Figure 7
Major Outstanding Debt for the Years Ended December 31,*

<i>Major Outstanding Debt</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>
<i>Bond Anticipation Notes</i>	\$ 14,025,448	\$ 12,416,075	\$ (1,609,373)
<i>Serial Bonds</i>	4,789,375	4,129,160	(660,215)
<i>Intsallment Purchase Debt</i>	-	17,581	17,581
<i>Totals</i>	\$ 18,814,823	\$ 16,562,816	\$ (2,252,007)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

COVID 19

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same. On March 18, 2020 the Town declared a state of emergency. The emergency declaration expired on April 17, 2020.

While the virus has affected revenue streams supporting operating and debt service cost the degree of impact to the Town’s operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Town and its economy.

The Town is monitoring 2020 financial results and has taken proactive measures to maintain its functionality and meet its obligations. Immediately following the town’s emergency declaration department heads were instructed to suspend any previously approved capital spending provided for in the 2020 operating budget until further notice. Orders placed for equipment not yet received, with the exception of vehicles for first responders, were canceled. This action has preserved at least \$900,000 of fund balance previously appropriated for capital needs and allowed the allocated a portion of the savings to mitigate the anticipated revenue shortfalls. Department heads were further instructed to halt any unnecessary expenditures and to postpone filling vacant positions until given expressed authority to resume hiring. Two employees took advantage of a retirement incentive allowing the town some restructuring opportunities. The Town does not anticipate cash flow concerns and is evaluating the possible consequences should the emergency continue into 2021. Hiring to fill vacant essential positions has resumed.

Town officials are in the process of preparing the 2021 budget and plan to appropriate some fund balance to soften the real property tax levy increase. The Town Board is committed to staying within New York’s tax levy limit. Town officials will be evaluating the town’s fund balance policy and may modify it to preserve more fund balance than allowed under the existing policy. This will help ensure future tax increases are within the tax levy limit given these uncertain times.

Local Economy

Binghamton University (the “University”) and the area medical facilities continue to drive growth within the Town of Vestal.

A \$40 million multi-unit housing complex is proposed consisting of 64 cottage-style two and three story buildings and 161 units. The project is currently going through the approval process.

A two building car rental office and vehicle fueling and washing facility with an estimated construction cost of \$2.2 million is nearing completion.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The Binghamton-Johnson City Joint Sewage Treatment Plant located in the east end of Vestal is undergoing a major construction remodel which is nearing completion. Construction cost per building permits on file exceeded \$155,000,000. The town is currently reviewing a new permit application for an additional \$1.6 million upgrade to a pump station.

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 the Town 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 the Town and that they view the current uncertainty as short term.

The residential market for new single family home construction has seen little growth. There were no new housing starts in 2019 but there have been three starts in 2020 with more inquiries.

The total taxable assessed value increased slightly in 2020.

2020 Taxes

The 2020 adopted budget resulted in an increase in the Town of Vestal tax rate of \$.0426 per \$1,000 of assessed value and a Vestal Fire District tax rate increase of \$.0493 per \$1,000 of assessed value.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Town of Vestal, 605 Vestal Parkway West, Vestal, New York 13850.

TOWN OF VESTAL

STATEMENT OF NET POSITION DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 12,161,597
Investments - Unrestricted	135,000
Investments - Restricted	579,622
Due from State and Federal Governments	753,113
Due from Other Governments	1,937,925
Other Receivables	2,344,508
Prepaid Expenses	523,998
Total Current Assets	18,435,763
Noncurrent Assets	
Restricted Cash and Cash Equivalents	5,619,034
Capital Assets, Non-Depreciable	9,944,232
Capital Assets, Net of Accumulated Depreciation	49,518,997
Total Noncurrent Assets	65,082,263
Total Assets	83,518,026
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	5,364,044
Pensions	2,810,661
Total Deferred Outflows of Resources	8,174,705

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF NET POSITION (Continued) **DECEMBER 31, 2019**

LIABILITIES

Current Liabilities

Accounts Payable	\$ 1,700,326
Accrued Liabilities	414,955
Due to Fiduciary Fund	580
Interest Payable	205,092
Deferred Revenues	247,606
Bond Anticipation Notes Payable	12,416,075
Current Portion of Long-Term Liabilities	
Installment Purchase Debt	3,981
Bonds Payable	1,154,160
Total Current Liabilities	16,142,775

Noncurrent Liabilities and Obligations

Bonds Payable	2,975,000
Installment Purchase Debt	13,600
Other Postemployment Benefits Liability	41,000,633
Net Pension Liabilities - Proportionate Share	5,971,722
Total Long-Term Liabilities	49,960,955

Total Liabilities	66,103,730
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DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits	2,930,012
Pensions	1,411,860

Total Deferred Inflows of Resources	4,341,872
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NET POSITION

Net Investment in Capital Assets	45,784,378
Restricted	5,817,649
Unrestricted	(30,354,898)

Total Net Position	\$ 21,247,129
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See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net (Expense) Revenue and Change in Net Position
			Operating	Capital	Total
	Expenses	Charges for	Grants and	Grants and	Governmental
		Services	Contributions	Contributions	Activities
FUNCTIONS/PROGRAMS					
Governmental Activities					
General Governmental Support	\$ 4,302,332	\$ 292,972	\$ 1,310	\$	\$ (4,008,050)
Public Safety	5,693,127	541,923	159,440	135,400	(4,856,364)
Public Health	1,644				(1,644)
Transportation	4,130,847	116,660		533,171	(3,481,016)
Economic Assistance and Opportunity	18,428				(18,428)
Culture and Recreation	1,632,041	133,187	21,000		(1,477,854)
Home and Community Services	6,334,558	6,628,681	18,385		312,508
Interest on Debt	728,040				(728,040)
Total Governmental Activities	\$ 22,841,017	\$ 7,713,423	\$ 200,135	\$ 668,571	(14,258,888)
GENERAL REVENUES					
					10,314,283
					874,302
					7,671,515
					348,735
					514,207
					52,287
					937,272
					51,000

See Notes to Financial Statements

TOWN OF VESTAL

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

	Major Funds			
	Special Revenue Funds			
	Special District Funds			
	General Townwide Fund	Fire Fund	Sewer Fund	Water Fund
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 2,590,139	\$ 687,636	\$ 1,136,678	\$ 1,009,722
Temporary Investments		35,260		99,740
Due from Other Funds				
Due from State and Federal Governments	24,408	2,621		
Due from Other Governments	1,230,489		902	418
Prepaid Expenses	310,473	1,506		29,238
Other Receivables	167,469	1,038	1,286,217	769,922
Restricted Cash and Cash Equivalents	1,599,229	1,505,147	1,688,825	706,862
Restricted Investments	579,622			
Total Assets	\$ 6,501,829	\$ 2,233,208	\$ 4,112,622	\$ 2,615,902
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 178,325	\$ 485,300	\$ 174,898	\$ 59,948
Accrued Liabilities	331,269	2,121		31,290
Due to Other Funds	5,708			
Bond Anticipation Notes Payable				
Unearned Revenues	8,140		115,254	123,314
Total Liabilities	523,442	487,421	290,152	214,552
Fund Balances				
Nonspendable	310,473	1,506		29,238
Restricted	2,190,063	1,064,182	1,737,571	706,862
Assigned	1,505,399	680,099	2,084,899	1,665,250
Unassigned (Deficit)	1,972,452			
Total Fund Balances (Deficit)	5,978,387	1,745,787	3,822,470	2,401,350
Total Liabilities and Fund Balances	\$ 6,501,829	\$ 2,233,208	\$ 4,112,622	\$ 2,615,902

See Notes to Financial Statements

Major Funds			
Special Revenue Funds			
Highway Townwide Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 267,057	\$ 3,301,266	\$ 59,210	\$ 9,051,708
			135,000
		5,128	5,128
306,190	422,515		755,734
638,250	65,245		1,935,304
51,907			393,124
115,905		898	2,341,449
46,043		72,928	5,619,034
			579,622
\$ 1,425,352	\$ 3,789,026	\$ 138,164	\$ 20,816,103
\$ 31,374	\$ 434,882	\$ 3,361	\$ 1,368,088
50,275			414,955
			5,708
	12,416,075		12,416,075
		898	247,606
81,649	12,850,957	4,259	14,452,432
51,907			393,124
46,043		72,928	5,817,649
1,245,753		60,977	7,242,377
	(9,061,931)		(7,089,479)
1,343,703	(9,061,931)	133,905	6,363,671
\$ 1,425,352	\$ 3,789,026	\$ 138,164	\$ 20,816,103

TOWN OF VESTAL

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019

Total Governmental Fund Balances \$ 6,363,671

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

Capital assets of the Governmental Funds, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. 59,463,229

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Other Postemployment Benefits Liability	\$ (41,000,633)	
Net Pension Liabilities	(5,971,722)	
Bonds Payable	(4,129,160)	
Interest Payable	(205,092)	
Installment Purchase Debt	<u>(17,581)</u>	(51,324,188)

Deferred outflows of resources and deferred inflows of resources do not affect current period revenues or expenditures and, therefore, are not reported in the Governmental Funds.

Deferred Outflows of Resources - OPEB	\$ 5,364,044	
Deferred Outflows of Resources - Pensions	2,810,661	
Deferred Inflows of Resources - OPEB	(2,930,012)	
Deferred Inflows of Resources - Pensions	<u>(1,411,860)</u>	3,832,833

The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Position. 2,911,584

Net Position of Governmental Activities \$ 21,247,129

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Major Funds			
	General Townwide Fund	Special Revenue Funds		
		Special District Funds		
		Fire Fund	Sewer Fund	Water Fund
REVENUES				
Real Property Taxes	\$ 5,512,346	\$ 1,407,838	\$	\$ 327,225
Real Property Tax Items	180,840		517,109	
Nonproperty Tax Items	5,118,515			
Departmental Income	359,690		3,795,605	2,503,892
Intergovernmental Charges	51,000	4,800		
Use of Money and Property	247,789	52,064	55,631	62,375
Licenses and Permits	182,258			
Fines and Forfeitures	193,053			
Sale of Property and Compensation for Loss	47,946	10,295		10,173
Miscellaneous Local Sources	238,428	1,000	265,836	34,022
Interfund Revenues	234,989			322,476
State Sources	358,579	2,621		
Federal Sources	12,668	1,500		
Total Revenues	12,738,101	1,480,118	4,634,181	3,260,163
EXPENDITURES				
General Governmental Support	2,025,581			
Public Safety	4,102,741	1,053,820		
Health	1,500			
Transportation	375,779			
Economic Assistance and Opportunity	18,428			
Culture and Recreation	1,240,854			
Home and Community Services	12,911		3,657,057	1,645,858
Employee Benefits	1,580,729	100,612		217,881
Debt Service				
Principal	479,835	111,267	48,862	457,786
Interest	87,660	47,714	19,592	164,482
Capital Outlay				
Total Expenditures	9,926,018	1,313,413	3,725,511	2,486,007
Excess of Revenues (Expenditures)	2,812,083	166,705	908,670	774,156
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	33,000			
Interfund Transfers (Out)	(2,680,226)	(83,263)	(500,000)	(1,698,280)
Proceeds of Obligations				
BANs Redeemed from Appropriations				
Total Other Financing Sources (Uses)	(2,647,226)	(83,263)	(500,000)	(1,698,280)
Net Changes in Fund Balances	164,857	83,442	408,670	(924,124)
Fund Balances (Deficit), Beginning of Year	5,813,530	1,662,345	3,413,800	3,325,474
Fund Balances (Deficit), End of Year	\$ 5,978,387	\$ 1,745,787	\$ 3,822,470	\$ 2,401,350

See Notes to Financial Statements

Major Funds			
Special Revenue Funds			
Highway Townwide Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 2,797,060	\$	\$ 269,814	\$ 10,314,283
74,166		102,187	874,302
2,553,000			7,671,515
			6,659,187
14,060	2,963		72,823
29,583	2,886	194	450,522
			182,258
			193,053
140,775			209,189
32,039		5,128	576,453
99,637			657,102
468,699	158,667		988,566
	214,707		228,875
6,209,019	379,223	377,323	29,078,128
			2,025,581
			5,156,561
			1,500
3,253,043		263,846	3,892,668
			18,428
			1,240,854
		99,880	5,415,706
439,961			2,339,183
1,348,110		1,050	2,446,910
203,430		70	522,948
	1,748,213		1,748,213
5,244,544	1,748,213	364,846	24,808,552
964,475	(1,368,990)	12,477	4,269,576
	2,766,500		2,799,500
(978,484)			(5,940,253)
	498,238		498,238
	1,306,038		1,306,038
(978,484)	4,570,776	-	(1,336,477)
(14,009)	3,201,786	12,477	2,933,099
1,357,712	(12,263,717)	121,428	3,430,572
\$ 1,343,703	\$ (9,061,931)	\$ 133,905	\$ 6,363,671

TOWN OF VESTAL

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ 2,933,099**

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

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

Capital Outlay	\$ 2,917,275	
Depreciation Expense	(4,097,094)	
Net Book Value of Disposed Assets	<u>(196,134)</u>	(1,375,953)

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

ERS	\$ (137,999)	
PFRS	(210,471)	
LOSAP	<u>(97,010)</u>	(445,480)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of Obligations	\$ (498,238)	
Installment Purchase Debt Payment	2,322	
Change in Interest Payable	(205,092)	
Debt Principal Payments	<u>1,138,550</u>	437,542

Revenues and expenses of Internal Service Funds are included in the Statement of Activities. (215,724)

Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements.

Change in Other Postemployment Benefits Liability	<u>5,171,229</u>	
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Change in Net Position of Governmental Activities **\$ 6,504,713**

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2019

	Internal Service Fund
ASSETS	
Cash and Cash Equivalents - Unrestricted	<u>\$ 3,109,889</u>
Prepaid Expenses	<u>130,874</u>
Other Receivables, Net	<u>3,059</u>
Total Assets	<u>3,243,822</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable	<u>332,238</u>
Total Liabilities	<u>332,238</u>
Net Position	
Unrestricted	<u>2,911,584</u>
Total Net Position	<u><u>\$ 2,911,584</u></u>

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF ACTIVITIES PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Internal Service Fund
OPERATING REVENUES	
Interfund Transfers In	\$ 3,076,753
Sale of Property and Compensation for Loss	39,232
Miscellaneous Local Sources	360,819
Total Revenues	3,476,804
OPERATING EXPENSES	
Current	
General Governmental Support	538,138
Employee Benefits	3,218,075
Total Expenses	3,756,213
Excess of (Operating Expenses)	(279,409)
NON-OPERATING REVENUES	
Use of Money and Property	63,685
Total Non-Operating Revenues	63,685
Net Change in Net Position	(215,724)
Net Position, Beginning of Year	3,127,308
Net Position, End of Year	\$ 2,911,584

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Other Funds	\$ 3,076,753
Miscellaneous Local Sources	365,457
Sale of Property and Compensation for Loss	39,232
Cash Payments - Contractual	(538,138)
Cash Payments - Hospital and Medical	(3,175,789)
Net Cash Provided (Used) by Operating Activities	(232,485)
Cash Flows From Non-Capital Financing Activities	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-
Cash Flows From Investing Activities	
Interest Income Received	63,685
Net Cash Provided (Used) by Investing Activities	63,685
Net Change in Cash Equivalents	(168,800)
Cash and Cash Equivalents, Beginning of Year	3,278,689
Cash and Cash Equivalents, End of Year	\$ 3,109,889
Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities	
Loss from Operations	\$ (279,409)
(Increase) in Accounts Receivable	4,638
Decrease in Prepaid Expenses	(21,086)
(Decrease) in Accounts Payable	63,372
Net Cash (Used) by Operating Activities	\$ (232,485)

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2019

	Agency Fund	Private Purpose Trust Fund
ASSETS		
Cash		
Unrestricted	\$ 7,115	\$ 3,350
Restricted		13,275
Restricted Investments		3,221,672
Due from Governmental Funds	580	
Total Assets	\$ 7,695	3,238,297
LIABILITIES		
Other Liabilities	\$ 7,695	3,350
Total Liabilities	\$ 7,695	3,350
NET POSITION		
Restricted for Fire Service Awards		3,234,947
Total Net Position		\$ 3,234,947

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF ACTIVITIES FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Investment Earnings	<u>\$ 533,119</u>
Total Additions	<u>533,119</u>
DEDUCTIONS	
General Government Support	<u>115,079</u>
Net Additions	418,040
OTHER ADDITIONS AND DEDUCTIONS	
Interfund Revenues	<u>64,000</u>
Change in Net Position	482,040
Net Position - Beginning of Year	<u>2,752,907</u>
Net Position - End of Year	<u><u>\$ 3,234,947</u></u>

See Notes to Financial Statements

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

The financial statements of the Town of Vestal (the Town) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Financial Reporting Entity

The Town, which was founded in 1823, is governed by Town Law, other general municipal laws of New York State, 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 GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- 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.

The decision to include a potential component unit in the reporting entity is based on several criteria, 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Emergency Squad

Effective December 1, 1996, the Town entered into a contract with VVES, Inc., a nonprofit corporation, to provide general ambulance service within 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 §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.

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 debt service costs on the \$768,500 notes issued and remains responsible for certain repair and maintenance costs. At December 31, 2019, \$360,000 remained outstanding on this debt.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Government-Wide Financial Statements - Continued

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

The Town does not allocate indirect costs. Indirect costs are reported in the function entitled "general governmental support."

Financial Statements

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

The Town records its transactions in the funds described below.

Governmental Funds

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

Major Funds

- **General Townwide Fund** - Principal operating fund; includes all operations not required to be recorded in other funds.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Governmental Funds - Continued

Major Funds - Continued

- **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:

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

Non-Major 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:

- **Special District Funds** - Established by the Town to account for activities in the following areas: Drainage and Lighting.
- **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 Revenue** - Accounts for other special revenue funds.
- **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).

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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.

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; for example, expenditures or expenses.

Modified Accrual Basis - All Governmental Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Basis of Accounting/Measurement Focus - Continued

Modified Accrual Basis - Continued

Expenditures are recorded when incurred except:

- Expenditures for certain minor 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 vest or accumulate, are charged as departmental expenditures when paid. At year end, the vested and unpaid balance is accrued.
- 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 Statement of Net Position. No budgetary provision for depreciation is made. No liability is recorded for interest payable to maturity.

Accrual Basis

The Governmental Activities, 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 Statement of Net Position and Statement of Fiduciary Net Assets. The Statement of Activities 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 31 and with the exception of court ordered settlements, nets these adjustments against the current year levy in reporting real property tax revenue.

In June 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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.

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.

Vacation, Sick Leave, and Compensatory Absences

Full-time employees earn from 10 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 Town do not earn vacation leave benefits.

Employees may also accumulate compensatory time in lieu of overtime pay. Police department personnel can carry up to 100 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. Employees represented by the CSEA union were provided a balance of sick time hours on June 1, 2018. One additional day of sick time accrues monthly if the employee in on the payroll at least half the month. Employees represented by the Police Benevolent Association similarly received a balance of sick time hours on January 1, 2020. Upon retirement, the employee may cash out the balance of sick leave in excess of 192 hours up to a specified maximum. Effective May 9, 2018, the Town adopted a resolution to provide additional benefits pursuant to §41-j of the Retirement and Social Security Law. As a result, the cash-out of sick time was eliminated from the Operating Engineers union contract as of January 1, 2018.

The Town does maintain an insured disability program, in which eligible employees receive insurance benefits on the 30 day of disability. The Town continues to pay the employee's full compensation during the waiting period provided the employee has sick leave or other accrued paid time off to change. 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. 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Vacation, Sick Leave, and Compensatory Absences - Continued

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.

Vested vacation, sick, and compensatory time is recorded as a liability and expenditure in the Governmental Funds. The current liability for compensated absences increased by \$17,488 during the year. This liability is reported in the various governmental funds as of December 31, 2019 totaling \$184,131. This amount is reported within accrued liabilities.

Capital Assets

Capital assets purchased for general governmental purposes are recorded as expenditures in Governmental Funds and are capitalized at cost in the Statement of Net Position. 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 now been capitalized and are presented in these financial statements.

The asset values, net of accumulated depreciation, appear in the Statement of Net Position 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 maintains an insurance reserve 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 \$108,140, which were paid from the insurance reserve fund. Claims of \$183,839 were paid for court ordered assessment settlements. Legal fees and expenses incurred to defend general liability claims totaled approximately \$130,917 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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.

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, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Fund Equity - Continued

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

The Town 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.

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 of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element 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 other postemployment benefits (OPEB) and pensions in the Statement of Net Position. The types of deferred outflows of resources related to OPEB are described in Note 7 and the types of deferred outflows of resources related to pensions are described in Note 6.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element 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 of resources related to pensions, which are further described in Note 6.

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

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$9,061,931 at December 31, 2019. This deficit will be eliminated as short-term debt is converted to long-term financing.

Statement of Net Position

At December 31, 2019 the Statement of Net Position had an unrestricted net deficit of \$30,354,898. This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. (See Note 7). The deficit is not expected to be eliminated in the normal course of actions.

***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 Federal Deposit Insurance Corporation 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.

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; or (3) uncollateralized.

Total financial institution (bank) balances at December 31, 2019, per the bank, were \$17,972,724. These deposits are either insured or collateralized in accordance with state statutes and Town investment policies.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 3 Cash and Investments - Continued

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:

<u>Description</u>	<u>Fund Type</u>	<u>Category</u>	<u>Amount</u>
U.S. Treasury Bonds	General Fund Insurance Reserve	(1)	\$ 403,797
U.S. Treasury Bonds	Fire Fund	(1)	35,260
U.S. Treasury Bonds	Water Fund	(1)	99,740
Town of Vestal Bond	General Fund Insurance Reserve	(1)	175,825

In addition, the Town's Fire District Service Award program has investments of \$3,221,672 at December 31, 2019. This amount is invested in several different mutual funds and is not insured. See Note 12 for a further description of the program.

Fair Value Measurement

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows.

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Town has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of December 31, 2019.

Assets at Fair Value at December 31, 2019				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Obligations:				
U.S. Treasury Bonds	\$	\$ 538,797	\$	\$ 538,797
Town of Vestal Bond		175,825		175,825
Mutual Funds	3,221,672			3,221,672
Total	\$ 3,221,672	\$ 714,622	\$ -	\$ 3,936,294

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 4* Other Receivables**

Other receivables for the year ended December 31, 2019 consisted of:

General Townwide Fund

Franchise Fees	\$ 81,787
Justice Fees	35,808
Other Receivables	38,661
Accrued Interest Receivable	11,213
Total General Fund	<u>167,469</u>

Special District Funds

Fire Fund

Other Receivables	<u>1,038</u>
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Sewer Fund

Sewer Rents Receivable	<u>1,286,217</u>
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Water Fund

Water Rents Receivable	766,800
Other Receivables	797
Accrued Interest Receivable	2,325
Total Water Fund	<u>769,922</u>

Highway Townwide Fund

Other Receivables	<u>115,905</u>
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Non-Major Funds

Other Receivables	<u>898</u>
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Total Governmental Funds

2,341,449

Internal Service Fund

Other Receivables	<u>3,059</u>
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Total

\$ 2,344,508

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 5 Capital Assets

The changes in capital assets for the fiscal year ended December 31, 2019 are as follows.

Type	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Nondepreciable Capital Assets:				
Land	\$ 9,921,132	\$ 23,100	\$	\$ 9,944,232
Total Nondepreciable Capital Assets	9,921,132	23,100	-	9,944,232
Depreciable Capital Assets:				
Buildings	21,197,149	569,414		21,766,563
Improvements	4,519,666	46,151		4,565,817
Machinery and Equipment	23,432,687	1,424,360	(1,235,870)	23,621,177
Infrastructure	75,372,354	854,250		76,226,604
Total Depreciable Capital Assets	124,521,856	2,894,175	(1,235,870)	126,180,161
Total Historical Cost	134,442,988	2,917,275	(1,235,870)	136,124,393
Accumulated Depreciation:				
Buildings	(14,369,981)	(705,365)		(15,075,346)
Improvements	(1,809,616)	(116,112)		(1,925,728)
Machinery and Equipment	(15,429,618)	(1,242,983)	1,082,526	(15,590,075)
Infrastructure	(41,994,591)	(2,075,424)		(44,070,015)
Total Accumulated Depreciation	(73,603,806)	(4,139,884)	1,082,526	(76,661,164)
Governmental Capital Assets, Net	<u>\$ 60,839,182</u>	<u>\$ (1,222,609)</u>	<u>\$ (153,344)</u>	<u>\$ 59,463,229</u>

Depreciation expense for the year ended December 31, 2019 was allocated to functions as follows:

General Governmental Support	\$ 669,092
Public Safety	687,768
Transportation	1,303,973
Culture and Recreation	190,347
Home and Community Services	1,245,914
Total	<u>\$ 4,097,094</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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

The Town participates in the New York State and Local Employees' Retirement 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 (System). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The System is included in New York 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, NY 12244.

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

Summary of Significant Accounting Policies

The System's financial statements from which the System's 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 System's 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
2019	\$ 681,881	\$ 550,102
2018	712,209	599,386
2017	719,063	590,861

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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, 2019, 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, 2019. 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	04/01/2019	04/01/2019
Net Pension Liability	\$ 7,085,304,242	\$ 1,677,063,145
Town's Portion of the Plan's Total		
Net Pension Liability	1,178,904	1,228,597
Town's Share of the Plan's Total Net		
Pension Liability	0.0166387%	0.0732588%

For the year ended December 31, 2019, the Town recognized pension expense of \$832,829 for ERS and \$791,349 for PFRS.

At December 31, 2019 the Town 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	\$ 232,151	\$ 298,460	\$ 79,138	\$ 131,173
Changes of Assumptions	296,328	446,382		
Net Differences Between Projected and				
Actual Earnings on Pension Investments			302,572	246,058
Changes in Proportion and Differences Between the Town's				
Contribution and Proportionate Share of Contributions	110,527	34,688	24,836	94,738
Town's Contributions Subsequent to the				
Measurement Date	520,676	443,353		
Total	<u>\$ 1,159,682</u>	<u>\$ 1,222,883</u>	<u>\$ 406,546</u>	<u>\$ 471,969</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 286,320	\$ 232,176
2021	(206,710)	(54,612)
2022	(7,427)	(12,504)
2023	160,277	124,450
2024		18,051
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.

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2019	March 31, 2019
Actuarial Valuation Date	April 1, 2018	April 1, 2018
Investment Rate of Return		
(Net of Investment Expense, Including Inflation)	7.0%	7.0%
Salary Increases	4.2%	5.0%
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, 2018 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 DECEMBER 31, 2019

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

Actuarial Assumptions - Continued

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class.

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 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, 2019
Asset Type	
Domestic Equities	4.6%
International Equities	6.4%
Real Estate	5.6%
Private Equity/Alternative Investments	7.5%
Absolute Return Strategies	3.8%
Opportunistic Portfolio	5.7%
Real Assets	5.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%
Mortgages and Bonds	1.3%

Discount Rate

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the System) - 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	\$ 5,154,357	\$ 1,178,904	\$ (2,160,758)
PFRS			
Town's Proportionate Share of the Net Pension Liability	\$ 4,439,966	\$ 1,228,597	\$ (1,453,269)

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, 2019	March 31, 2019
Employers' Total Pension Liability	\$ 189,803,429	\$ 34,128,100
Plan Net Position	(182,718,124)	(32,451,037)
Employers' Net Pension Liability	<u>\$ 7,085,305</u>	<u>\$ 1,677,063</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	96.3%	95.1%

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Current Year Activity

The following is a summary of current year activity:

ERS	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (550,753)	\$ (628,151)	\$ (1,178,904)
Deferred Outflows of Resources	2,014,578	(854,896)	1,159,682
Deferred Inflows of Resources	(1,751,594)	1,345,048	(406,546)
Total	\$ (287,769)	\$ (137,999)	\$ (425,768)

PFRS	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (719,598)	\$ (508,999)	\$ (1,228,597)
Deferred Outflows of Resources	1,863,606	(640,723)	1,222,883
Deferred Inflows of Resources	(1,411,220)	939,251	(471,969)
Total	\$ (267,212)	\$ (210,471)	\$ (477,683)

Note 7 Postemployment Benefits Other Than Pensions - (OPEB)

General Information About the OPEB

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 7* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

General Information About the OPEB - Continued

Benefits Provided - The Town provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under.

Employees Covered by Benefit Terms - At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	111
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	125
Total	236

Total OPEB Liability

The Town's total OPEB liability of \$41,000,633 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2018
Measurement Date	January 1, 2019
Reporting Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Discount Rate	4.1%
Salary Scale	3.0%
Rate of Inflation	2.4%
Marital Assumption	70.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	7.0% for 2019, Decreasing to an Ultimate Rate of 3.9% for 2089

The discount rate is based on the Bond Buyer Weekly 20-Year Bond GO Index rate as of the measurement date (or the nearest business day thereto).

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Actuarial Assumptions and Other Inputs - Continued

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

Retirement rates are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation."

The healthcare cost trend rates were developed using the baseline projection of the Society of Actuaries Long-Term Healthcare Cost Trend Model.

The actuarial assumptions used in the December 31, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	<u>\$ 47,161,768</u>
Changes for the Year	
Service Cost	1,225,045
Interest Cost	1,639,590
Changes of Benefit Terms	(6,800,699)
Differences Between Expected and Actual Experience	2,794,743
Changes in Assumptions or Other Inputs	(3,571,153)
Benefit Payments	<u>(1,448,661)</u>
	<u>(6,161,135)</u>
Balance at December 31, 2019	<u><u>\$ 41,000,633</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	<u>\$ 47,513,534</u>	<u>\$ 41,000,633</u>	<u>\$ 35,764,371</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 7 **Postemployment Benefits Other Than Pensions (OPEB) - Continued**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the School District, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 35,459,151	\$ 41,000,633	\$ 48,011,045

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

For the year ended December 31, 2019, the Town recognized OPEB expense of \$3,652,485.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,292,994	\$
Changes in Assumptions or Other Inputs	1,552,306	2,930,012
Contributions Subsequent to Measurement Date	1,518,744	
Total	<u>\$ 5,364,044</u>	<u>\$ 2,930,012</u>

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2020	\$ 283,579
2021	283,579
2022	283,579
2023	144,001
2024	(79,450)
Thereafter	-

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 8 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.

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 Statement of Net Position.

The following is a summary of changes in short-term BANs, for the year ended December 31, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
BANs Capital Construction	<u>\$ 14,025,448</u>	<u>\$ 175,000</u>	<u>\$ (1,784,373)</u>	<u>\$ 12,416,075</u>

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

<u>Maturity Date</u>	<u>Fund</u>	<u>Interest Rate</u>	<u>Balance at December 31, 2019</u>
05/12/2021	Capital Projects	1.26-2.50%	\$ 12,416,075

Interest paid on BANs totaled \$404,226 for the year ended December 31, 2019.

Note 9 Long-Term Debt

Exclusive of the indebtedness of the Vestal Fire District, \$7,400,357 of the total indebtedness of the Town, was subject to the constitutional debt limit and represented approximately 5.73% of the Town's statutory debt limit.

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 Statement of Net Position.

The following is a summary of changes in serial bonds payable for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Serial Bonds	<u>\$ 4,789,375</u>	<u>\$ 478,335</u>	<u>\$ (1,138,550)</u>	<u>\$ 4,129,160</u>	<u>\$ 1,154,160</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 9 Long-Term Debt - Continued

Summary of Serial Bonds

As of December 31, 2019, serial bonds, including issue and maturity dates and interest rates, consisted of the following:

Description of Issue	Year Issued	Final Maturity	Interest Rate	Payable to Maturity
Water District 7 - Part 3	1982	09/01/2021	5.0%	\$ 825
Highway Roads	2011	05/15/2021	1.3-4.0%	108,869
Parks Large Equipment	2011	05/15/2021	1.3-4.0%	10,372
Highway Large Equipment	2011	05/15/2021	1.3-4.0%	75,759
Emergency Squad Building	2011	05/15/2031	5.8-7.0%	360,000
Roads and Highway Improvements	2012	05/15/2021	2.1-3.1%	94,000
Parks Improvements	2012	05/12/2022	2.1-3.1%	41,000
Parks Large Equipment	2013	05/15/2023	1.0-2.0%	30,000
Highway Roads, Equipment	2013	05/15/2023	1.0-2.0%	480,000
Refunding Bond	2013	06/15/2026	2.0-2.4%	1,085,000
Highway and Various Projects	2014	05/15/2022	2.3-2.8%	267,000
Parks Utility Truck	2014	05/15/2020	2.3-2.5%	3,000
Highway Roads and Equipment	2016	05/01/2021	1.5-1.6%	290,000
Highway Roads and Equipment	2017	05/01/2022	1.0-2.0%	375,000
Rail Trail Phase II	2018	05/01/2023	2.75%	92,000
Highway Roads and Equipment	2018	05/01/2023	2.75%	338,000
Highway Roads and Equipment	2019	05/01/2029	2.13%	478,335
Total				<u>\$ 4,129,160</u>

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

Year	Principal	Interest	Total
2019	\$ 1,154,160	\$ 101,281	\$ 1,255,441
2020	1,050,000	69,647	1,119,647
2021	710,000	48,160	758,160
2022	455,000	33,849	488,849
2023	250,000	24,800	274,800
2024-2028	450,000	55,985	505,985
2029-2031	60,000	4,200	64,200
Total	<u>\$ 4,129,160</u>	<u>\$ 337,922</u>	<u>\$ 4,467,082</u>

Interest paid on long-term debt totaled \$118,722 in 2019.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 9 Long-Term Debt - Continued

Capital Leases (Installment Purchase Debt)

The Town is obligated under certain leases accounted for as capital leases. Net book value of assets purchased under capital leases totaled \$19,903 at December 31, 2019.

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Balance December 31, 2019</u>
Installment Purchase Debt	<u>7/1/2019</u>	<u>5/1/2024</u>	<u>2.0%</u>	<u>\$ 17,581</u>

The following is a summary of changes in installment purchase debt payable for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment Purchase Debt	<u>\$ -</u>	<u>\$ 19,903</u>	<u>\$ 2,322</u>	<u>\$ 17,581</u>	<u>\$ 3,981</u>

The following is a schedule of future minimum lease payments under capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,981	\$ 398	\$ 4,379
2021	3,981	318	4,299
2022	3,981	239	4,220
2023	3,981	159	4,140
2024	<u>1,657</u>	<u>80</u>	<u>1,737</u>
Total	<u>\$ 17,581</u>	<u>\$ 1,194</u>	<u>\$ 18,775</u>

Note 10 Interfund Balances

Interfund balances and transfers at December 31, 2019 are as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Townwide Fund	\$	\$ 5,708	\$ 33,000	\$ 2,680,226
Special District Fund - Fire Fund				83,263
Special District Fund - Sewer Fund				500,000
Special District Fund - Water Fund				1,698,280
Highway Townwide Fund				978,484
Capital Projects Fund			2,766,500	
Agency Fund	580			
Non-Major Funds	5,128			
Internal Service Fund			3,076,753	
Private Purpose Trust Fund			64,000	
Total	<u>\$ 5,708</u>	<u>\$ 5,708</u>	<u>\$ 5,940,253</u>	<u>\$ 5,940,253</u>

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 11* **Restricted Fund Balance*

Restricted fund balance in the General Fund at December 31, 2019 was comprised of the following:

General Fund	
Insurance Reserve	\$ 2,028,222
General Reserve	16,047
Capital Reserve	62,454
Reserve for Repairs	41,021
Reserve for Debt	11,345
Other Restricted Fund Balance:	
DARE Program	3,095
Crime Proceeds	21,329
Sale of Property	5,057
Handicapped Parking Education	1,493
	<hr/>
Total	<u><u>\$ 2,190,063</u></u>

Note 12* **Fire Service Award Program*

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 §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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 12* Fire Service Award Program - Continued**

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.

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 District 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.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 12* Fire Service Award Program - Continued**

Fiduciary Investment and Control - Continued

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.

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 2008-2019 is Kati Young of Penflex, Inc. Mr. Fiorillo is an associate 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 27, 2020 prepared by Ms. Young.

Participants Covered by the Benefit Terms

At the December 31, 2018 measurement date, the following participants were covered by the benefit terms:

Inactive Participants Currently Receiving Benefit Payments	\$	37
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments		73
Active Participants		87
Total	\$	<u>197</u>

Contributions

New York State General Municipal Law §219(d) requires the Town to contribute an actuarially determined contribution on an annual basis, which is appropriated annually by the district.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 12* Fire Service Award Program - Continued**

Measurement of Total Pension Liability

The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None Assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate. The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones Indices notes the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least AA by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Trust Assets. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Balance as of 12/31/2018 Measurement Date	<u>\$ 3,744,903</u>
Service Cost	103,993
Interest	120,032
Changes of Assumptions or Other Inputs	(290,942)
Differences Between Expected and Actual Experience	(12,860)
Benefit Payments	<u>(100,905)</u>
Net Changes	<u>(180,682)</u>
Balance as of 12/31/2019 Measurement Date	<u><u>\$ 3,564,221</u></u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 12 Fire Service Award Program - Continued

Measurement of Total Pension Liability - Continued

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The following presents the total pension liability of the Town as of the December 31, 2018 measurement date, calculated using the discount rate of 3.64%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate.

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 4,209,835	\$ 3,564,221	\$ 3,051,425

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

For the year ended December 31, 2019, the Town recognized pension expense of \$212,448. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 45,114	\$ 43,026
Changes of Assumptions or Other Inputs	267,544	490,319
Benefit Payments and Administrative Expenses Subsequent to the Measurement Date	115,438	
Total	\$ 428,096	\$ 533,345

\$115,438 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2020	\$ (19,276)
2021	(19,276)
2022	(19,276)
2023	(19,276)
2024	(19,276)
Thereafter	(124,307)

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 13* Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §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.

***Note 14* 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 15* 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 from \$7,088,597 in 2018 to \$7,346,072 in 2019.

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 2019, this fee totaled \$325,443, which increased from \$318,934 received in 2018.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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.

	Student Housing	Multi-Use Senior Long Term Care Facility	Low Income Senior Housing	Sports Complex
Date of Agreement	August 13, 2014	February 6, 2014	December 6, 2006	November 16, 2017
Taxable Assessed Value	\$ 40,055,180	\$ 26,640,000	\$ 1,379,000	\$ 1,350,000
Tax Rate 2019, per \$1,000	4.467916	4.467916	4.467916	4.467916
Tax Value 2019	178,914	119,025	6,161	6,032
PILOT Received	160,688	59,513	1,530	3,016
Taxes Abated 2019	18,226	59,512	4,631	3,016

Note 17 Subsequent Events

COVID-19

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. New York State has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law §24 contains procedures for local governments to declare local states of emergency and issue orders to implement same. On March 18, 2020, the Town declared a state of emergency which was again extended on April 17, 2020 for a period of 30 days.

Immediately following the Town’s emergency declaration, department heads were instructed to suspend any previously approved capital spending provided for in the 2020 operating budget until further notice. Orders placed for equipment not yet received, with the exception of vehicles for first responders, were canceled. This action has preserved at least \$900,000 of fund balance previously appropriated. Spending has been restricted to essential goods and services. We do not anticipate cash flow concerns for the immediate second quarter and are still evaluating the possible consequences should the emergency continue into the summer.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 17* Subsequent Events - Continued**

COVID-19 - Continued

While the virus might affect revenue streams, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on the Town's resources. The degree of any such impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Town and its economy. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

Debt

In May 2020, the Town issued \$845,000 in new serial bonds.

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE GENERAL - TOWNWIDE FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Taxes	\$ 5,520,870	\$ 5,520,870	\$ 5,512,346
Real Property Tax Items	179,675	179,675	180,840
Nonproperty Tax Items	4,660,000	4,660,000	5,118,515
Departmental Income	298,565	308,264	359,690
Intergovernmental Charges	-	25,500	51,000
Use of Money and Property	123,406	123,406	247,789
Licenses and Permits	121,925	121,925	182,258
Fines and Forfeitures	150,000	150,000	193,053
Sale of Property and Compensation for Loss	11,000	17,278	47,946
Miscellaneous Local Sources	55,755	61,863	238,428
Interfund Revenues	231,719	231,719	234,989
State Sources	491,489	511,098	358,579
Federal Sources	6,250	13,205	12,668
Total Revenues	11,850,654	11,924,803	12,738,101
EXPENDITURES			
General Governmental Support	2,379,921	2,309,853	2,025,581
Public Safety	4,150,693	4,271,036	4,102,741
Health	1,500	1,501	1,500
Transportation	402,216	420,426	375,779
Economic Assistance and Opportunity	18,735	18,741	18,428
Culture and Recreation	1,105,403	1,299,454	1,240,854
Home and Community Services	23,386	26,871	12,911
Employee Benefits	1,514,800	1,602,663	1,580,729
Debt Service (Principal and Interest)	565,174	567,499	567,495
Total Expenditures	10,161,828	10,518,044	9,926,018
Excess of Revenues	1,688,826	1,406,759	2,812,083
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	33,000	33,000	33,000
Interfund Transfers (Out)	(2,433,000)	(2,758,515)	(2,680,226)
Total Other Financing (Uses) Sources	(2,400,000)	(2,725,515)	(2,647,226)
Excess of (Expenditures) and Other (Uses)			
Over Revenues and Other Financing Sources	(711,174)	(1,318,756)	164,857
Appropriated Fund Balance	746,970	1,354,552	
Additions to Reserves	(35,796)	(35,796)	
Net Change in Fund Balance	\$ -	\$ -	164,857
Fund Balance, Beginning of Year			5,813,530
Fund Balance, End of Year			\$ 5,978,387

See Notes to Required Supplementary Information

Encumbrances	Fav. (Unfav.) Variance
\$	\$ (8,524)
	1,165
	458,515
	51,426
	25,500
	124,383
	60,333
	43,053
	30,668
	176,565
	3,270
	(152,519)
	(537)
-	813,298
1,150	283,122
40,131	128,164
	1
17,350	27,297
	313
6,368	52,232
	13,960
	21,934
	4
64,999	527,027
(64,999)	1,340,325
	-
	78,289
-	78,289
<u>\$ (64,999)</u>	<u>\$ 1,418,614</u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - FIRE FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Taxes	\$ 1,413,064	\$ 1,413,064	\$ 1,407,838
Intergovernmental Charges			4,800
Use of Money and Property	10,450	8,567	52,064
Sale of Property and Compensation for Loss			10,295
Miscellaneous Local Sources		500	1,000
State Sources			2,621
Federal Sources			1,500
Total Revenues	1,423,514	1,422,131	1,480,118
EXPENDITURES			
Public Safety	807,909	1,177,013	1,053,820
Employee Benefits	10,405	107,081	100,612
Debt Service (Principal and Interest)	158,981	158,981	158,981
Total Expenditures	977,295	1,443,075	1,313,413
Excess of Revenues (Expenditures)	446,219	(20,944)	166,705
OTHER FINANCING (USES)			
Interfund Transfers In (Out)	(85,000)	(83,601)	(83,263)
Total Other Financing (Uses)	(85,000)	(83,601)	(83,263)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	361,219	(104,545)	83,442
Appropriated Fund Balance	-	465,764	
Additions to Reserves	(361,219)	(361,219)	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	83,442
Fund Balance, Beginning of Year			1,662,345
Fund Balance, End of Year			<u>\$ 1,745,787</u>

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
<u>\$</u>	<u>\$ (5,226)</u>
<u></u>	<u>4,800</u>
<u></u>	<u>43,497</u>
<u></u>	<u>10,295</u>
<u></u>	<u>500</u>
<u></u>	<u>2,621</u>
<u></u>	<u>1,500</u>
<u>-</u>	<u>57,987</u>
<u>32,335</u>	<u>90,858</u>
<u></u>	<u>6,469</u>
<u></u>	<u>-</u>
<u>32,335</u>	<u>97,327</u>
<u>(32,335)</u>	<u>155,314</u>
<u></u>	<u>338</u>
<u>-</u>	<u>338</u>
<u><u>\$ (32,335)</u></u>	<u><u>\$ 155,652</u></u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Tax Items	\$ 516,663	\$ 516,663	\$ 517,109
Departmental Income	3,669,600	3,669,600	3,795,605
Use of Money and Property	8,000	8,000	55,631
Miscellaneous Local Sources			265,836
Total Revenues	4,194,263	4,194,263	4,634,181
EXPENDITURES			
Home and Community Services	4,171,240	4,171,240	3,657,057
Debt Service (Principal and Interest)	68,456	68,456	68,454
Total Expenditures	4,239,696	4,239,696	3,725,511
Excess of Revenues	(45,433)	(45,433)	908,670
OTHER FINANCING (USES) SOURCES			
Interfund Transfers (Out)	(673,600)	(673,600)	(500,000)
Total Other Financing (Uses) Sources	(673,600)	(673,600)	(500,000)
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(719,033)	(719,033)	408,670
Appropriated Fund Balance and Reserves	719,033	719,033	
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	408,670
Fund Balance, Beginning of Year			3,413,800
Fund Balance, End of Year			<u><u>\$ 3,822,470</u></u>

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
<u>\$</u>	<u>\$ 446</u>
	<u>126,005</u>
	<u>47,631</u>
	<u>265,836</u>
<u>-</u>	<u>439,918</u>
	<u>514,183</u>
	<u>2</u>
<u>-</u>	<u>514,185</u>
<u>-</u>	<u>954,103</u>
	<u>173,600</u>
	<u>173,600</u>
<u><u>\$ -</u></u>	<u><u>\$ 1,127,703</u></u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - WATER FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Taxes	\$ 328,750	\$ 328,750	\$ 327,225
Departmental Income	2,520,000	2,520,000	2,503,892
Use of Money and Property	10,000	10,000	62,375
Sale of Property and Compensation for Loss			10,173
Miscellaneous Local Sources			34,022
Interfund Revenues	322,491	322,491	322,476
Total Revenues	3,181,241	3,181,241	3,260,163
EXPENDITURES			
Home and Community Services	2,248,163	2,263,081	1,645,858
Employee Benefits	239,728	239,728	217,881
Debt Service (Principal and Interest)	622,269	622,269	622,268
Total Expenditures	3,110,160	3,125,078	2,486,007
Excess of Revenues	71,081	56,163	774,156
OTHER FINANCING (USES)			
Interfund Transfers (Out)	(1,051,000)	(1,741,000)	(1,698,280)
Total Other Financing (Uses)	(1,051,000)	(1,741,000)	(1,698,280)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(979,919)	(1,684,837)	(924,124)
Appropriated Fund Balance	979,919	1,684,837	
Net Change in Fund Balance	\$ -	\$ -	(924,124)
Fund Balance, Beginning of Year			3,325,474
Fund Balance, End of Year			\$ 2,401,350

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
<u>\$</u>	<u>\$ (1,525)</u>
	<u>(16,108)</u>
	<u>52,375</u>
	<u>10,173</u>
	<u>34,022</u>
	<u>(15)</u>
<u>-</u>	<u>78,922</u>
<u>10,163</u>	<u>607,060</u>
	<u>21,847</u>
	<u>1</u>
<u>10,163</u>	<u>628,908</u>
<u>(10,163)</u>	<u>707,830</u>
	<u>42,720</u>
<u>-</u>	<u>42,720</u>
<u>\$ (10,163)</u>	<u>\$ 750,550</u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE HIGHWAY TOWNWIDE FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Taxes	\$ 2,800,089	\$ 2,800,089	\$ 2,797,060
Real Property Tax Items	73,868	73,868	74,166
Nonproperty Tax Items	2,553,000	2,553,000	2,553,000
Intergovernmental Charges	14,060	14,060	14,060
Use of Money and Property	24,000	24,000	29,583
Sale of Property and Compensation for Loss	7,500	7,500	140,775
Miscellaneous Local Sources			32,039
Interfund Revenues	99,646	99,646	99,637
State Sources	241,090	468,700	468,699
Total Revenues	5,813,253	6,040,863	6,209,019
EXPENDITURES			
Transportation	3,144,267	3,450,473	3,253,043
Employee Benefits	458,216	457,647	439,961
Debt Service (Principal and Interest)	1,551,539	1,551,540	1,551,540
Total Expenditures	5,154,022	5,459,660	5,244,544
Excess of Revenues (Expenditures)	659,231	581,203	964,475
OTHER FINANCING (USES)			
Interfund Transfers (Out)	(1,023,510)	(995,828)	(978,484)
Total Other Financing (Uses)	(1,023,510)	(995,828)	(978,484)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(364,279)	(414,625)	(14,009)
Appropriated Fund Balance	364,279	414,625	
Net Change in Fund Balance	\$ -	\$ -	(14,009)
Fund Balance, Beginning of Year			1,357,712
Fund Balance, End of Year			\$ 1,343,703

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
<u>\$</u>	<u>\$ (3,029)</u>
	<u>298</u>
	<u>-</u>
	<u>-</u>
	<u>5,583</u>
	<u>133,275</u>
	<u>32,039</u>
	<u>(9)</u>
	<u>(1)</u>
<u>-</u>	<u>168,156</u>
<u>32,691</u>	<u>164,739</u>
	<u>17,686</u>
	<u>-</u>
<u>32,691</u>	<u>182,425</u>
<u>(32,691)</u>	<u>350,581</u>
	<u>17,344</u>
<u>-</u>	<u>17,344</u>
<u>\$ (32,691)</u>	<u>\$ 367,925</u>

TOWN OF VESTAL

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

	2019	2018	2017
ERS			
Contractually Required Contribution	\$ 681,881	\$ 712,209	\$ 719,063
Contributions in Relation to the Contractually Required Contribution	(681,881)	(712,209)	(719,063)
Contribution Deficiency (Excess)	-	-	-
Town's Covered-Employee Payroll	4,816,166	4,703,706	4,711,257
Contributions as a Percentage of Covered-Employee Payroll	14.2%	15.1%	15.3%
PFRS			
Contractually Required Contribution	550,102	599,386	590,861
Contributions in Relation to the Contractually Required Contribution	(550,102)	(599,386)	(590,861)
Contribution Deficiency (Excess)	-	-	-
Town's Covered-Employee Payroll	2,827,616	2,565,952	2,567,443
Contributions as a Percentage of Covered-Employee Payroll	19.5%	23.4%	23.0%

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
\$ 823,480 (823,480)	\$ 933,277 (933,277)	\$ 856,505 (856,505)	\$ 886,701 (886,701)	\$ 817,876 (817,876)	\$ 548,626 (548,626)	\$ 310,531 (310,531)
-	-	-	-	-	-	-
4,608,592 17.9%	4,507,117 20.7%	4,511,444 19.0%	4,428,245 20.0%	4,521,353 18.1%	4,461,236 12.3%	4,736,023 6.6%
586,847 (586,847)	560,060 (560,060)	696,727 (696,727)	599,959 (599,959)	440,907 (440,907)	401,218 (401,218)	316,055 (316,055)
-	-	-	-	-	-	-
2,477,727 23.7%	2,330,830 24.0%	2,323,436 30.0%	2,411,015 24.9%	2,331,873 18.9%	2,311,227 17.4%	2,395,380 13.2%

TOWN OF VESTAL

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

	2019	2018
ERS		
Town's Proportion of the Net Pension Liability	0.0166387%	0.0170647%
Town's Proportionate Share of the Net Pension Liability	\$ 1,178,904	\$ 550,753
Town's Covered-Employee Payroll During the Measurement Period	4,816,166	4,703,706
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	24.48%	11.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.3%	98.2%
PFRS		
Town's Proportion of the Net Pension Liability	0.0732588%	0.0711939%
Town's Proportionate Share of the Net Pension Liability	\$ 1,228,597	\$ 719,598
Town's Covered-employee Payroll During the Measurement Period	2,827,616	2,565,952
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	43.45%	28.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.1%	96.9%

See Notes to Required Supplementary Information

2017	2016	2015
0.0165783%	0.0168505%	0.0171905%
\$ 1,557,731	\$ 2,704,548	\$ 580,736
4,647,829	4,490,879	4,555,829
33.52%	60.22%	12.75%
94.7%	90.7%	97.9%
0.0716982%	0.0692477%	0.0680381%
\$ 1,486,054	\$ 2,050,276	\$ 187,281
2,521,868	2,345,303	2,287,412
58.93%	87.42%	8.19%
93.5%	90.2%	99.0%

TOWN OF VESTAL

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY - LENGTH OF SERVICE AWARD PROGRAM

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total LOSAP Liability			
Service Cost	\$ 103,993	\$ 83,497	\$ 108,460
Interest Cost	120,032	122,170	112,813
Differences Between Expected and Actual Experience	(290,942)	54,713	(40,616)
Changes in Assumptions or Other Inputs	(12,860)	324,468	(292,290)
Benefit Payments	<u>(100,905)</u>	<u>(98,853)</u>	<u>(92,835)</u>
Net Change in Total LOSAP Liability	<u>(180,682)</u>	<u>485,995</u>	<u>(204,468)</u>
Total LOSAP Liability - Beginning	<u>3,744,903</u>	<u>3,258,908</u>	<u>3,463,376</u>
 Total LOSAP Liability - Ending	 <u><u>\$ 3,564,221</u></u>	 <u><u>\$ 3,744,903</u></u>	 <u><u>\$ 3,258,908</u></u>

* Information will be presented as it becomes available.

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
\$ 3,463,376	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *

TOWN OF VESTAL

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

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 1,225,045	\$ 1,127,700	\$ 1,170,327
Interest Cost	1,639,590	1,656,289	1,564,991
Changes of Benefit Terms	(6,800,699)	13,894	-
Differences Between Expected and Actual Experience	2,794,743	-	-
Changes in Assumptions or Other Inputs	(3,571,153)	2,398,248	-
Benefit Payments	<u>(1,448,661)</u>	<u>(1,447,701)</u>	<u>(1,447,701)</u>
Net Change in Total OPEB Liability	(6,161,135)	3,748,430	1,287,617
Total OPEB Liability - Beginning	<u>47,161,768</u>	<u>43,413,338</u>	<u>42,125,721</u>
Total OPEB Liability - Ending	<u>\$ 41,000,633</u>	<u>\$ 47,161,768</u>	<u>\$ 43,413,338</u>
 Covered Employee Payroll	 \$ 7,715,910	 \$ 7,883,020	 \$ 7,358,718
 Total OPEB Liability as a Percentage of Covered Payroll	 531%	 598%	 590%

* Information will be presented as it becomes available.

See Notes to Required Supplementary Information

TOWN OF VESTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

***Note 1* 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, a department head is authorized to transfer certain budgeted amounts within their department with the prior approval of the Town Controller and subsequent ratification of the Town Board.

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.

***Note 2* Schedules of the Town's Proportionate Share of the Net Pension Liability**

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

***Note 3* 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.

TOWN OF VESTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

***Note 3* Schedules of Town's Contributions - NYSLRS Pension Plans and Schedules of the Town's Proportionate Share of the Net Pension Liability - Continued**

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service, 4.5% in PFRS by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

Changes of Assumptions or Other Inputs: The discount rate used to measure the total pension liability was based on the yield to maturity of S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

No significant changes of assumptions.

Trust Assets: There are no assets accumulated in a trust that meets the criteria described in GASB Statement No. 73 to pay related benefits.

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

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

2019 - 4.10%
2018 - 3.44%

TOWN OF VESTAL

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2019

	Special Revenue Funds			
	Special District Funds			
	Drainage Fund	Lighting Fund	Special Grant Fund	Other Special Revenue
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 165	\$ 58,855	\$	\$ 190
Due from Other Funds				5,128
Other Receivables, Net				
Restricted Cash and Cash Equivalents			46,946	25,955
Total Assets	\$ 165	\$ 58,855	\$ 46,946	\$ 31,273
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$	\$ 3,361	\$	\$
Unearned Revenues				
Total Liabilities	-	3,361	-	-
Fund Balances				
Restricted			46,946	25,955
Assigned	165	55,494		5,318
Total Fund Balances	165	55,494	46,946	31,273
Total Liabilities and Fund Balances	\$ 165	\$ 58,855	\$ 46,946	\$ 31,273

Debt Service Fund	Total Non-Major Governmental Funds
<u>\$</u>	<u>\$ 59,210</u>
	<u>5,128</u>
<u>898</u>	<u>898</u>
<u>27</u>	<u>72,928</u>
<u>\$ 925</u>	<u>\$ 138,164</u>
<u>\$</u>	<u>\$ 3,361</u>
<u>898</u>	<u>898</u>
<u>898</u>	<u>4,259</u>
<u>27</u>	<u>72,928</u>
	<u>60,977</u>
<u>27</u>	<u>133,905</u>
<u>\$ 925</u>	<u>\$ 138,164</u>

TOWN OF VESTAL

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds			
	Special District Funds		Special	Other
	Drainage Fund	Lighting Fund	Grant Fund	Special Revenues
REVENUES				
Real Property Taxes	\$	\$ 268,694	\$	\$
Real Property Tax Items	99,796	2,391		
Use of Money and Property				190
Miscellaneous Local Sources				5,128
Total Revenues	99,796	271,085	-	5,318
EXPENDITURES				
Public Safety				-
Transportation		263,846		
Home and Community Services	99,880			
Debt Service				
Principal				
Interest				
Total Expenditures	99,880	263,846	-	-
Excess of Revenues (Expenditures)	(84)	7,239	-	5,318
Fund Balances, Beginning of Year	249	48,255	46,946	25,955
Fund Balances, End of Year	\$ 165	\$ 55,494	\$ 46,946	\$ 31,273

Debt Service Fund	Total Non-Major Governmental Funds
<u>\$ 1,120</u>	<u>\$ 269,814</u>
	<u>102,187</u>
<u>4</u>	<u>194</u>
	<u>5,128</u>
<u>1,124</u>	<u>377,323</u>
	<u>-</u>
	<u>263,846</u>
	<u>99,880</u>
<u>1,050</u>	<u>1,050</u>
<u>70</u>	<u>70</u>
<u>1,120</u>	<u>364,846</u>
<u>4</u>	<u>12,477</u>
<u>23</u>	<u>121,428</u>
<u>\$ 27</u>	<u>\$ 133,905</u>



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

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 governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vestal (the Town), as of and for the year ended December 31, 2019, 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 January 28, 2021.

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
January 28, 2021

FORM OF BOND COUNSEL’S OPINION – SERIES C NOTES

August 13, 2021

Town of Vestal
County of Broome
State of New York

Re: Town of Vestal, Broome County, New York
\$1,500,000 Bond Anticipation Notes, 2021 Series C

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$1,500,000 Bond Anticipation Notes, 2021 Series C (the “Obligations”), of the Town of Vestal, Broome County, New York (the “Obligor”), dated August 13, 2021, numbered 1, of the denomination of \$_____, bearing interest at the rate of ____% per annum, payable at maturity, and maturing August 12, 2022.

We have examined:

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

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

In our opinion:

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

FORM OF BOND COUNSEL’S OPINION – SERIES D NOTES

August 13, 2021

Town of Vestal
County of Broome
State of New York

Re: Town of Vestal, Broome County, New York
\$550,000 Bond Anticipation Notes, 2021 Series D

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$550,000 Bond Anticipation Notes, 2021 Series D (the “Obligations”), of the Town of Vestal, Broome County, New York (the “Obligor”), dated August 13, 2021, numbered 1, of the denomination of \$_____, bearing interest at the rate of ____% per annum, payable at maturity, and maturing August 12, 2022.

We have examined:

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

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

In our opinion:

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP