

## PRELIMINARY OFFICIAL STATEMENT

### RENEWAL ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal 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 designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*



# \$1,760,000

## TOWN OF BIG FLATS

### CHEMUNG COUNTY, NEW YORK

### \$1,760,000 Bond Anticipation Notes, 2020 (Renewals) (the "Notes")

**Dated: March 19, 2020**

**Due: March 19, 2021**

The Notes are general obligations of the Town of Big Flats, Chemung County, New York (the "Town"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES – Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes are to be issued without the option of prior redemption.

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

If the Notes are issued registered in the name of the purchaser, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the 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(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about March 19, 2020.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on March 4, 2020 by no later than 11:00 A.M., Prevailing Time, pursuant to the Notice 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 MuniAuction or via facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

February 27, 2020

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 NOTICE 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. SEE "APPENDIX C - MATERIAL EVENT NOTICES" HEREIN.



## CHEMUNG COUNTY, NEW YORK

### TOWN BOARD

#### TOWN OFFICIALS

EDWARD FAIRBROTHER

Town Supervisor

LEE GIAMMICHELE

Deputy Town Supervisor

#### BOARD MEMBERS

BOB ADAMS

MIKE SAGLIBENE

JOHN HUNTER

\* \* \* \* \*

LINDA CROSS

Town Clerk

THOMAS E. REILLY

Town Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by the Town of Big Flats 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 of Big Flats.

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PREPARED WITH THE ASSISTANCE OF:



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**OFFICIAL STATEMENT**  
**of the**  
**TOWN OF BIG FLATS**  
**CHEMUNG COUNTY, NEW YORK**

**Relating To**  
**\$1,760,000 Bond Anticipation Notes, 2020 (Renewals)**

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Big Flats, Chemung County, New York (the “Town”, “County”, and “State”, respectively), in connection with the sale by the Town of \$1,760,000 Bond Anticipation Notes, 2020 (Renewals) (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 tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the 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.

**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. See “Nature of Obligation” herein.

The Notes are dated March 19, 2020 and mature, without option of prior redemption, on March 19, 2021. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

## Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and various bond resolutions of the Town for the purposes and amounts outlines below.

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>
Drainage Improvements	September 12, 2018	\$ 2,000,000	\$ 1,500,000
Plow Truck and Wing	February 13, 2019	260,000	260,000

The proceeds of the Notes will fully redeem and renew \$1,760,000 bond anticipation notes maturing March 20, 2020 for the above mentioned purposes.

## 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 Information - Tax Levy Limitation Law,” herein.

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

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

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

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

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

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

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

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes if selected by the purchaser(s). As such, 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 the Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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 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 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 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**

If the book-entry form is initially chosen by the purchaser of the 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 utilized by a purchaser of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the Town. The Notes will remain not subject to redemption prior to their stated final maturity date.

## THE TOWN

### General Information

The Town was founded in 1791 by Christian Minier and was established in 1822 and is located in Chemung County with I-86 and the Elmira-Corning Regional Airport located in the Town. Over 80% of the residents in the Town are located in the Horseheads School District. The other residents are located in either the Elmira City School District, the Corning Painted Post School District, or the Elmira Heights School District. Corning Community College operates a satellite campus located in the Town.

The Town has four potable water districts' supplied by Big Flats Water District and the remainder of the Town is on individual wells. The Town is mainly comprised of individual septic systems; however, there is a portion of the Town that is supplied sewer facilities by Chemung County Sewer District Number 1. New York State Electric & Gas Corporation provides gas and electricity. Chemung County Sheriff's Department and the New York State Police are the Town's police forces. The Big Flats Volunteer Fire Department services a majority of the Town for fire protection and emergency services. However, Golden Glow Volunteer Fire Department and West Hill Fire Department also service the Town. The Town also contracts with the Town and County Fire Department for services.

The Town encompasses 44.48 square miles. The Town is home to the Glider Museum, Warplane Museum and many nature preserves. The Town Complex features a Community Center with all facets of community activities along with over 11 community parks and 3 walking trails. The Town operates a youth and recreation agency staffed by permanent full-time personnel. The Town sponsors such programs as arts and crafts, field trips, tours, nutrition and exercise classes, senior citizen programs and various summer and winter programs. Seasonal personnel and non-paid community volunteers supplement permanent staff.

Several shopping centers are located in the Town, including the largest shopping center in the Twin Tiers, the Arnot Mall. Additional shopping for residents of the Town are available at the Big Flats Commons, Consumer Square, Miniers Plaza, and the Shops at Chambers shopping centers.

Residents find employment in the Town, or commute to governmental, professional, and business occupations in the surrounding Elmira-Corning area. Recently, Wayfair has increased their employment by 50 employees.

Source: Town officials.

### Larger Employers

The following table sets forth the name of the larger employers located within the Town and the estimated number of persons employed by each:

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
Wayfair	Internet Sales	625
Synthes	Medical	285
DeMets Candy Co	Candy Manufacturing	275
Emhart	Glass Bottle Testing	210
X-Gen	Pharmaceuticals	150

Source: Town officials

### Population Trends

	<u>Town of Big Flats</u>	<u>Chemung County</u>	<u>New York State</u>
2000	7,224	91,070	18,976,457
2010	7,731	88,830	19,378,102
2016 (Estimated)	7,793	87,742	19,745,289
2017 (Estimated)	7,742	85,557	19,849,399
2018 (Estimated)	7,595	84,254	19,542,209

Source: U.S. Census Bureau



## 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 2013-2017 Census reports and American Community Surveys.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Town of:						
Big Flats	\$ 23,391	\$ 36,916	\$ 38,034	\$ 56,500	\$ 83,265	\$ 84,896
County of:						
Chemung	18,264	23,457	27,209	43,994	55,246	69,497
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

## Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Chemung County	9.9%	8.7%	6.7%	5.6%	5.0%	5.6%	4.7%
New York State	8.5	7.7	6.3	5.3	4.8	4.7	4.1

	<u>2019 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Chemung County	4.5%	4.5%	4.3%	3.8%	3.8%	3.8%	4.1%	4.3%	4.0%	4.0%	3.7%	4.5%
New York State	4.6	4.4	4.1	3.6	3.8	3.8	4.1	4.2	3.7	3.9	3.6	3.7

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

Note: Unemployment rates for the months of January and February of 2020 are not available as of the date of this Official Statement.

## Form of Town Government

The chief executive officer and the chief fiscal officer of the Town is the Supervisor, who is elected to a term of two years and is eligible for re-election. 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 to four-year terms, which terms are staggered such that two Board members (council people) are elected every two years. There is no limitation as to the number of terms which may be served by members of the Town Board.

The Town Clerk is elected to a two-year term. The Town Budget Officer is appointed without a limited term of office. The Town Board annually appoints the attorney for the Town for a term concurrent with the Supervisor's term. Two Town Justices are elected to terms of four years.

## **Financial Organization**

As the Chief Fiscal Officer, the Town Supervisor is directly responsible for all financial and budgetary transactions of the Town. The duties include administration, direction and control of the following divisions: Accounting, Purchasing, Accounts Payable, Accounts Receivable, Audit and Control, Budgeting, and Payroll/Personnel as specified in New York State Town Law.

## **Budgetary Procedure**

The Town Supervisor prepares a preliminary budget to be submitted to the Town Clerk no later than September 30 of each fiscal year for the fiscal year commencing the following January 1. By October 5, the Town Clerk must present the tentative budget to the Town Board, which then prepares the preliminary budget prior to the mandatory public hearing. Five days prior to such public hearing, notice of such public hearing must be published. Subsequent to the budget 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 which is filed with the county on or before November 20<sup>th</sup>. The Budget of the Town is not subject to voter approval.

The Town Board may, during the course of the year, make changes in the appropriation and other modifications of the budget as it deems necessary in accordance with the Town Law.

Chapter 97 of the Laws of 2011 (the "Tax Levy Limitation Law") imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions outlined in the law. All budgets of the Town adopted in accordance with the procedures discussed herein, must comply with the requirements of the law. See "TAX LEVY LIMITATION LAW" herein.

### *Recent Budget Results*

The Town's 2018 budget includes a 3.29% increase in property tax levy, which was above the New York State tax levy limit of 1.0184%.

The Town's 2019 budget includes a 1.94% increase in property tax levy, which is below the New York State tax levy limit of 2.00%.

The Town's 2020 budget includes a 1.95% increase in property tax levy, which was above the Town's tax levy limit of 1.02%. The Town voted to override the tax levy limit for the 2020 budget.

Source: Town officials.

## **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.

Consistent with the above statutory limitations, it is the Town's current policy to invest in: (1) certificates of deposit, and (2) money market accounts.

## State Aid

The Town receives financial assistance from the State. In its budget for the 2020 fiscal year, approximately 5.62% of the General Fund revenues of the Town are estimated to be received in the form of State aid.

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

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

## Employees

The Town currently employs approximately 21 full-time and 12 part-time employees, represented by the following unions:

<u>Bargaining Unit</u>	<u>Number of Employees</u>	<u>Contract Expiration</u>
CSEA	10	12/31/2022

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

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

For ERS, Tier 5 provides for:

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

For ERS, Tier 6 provides for:

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

The Town's contributions to ERS since 2015, including the 2020 budgeted amounts, are as follows:

<u>Year</u>	<u>ERS</u>
2015	\$ 255,544
2016	192,156
2017	196,707
2018	196,707
2019	186,144
2020	193,881
2020 (Budgeted)	208,439

Source: Town officials.

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

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

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

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

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

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

*Stable Rate Pension Contribution Option.* The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. For 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

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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 is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

Summary of Changes from the Last Valuation. The Town contracted with Armory Associates, an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending December 31, 2018 and December 31, 2019. The actuarial valuation for December 31, 2019 is not available as of the date of this Official Statement. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance at January 1, 2017:	\$ 1,114,939
<u>Changes for the year:</u>	
Service cost	52,338
Interest	43,858
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	68,664
Benefit payments	(14,036)
Net Changes	150,824
Balance at January 1, 2018:	\$ 1,265,763

Note: The above table is not audited. For additional information see "APPENDIX - D" attached hereto.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45") required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The Town had contracted with an actuarial firm to prepare its post-retirement benefits valuation in accordance with GASB 45. Based on the actuarial valuation dated April 1, 2016, the following tables shows the components of the Town's annual OPEB cost, the amount actuarially contributed to the plan, changes in the Town's net OPEB obligation and funding status for the fiscal years ending December 31, 2016 and December 31, 2017:

<b><i>Actuarial Accrued Liability and Annual OPEB Cost:</i></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Annual required contribution (ARC)	\$ 40,929	\$ 94,416
Interest on net OPEB obligation	8,943	10,516
Adjustment to ARC	<u>0</u>	<u>(9,641)</u>
Annual OPEB cost (expense)	49,872	95,291
Contributions made	<u>(22,574)</u>	<u>(14,036)</u>
Increase in net OPEB obligation	27,298	81,255
Net OPEB obligation - beginning of year	<u>250,898</u>	<u>278,198</u>
Net OPEB obligation - end of year	<u>\$ 278,196</u>	<u>\$ 359,453</u>
Percentage of annual OPEB cost contributed	45.3%	14.7%

***Funding Status:***

Actuarial Accrued Liability (AAL)	\$ 322,518	\$ 1,114,939
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 322,518</u>	<u>\$ 1,114,939</u>
Funded Ratio (Assets as a Percentage of AAL)	0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 95,291	14.7%	\$ 359,453
2016	49,872	45.3	278,196

Source: 2016 and 2017 audited financial reports of the Town. The above table is not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The Town has reserved \$0 towards its OPEB liability. The Town meets this liability on a pay-as-you-go basis.

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

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 in the last two legislative sessions. 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 has complied with the procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the Town is the calendar year.

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

## Financial Statements

The Town retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the Town. The financial affairs of the Town are also subject to annual audits by the State Comptroller. The last independent audit covers the fiscal year ending December 31, 2018 and is attached hereto as “APPENDIX – D”. The audited report for the fiscal year ending December 31, 2019 is expected to be available by June 2020.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending December 31, 2003, the Town was required to implement the accounting requirements promulgated by GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town has decided not to implement the requirements of this standard due to the cost of implementation and the implementation of this standard is not a New York State Comptroller's office requirement.

### Unaudited Results for the Fiscal Year Ending December 31, 2019.

The Town ended the fiscal year ending December 31, 2019 with a cumulative unappropriated unreserved fund balance of \$2,231,988.

Summary unaudited information for the General Fund for the period ending December 31, 2019 is as follows:

Revenues:	\$	2,431,123	
Expenditures:		<u>2,699,068</u>	
Excess (Deficit) Revenues Over Expenditures:	\$	<u>(267,945)</u>	
Total General Fund Balance as of December 31, 2018:	\$	2,410,325	(1)
Total General Fund Balance as of December 31, 2019:	\$	2,142,380	

- (1) The December 31, 2018 general fund balance includes \$178,337 of General Fund Reserves. See page 38 of the Town's 2018 Audited Financial Statements attached hereto as "APPENDIX D".

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

Source: Town officials.

## New York State Comptroller Reports of Examination

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

No State Comptroller's office reports of examination of the Town have been published in the last five years. There are no audits currently in progress or pending release.

## Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	6.7
2017	No Designation	6.7
2016	No Designation	11.7
2015	No Designation	8.3

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

Note: For additional details regarding the FSMS, see the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

## TAX INFORMATION

### Taxable Valuations

<u>Year of Town Tax Roll:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Assessment Roll Year:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Valuation	\$ 752,932,832	\$ 758,786,054	\$ 765,481,769	\$ 766,348,545	\$ 791,229,323
New York State					
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	\$ 752,932,832	\$ 758,786,054	\$ 765,481,769	\$ 766,348,545	\$ 791,229,323

Source: Town officials.

### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	\$ 2.42	\$ 2.43	\$ 2.45	\$ 2.54	\$ 2.58

Source: Town officials.

### Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 1,847,012	\$ 1,862,000	\$ 1,917,000	\$ 2,006,654	\$ 2,125,536
Total Amount Uncollected <sup>(1)</sup>	-	-	-	-	-
% Uncollected	0%	0%	0%	0%	0%

<sup>(1)</sup> The Town is assured of receiving 100% of its tax levy. See "Tax Collection Procedure" herein.

Source: Town officials.



## Tax Collection Procedure

Taxes and assessments are payable during January without penalty. Beginning February 1 through February 28, a one per centum penalty is added; and each month thereafter an additional one per centum is added per month, plus a \$1.00 late notice fee until unpaid taxes are returned to the County on April 1, after which a fee, plus interest is added. The Town retains the total amount of Town, highway, and special district levies from the total collections and returns the balance plus the uncollected items to the County, assuring the Town of receiving 100% of its tax levy. The County holds annual tax sales.

## Larger Taxpayers – 2019 Assessment for 2020 Taxes

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Arnot Realty Corp	Mall	\$ 25,800,000 <sup>(2)</sup>
G&I IX Empire Big Flats	Nloh Shopping Center	17,138,300
Chemung County	Airport	16,624,300
Demets Candy Co	Candy Manufacturing	13,375,500
Millennium Pipeline	Gas Transportation Improvement	11,260,914
RE ONE LLC	Mobile Homes	9,764,750
Arnot Associates	Apartments	9,275,000
Sonwil Development <sup>(1)</sup>	High Tech Manufacturing	8,205,000
Naient Corp <sup>(1)</sup>	Call Center	5,483,800
Emhart Glass <sup>(1)</sup>	Manufacturing	4,705,000

- (1) Property controlled by the Chemung County Industrial Development Agency (the “IDA”). Sonwil Development and Naient Corporation pay a payment in lieu of tax (“PILOT” Agreement) negotiated by the IDA. The property is subject to special assessments and user fees.
- (2) Arnot Realty Corp has filed a tax claim to reduce their tax assessment to \$14,000,000. The Town countered the claim and offered to lower their tax assessment to \$21,500,000. The claim is currently pending and if decided adversely for the Town it is not expected to have a material financial impact on the Town.

The taxpayers listed above have a total taxable assessed valuation of \$121,632,564 which represents 15.46% of the Town tax base.

The Town Currently does not have any pending or outstanding tax certioraris that are known to have a material impact on the Town.

Source: Town officials.

## Additional Tax Information

Real property in the Town is assessed by the Town.

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

The assessment roll of the Town is constituted approximately as follows: 29.70% Commercial and Industrial and 70.30% Residential.

The total property tax bill of a typical \$210,400 market value residential property located in the Town is approximately \$6,202.81 including County, School District and special purpose Town taxes.

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## 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 on June 15, 2020 unless extended; it was made permanent in recent legislative sessions. 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 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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 2,495,000	\$ 2,240,000	\$ 2,838,678	\$ 2,455,000	\$ 2,065,000
Bond Anticipation Notes	<u>995,000</u>	<u>995,000</u>	<u>0</u>	<u>0</u>	<u>1,760,000</u>
Total Debt Outstanding	<u>\$ 3,490,000</u>	<u>\$ 3,235,000</u>	<u>\$ 2,838,678</u>	<u>\$ 2,455,000</u>	<u>\$ 3,825,000</u>

### Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of February 27, 2020:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2019-2039	\$ 2,065,000
<u>Bond Anticipation Notes</u>		
Drainage Improvements and Plow Truck	March 20, 2020	<u>1,760,000</u> <sup>(1)</sup>
Total Debt Outstanding		<u>\$ 3,825,000</u>

<sup>(1)</sup> To be redeemed and renewed in full with the proceeds of the Notes.

### Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of February 27, 2020:

Five-Year Average Full Valuation of Taxable Real Property .....	\$ 766,955,705
Debt Limit 7% thereof.....	53,686,899

#### Inclusions:

Bonds.....	\$ 2,065,000
Bond Anticipation Notes .....	<u>1,760,000</u>

Total Inclusions..... \$ 3,825,000

#### Exclusions:

Water Debt <sup>(1)</sup> .....	\$ 810,000
Appropriations <sup>(2)</sup> .....	<u>270,000</u>

Total Exclusions..... \$ 1,080,000

Total Net Indebtedness .....	<u>\$ 2,745,000</u>
Net Debt-Contracting Margin.....	<u>\$ 50,941,899</u>
The percent of debt contracting power exhausted is .....	5.11%

<sup>(1)</sup> Water debt is excluded pursuant to section 124.10 of the Local Finance Law.

<sup>(2)</sup> Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The issuance of the Notes will not increase the Total Net-Indebtedness of the Town.

## Bonded Debt Service

A schedule of Bonded Debt Service may be found in the “APPENDIX – B” to this Official Statement.

## Cash Flow Borrowings

The Town has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past and does not anticipate having to do so in the future.

## Authorized But Unissued Items

On September 14, 2018, the Town Board authorized various drainage improvements in and for the Town at a maximum cost of \$2,000,000 and authorized the issuance of \$2,000,000 bonds for the project. On March 21, 2019 the Town issued \$1,500,000 bond anticipation notes as the first borrowing against the above mentioned authorization. A \$1,500,000 portion of the Notes will fully redeem and renew the \$1,500,000 bond anticipation notes maturing March 20, 2020 for the above mentioned purpose. The cost of the project will be partially reimbursed by the Federal Emergency Management Agency.

On February 13, 2019, the Town Board authorized the purchase of a plow truck and wing for the Highway Department at a maximum estimated cost of \$260,000 and authorized the issuance of \$260,000 bonds for the purchase thereof. On March 21, 2019 the Town issued \$260,000 bond anticipation notes as the first borrowing against the above mentioned authorization. A \$260,000 portion of the Notes will fully redeem and renew the \$260,000 bond anticipation notes maturing March 20, 2020 for the above mentioned purpose.

In August of 2018 the Town incurred a significant flooding event that resulted in damages, The Town is working with the Federal Emergency Management Agency (“FEMA”) for the repairs of damage and mitigation of future flooding. The Town anticipates reimbursement of 90% of the cost of the projects from FEMA. FEMA has approved all but one small project for the recovery from the 2018 flooding.

The Town has no other capital project plans authorized nor are there any additional capital projects contemplated at this time.

## Estimated Overlapping Indebtedness

In addition to the Town, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the Town. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the respective fiscal years of the below municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Chemung	12/31/2017	\$ 51,228,871	\$ 1,452,042 <sup>(2)</sup>	\$ 49,776,829	17.85%	\$ 8,885,164
School District:						
Coming City	6/30/2018	103,140,000	82,924,560 <sup>(3)</sup>	20,215,440	0.70%	141,508
Elmira City	6/30/2018	75,255,000	72,169,545 <sup>(3)</sup>	3,085,455	2.36%	72,817
Elmira Heights	6/30/2018	14,563,000	12,800,877 <sup>(3)</sup>	1,762,123	8.97%	158,062
Horseheads CSD	6/30/2018	24,620,000	19,769,860 <sup>(3)</sup>	4,850,140	33.54%	1,626,737
Fire District:						
Big Flats No. 1	12/31/2017	330,000	- <sup>(2)</sup>	330,000	100.00%	330,000
Big Flats No. 2	12/31/2017	5,000	- <sup>(2)</sup>	5,000	100.00%	5,000
West Hill No. 3	12/31/2017	-	- <sup>(2)</sup>	-	100.00%	-
Total:						<u>\$ 10,884,288</u>

### Notes:

- <sup>(1)</sup> Outstanding bonds and bond anticipation notes are as of the close of the respective fiscal years and are not adjusted to include subsequent bond or note sales, if any.
- <sup>(2)</sup> Water and sewer debt and appropriations.
- <sup>(3)</sup> Estimated State building aid based on current aid ratio.

Source: State Comptroller’s Report for fiscal year ending in 2017 for the County and Fire Districts and 2018 for the School Districts listed above.

## Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of February 27, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness (see "Debt Statement Summary").....	\$ 2,745,000	\$ 361.42	0.35%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(c)</sup> .....	13,629,288	1,794.51	1.72

(a) The 2018 estimated population of the Town is 7,595. (See "Population Trends" herein.)

(b) The Town's full value of taxable real estate for the 2020 tax roll is \$791,229,323. (See "Valuations" herein.)

(c) The Town's estimated applicable share of net underlying indebtedness is \$10,884,288. (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 “THE NOTES - 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 Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the 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 technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

## 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 is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

## **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 (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. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

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 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**

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

## **LITIGATION**

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

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

## **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 partially contingent on the successful closing of the Notes.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the Town provided, 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.

## **RATINGS**

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

Moody's Investors Service, Inc. ("Moody's") has assigned their underlying rating of "Aa3" to the Town's outstanding bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a 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 may have an adverse effect on the market price of the Notes.

## **MISCELLANEOUS**

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town's files with the repositories. When used in Town documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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

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

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

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

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

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

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

The Town's contact information is as follows: Edward Fairbrother, Town Supervisor, Town of Big Flats, 476 Maple St., Big Flats, New York 14814, Phone: (607) 562-8443, Telefax: (607) 562-2176, Email: [efairbrother@bigflatsny.gov](mailto:efairbrother@bigflatsny.gov)

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

**TOWN OF BIG FLATS**

**Dated: February 27, 2020**

**EDWARD FAIRBROTHER**  
**Town Supervisor**

**GENERAL FUND**

**Balance Sheets**

Fiscal Year Ending December 31:	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>
<u><b>ASSETS</b></u>					
Cash and Short-term Investments	\$ 3,657,026	\$ 3,161,132	\$ 2,614,658	\$ 2,497,762	\$ 1,956,333
Receivables:					
Accounts	-	-	-	-	8,578
Other	-	-	17,427	22,195	380,256
Due from Other Funds	11,155	15,840		393,628	142,902
Due from Other Governments	204,599	124,774	113,021	126,932	-
Prepaid Expenses	-	-	70,950	-	-
Restricted Assets	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,872,780</u></u>	<u><u>\$ 3,301,746</u></u>	<u><u>\$ 2,816,056</u></u>	<u><u>\$ 3,040,517</u></u>	<u><u>\$ 2,488,069</u></u>
<u><b>LIABILITIES AND FUND EQUITY</b></u>					
Accounts Payable	\$ 14,316	\$ 13,238	\$ 51,722	\$ 85,891	\$ 66,425
Accrued Liabilities	-	-	-	-	-
Retained Percentages	-	-	-	-	-
Other Liabilities	10,374	9,912	8,625	10,123	11,319
Due to Other Funds	6,578	-	-	-	-
Due to Other Governments	860	860	860	860	-
Deferred Revenues	-	-	-	929	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>929</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>32,128</u>	<u>24,010</u>	<u>61,207</u>	<u>97,803</u>	<u>77,744</u>
<u><b>FUND EQUITY</b></u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:	71,992	158,711	178,327	178,337	178,337
Committed	-	-	-	-	-
Assigned	945,706	1,000,790	508,204	544,886	200,032
Unassigned	2,822,954	2,117,635	2,067,718	2,219,491	2,031,956
	<u>3,840,652</u>	<u>3,277,136</u>	<u>2,754,249</u>	<u>2,942,714</u>	<u>2,410,325</u>
<b>TOTAL FUND EQUITY</b>	<u>3,840,652</u>	<u>3,277,136</u>	<u>2,754,249</u>	<u>2,942,714</u>	<u>2,410,325</u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><u>\$ 3,872,780</u></u>	<u><u>\$ 3,301,146</u></u>	<u><u>\$ 2,815,456</u></u>	<u><u>\$ 3,040,517</u></u>	<u><u>\$ 2,488,069</u></u>

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

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>REVENUES</b>					
Real Property Tax Items	\$ 175,702	\$ 109,495	\$ 76,366	\$ 105,587	\$ 226,407
Non-Property Tax Items	1,919,247	1,989,176	1,569,765	1,446,241	1,375,031
Departmental Income	23,468	32,772	48,754	48,094	92,364
Use of Money & Property	53,074	52,899	52,252	50,259	68,512
Licenses and Permits	54,973	106,784	77,771	74,873	62,280
Fines and Forfeitures	111,010	99,936	101,145	95,557	79,983
Sale of Property and Compensation for Loss	14,653	28,658	11,854	41,748	29,105
Miscellaneous	10,185	32,308	11,755	7,564	18,342
Revenues from State Sources	252,662	195,861	232,311	269,796	414,057
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 2,614,974</u>	<u>\$ 2,647,889</u>	<u>\$ 2,181,973</u>	<u>\$ 2,139,719</u>	<u>\$ 2,366,081</u>
<b>EXPENDITURES</b>					
General Government Support	\$ 851,346	\$ 915,314	\$ 902,784	\$ 909,540	\$ 985,962
Public Safety	34,456	74,574	36,292	46,099	46,013
Transportation	5,545	7,257	5,883	6,057	6,239
Economic Assistance and Opportunity	6,158	6,583	6,868	7,819	7,155
Culture and Recreation	312,203	364,410	427,942	409,466	393,721
Home and Community Services	293,355	300,233	280,206	422,086	229,668
Employee Benefits	499,705	460,436	378,019	366,789	263,458
Debt Service	-	1,075,239	244,000	244,750	245,400
Total Expenditures	<u>\$ 2,002,768</u>	<u>\$ 3,204,046</u>	<u>\$ 2,281,994</u>	<u>\$ 2,412,606</u>	<u>\$ 2,177,616</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 612,206</u>	<u>\$ (556,157)</u>	<u>\$ (100,021)</u>	<u>\$ (272,887)</u>	<u>\$ 188,465</u>
Other Financing Sources (Uses):					
Operating Transfers In	25,130	1,065,700			
Operating Transfers Out	(100,000)	(573,512)	(467,000)	(250,000)	-
Total Other Financing	<u>(74,870)</u>	<u>492,188</u>	<u>(467,000)</u>	<u>(250,000)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>537,336</u>	<u>(63,969)</u>	<u>(567,021)</u>	<u>(522,887)</u>	<u>188,465</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	3,367,285	3,904,621	3,840,652	3,277,136	2,754,249
Prior Period Adjustments (net)	-	-	3,505	-	-
Fund Balance - End of Year	<u>\$ 3,904,621</u>	<u>\$ 3,840,652</u>	<u>\$ 3,277,136</u>	<u>\$ 2,754,249</u>	<u>\$ 2,942,714</u>

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

**GENERAL FUND**

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

Fiscal Years Ending December 31:

	<b>2018</b>			<b>2019</b>	<b>2020</b>
	Adopted <u>Budget</u>	Modified <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b><u>REVENUES</u></b>					
Real Property Tax Items	\$ 279,518	\$ 293,018	\$ 312,554	\$ 311,298	\$ 330,300
Non-Property Tax Items	1,383,500	1,370,000	1,409,402	1,620,500	1,700,840
Departmental Income	1,000	79,100	108,306	256,353	211,355
Intergovernmental Charges	78,100	-	-	-	-
Use of Money & Property	70,500	70,500	58,492	-	10,000
Licenses and Permits	65,240	78,464	81,199	10,000	9,500
Fines and Forfeitures	105,000	105,225	82,229	80,100	80,100
Sale of Property and Compensation for Loss	3,325	70,615	75,885	-	-
Miscellaneous	88,115	20,800	9,694	15,100	8,100
Revenues from State Sources	199,908	199,908	219,558	150,000	140,000
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 2,274,206</u>	<u>\$ 2,287,630</u>	<u>\$ 2,357,319</u>	<u>\$ 2,443,351</u>	<u>\$ 2,490,195</u>
<b><u>EXPENDITURES</u></b>					
General Government Support	\$ 1,082,498	\$ 1,105,885	\$ 1,022,307	\$ 1,090,545	\$ 1,070,523
Public Safety	108,189	108,189	96,473	73,818	68,070
Transportation	17,700	18,814	16,553	18,000	19,001
Economic Assistance and Opportunity	7,100	5,986	3,504	5,000	5,000
Culture and Recreation	548,301	564,861	557,753	531,108	618,769
Home and Community Services	348,963	747,411	618,820	315,570	398,981
Employee Benefits	448,183	423,459	333,298	355,342	402,314
Debt Service	241,000	241,000	241,000	246,500	241,900
Total Expenditures	<u>\$ 2,801,934</u>	<u>\$ 3,215,605</u>	<u>\$ 2,889,708</u>	<u>\$ 2,635,883</u>	<u>\$ 2,824,558</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (527,728)</u>	<u>\$ (927,975)</u>	<u>\$ (532,389)</u>	<u>\$ (192,532)</u>	<u>\$ (334,363)</u>
Other Financing Sources (Uses):					
Other Budgetary Purposes	(17,158)	-	-	-	-
Operating Transfers Out	-	(17,158)	-	(7,500)	-
Appropriated Fund Balance	<u>544,886</u>	<u>945,133</u>	<u>-</u>	<u>200,032</u>	<u>334,363</u>
Total Other Financing	<u>527,728</u>	<u>927,975</u>	<u>-</u>	<u>192,532</u>	<u>334,363</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>(532,389)</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	-	-	2,942,714	-	-
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410,325</u>	<u>\$ -</u>	<u>\$ -</u>

Source: 2018 Audited financial reports and adopted budgets of the Town. This Appendix is not itself audited.

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st	Principal	Interest	Total
2020	\$ 390,000	\$ 41,728.00	\$ 431,728.00
2021	395,000	34,443.63	429,443.63
2022	395,000	26,836.00	421,836.00
2023	160,000	21,343.50	181,343.50
2024	165,000	17,780.50	182,780.50
2025	170,000	13,593.00	183,593.00
2026	125,000	8,814.25	133,814.25
2027	85,000	5,326.50	90,326.50
2028	15,000	4,033.00	19,033.00
2029	15,000	3,720.00	18,720.00
2030	15,000	3,402.00	18,402.00
2031	15,000	3,085.00	18,085.00
2032	15,000	2,744.00	17,744.00
2033	15,000	2,403.00	17,403.00
2034	15,000	2,062.00	17,062.00
2035	15,000	1,722.00	16,722.00
2036	15,000	1,381.00	16,381.00
2037	15,000	1,036.00	16,036.00
2038	15,000	690.00	15,690.00
2039	15,000	345.00	15,345.00
<b>TOTALS</b>	<b>\$ 2,065,000</b>	<b>\$ 196,488.38</b>	<b>\$ 2,261,488.38</b>



**APPENDIX - B1**  
**Town of Big Flats**

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending Dec 31st	2010 Sewer District #1			2014 EFC Water District Line Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 10,000	\$ 6,113.00	\$ 16,113.00	\$ 255,000	\$ 14,087.50	\$ 269,087.50
2021	15,000	5,963.00	20,963.00	250,000	9,037.50	259,037.50
2022	15,000	5,721.00	20,721.00	250,000	4,037.50	254,037.50
2023	15,000	5,466.00	20,466.00	10,000	1,387.50	11,387.50
2024	15,000	5,198.00	20,198.00	10,000	1,087.50	11,087.50
2025	15,000	4,923.00	19,923.00	10,000	787.50	10,787.50
2026	15,000	4,638.00	19,638.00	10,000	481.25	10,481.25
2027	15,000	4,339.00	19,339.00	10,000	162.50	10,162.50
2028	15,000	4,033.00	19,033.00	-	-	-
2029	15,000	3,720.00	18,720.00	-	-	-
2030	15,000	3,402.00	18,402.00	-	-	-
2031	15,000	3,085.00	18,085.00	-	-	-
2032	15,000	2,744.00	17,744.00	-	-	-
2033	15,000	2,403.00	17,403.00	-	-	-
2034	15,000	2,062.00	17,062.00	-	-	-
2035	15,000	1,722.00	16,722.00	-	-	-
2036	15,000	1,381.00	16,381.00	-	-	-
2037	15,000	1,036.00	16,036.00	-	-	-
2038	15,000	690.00	15,690.00	-	-	-
2039	15,000	345.00	15,345.00	-	-	-
TOTALS	\$ 295,000	\$ 68,984.00	\$ 363,984.00	\$ 805,000	\$ 31,068.75	\$ 836,068.75

Fiscal Year Ending Dec 31st	2016 Water District #3 Improvements			2017 Water Meter's District 4 & 5		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 35,000	\$ 5,495.00	\$ 40,495.00	\$ 50,000	\$ 10,900.00	\$ 60,900.00
2021	35,000	5,057.50	40,057.50	55,000	9,653.13	64,653.13
2022	35,000	4,532.50	39,532.50	55,000	8,312.50	63,312.50
2023	40,000	3,920.00	43,920.00	55,000	6,937.50	61,937.50
2024	40,000	3,120.00	43,120.00	55,000	5,562.50	60,562.50
2025	40,000	2,220.00	42,220.00	60,000	4,087.50	64,087.50
2026	40,000	1,220.00	41,220.00	60,000	2,475.00	62,475.00
2027	-	-	-	60,000	825.00	60,825.00
TOTALS	\$ 265,000	\$ 25,565.00	\$ 290,565.00	\$ 450,000	\$ 48,753.13	\$ 498,753.13

Fiscal Year Ending Dec 31st	2017 Public Improvement		
	Principal	Interest	Total
2020	\$ 40,000	\$ 5,132.50	\$ 45,132.50
2021	40,000	4,732.50	44,732.50
2022	40,000	4,232.50	44,232.50
2023	40,000	3,632.50	43,632.50
2024	45,000	2,812.50	47,812.50
2025	45,000	1,575.00	46,575.00
TOTALS	\$ 250,000	\$ 22,117.50	\$ 272,117.50

**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(s) at closing.

# **TOWN OF BIG FLATS**

## **AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018**

Such Annual Financial Statement was 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 BIG FLATS  
Financial Statements and Supplementary  
Information for the Year Ended December 31, 2018  
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**RICHARD McNEILLY CPA**

**CERTIFIED PUBLIC ACCOUNTANT**

124 W Franklin St.  
Horseheads, NY 14845

## INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members of  
the Town Board of the  
Town of Big Flats  
Big Flats, New York

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Town of Big Flats, New York as of and for the year ended December 31, 2018, 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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### Opinions

In my 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 Big Flats, New York as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

##### Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress-other postemployment benefits plan, schedule of contributions-pension plans and schedule of proportional share of net pension liability be presented to supplement the basic financial statements. Such information, although not 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Big Flats, New York's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements.

April 9, 2019



Richard McNeilly CPA



Town of Big Flats, New York  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended December 31, 2018

Our discussion and analysis of the Town of Big Flats, New York's financial performance provides an overview of the town's financial activities for the year ended December 31, 2018. This document should be read in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

The Town's net position decreased \$(1,085,519) as a result of this year's activity.

The assets of the Town exceeded its liabilities by \$11,775,414 (net position) at the end of December 31, 2018. Of this amount, \$2,339,216 is unrestricted net assets.

Unassigned fund balance for the general fund was \$2,031,956.

During 2018, the provisions of GASB 75 relating to retirees health insurance was adopted with an annual charge of \$104,449 and a total liability of \$1,365,763. The conversion to GASB 75 resulted in a beginning of the year charge of (\$801,861) to net position.

During 2018, the Town reported a change in assumptions for its pension liability in accordance with GASB 68, Accounting and Financial Reporting for Pensions which resulted in an increase to net position of \$288,770..

## USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start *on Page 14*. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

## REPORTING THE TOWN AS A WHOLE

### The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins on *Page 11*. The statement of net assets and the statement of activities report information about the Town as a whole and about its operations. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You 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 roads and infrastructure, to assess the overall health of the Town. In the statement of net assets and the statement of activities, the Town's only activities relate to governmental activities:

Governmental activities - Most of the Town's basic services are reported here,

Including public safety, public works, economic assistance, and general Administration. Property taxes, sales taxes, franchise fees, usage fees, and state aid finance most of these operations.

## REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

Our analysis of the Town's major funds begins on *Page 14* and provides detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Board may establish other funds to help it control and manage money for particular purposes. The Town's only type of funds is governmental.

- **Governmental Funds** - Most of the Town's basic services are reported in 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the Town's general government operations and the basic Services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net assets and the statement of activities) and Governmental Funds in reconciliation on *Page 16*.

## THE TOWN AS TRUSTEE

### Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or fiduciary, for its employees' deferred compensation plan. It is also responsible for other assets that - because of a trust arrangement can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets on *Page 20*. We exclude

these activities from the Towns other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

#### THE TOWN AS A WHOLE

The Town's combined net position decreased from \$12,860,933 to \$11,775,414. Our analysis below focuses on the net assets (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

Table 1:  
Net Assets

	Primary Governmental Activities 2018	Primary Governmental Activities 2017
<u>ASSETS</u>		
Current and Other Assets		
Cash/Cash equivalents	3,606,253	4,237,906
Accounts Receivables	145,905	138,612
Due from other Governments	142,902	224,932
Notes Receivables-Current	105,500	99,443
Inventory	50,425	31,308
Due from T&A/Pre-Paid Assets	4,473	8,568
Total Current Assets	<u>4,055,458</u>	<u>4,740,769</u>
Noncurrent Assets		
Cash/ cash equivalents restricted	106,560	106,560
Capital Assets-depreciable (net)	10,547,028	10,747,640
Capital assets-land	806,983	806,983
Notes receivable	<u>432,726</u>	<u>450,858</u>
Total Noncurrent Assets	<u>11,893,297</u>	<u>12,112,041</u>
<b>TOTAL ASSETS</b>	<b><u>\$15,948,755</u></b>	<b><u>\$16,852,810</u></b>

## LIABILITIES

### Current liabilities

Accounts payable & accrued expenses	123,487	183,442
Interest & Bonds payable	12,556	15,624
Due to Trust & Agency		
Deferred revenue		
Compensated absences	160,691	155,428
General obligation bonds	390,000	383,678
<b>Total Current Liabilities</b>	<b>686,734</b>	<b>738,172</b>

### Noncurrent Liabilities

General obligation bonds	2,065,000	2,455,000
Long-term pension	155,844	439,252
Retirees Health Insurance	1,265,763	359,453
<b>Total Noncurrent Liabilities</b>	<b>3,486,607</b>	<b>3,253,705</b>

### Total Liabilities

**\$4,173,341**      **\$3,991,877**

### Net Position

Invested in Cap Assets Net of Related Debt	8,899,011	8,715,945
Restricted	537,187	537,187
Unrestricted	2,339,216	3,607,801
<b>Total Net Position</b>	<b>\$ 11,775,414</b>	<b>\$ 12,860,933</b>

Table 2

### Changes in Net Position

Net (Expense) Revenue  
And Changes in Net Position  
Primary Government

### EXPENSE

Governmental Activities	\$(772,721)	\$(507,079)
Public Safety	(1,039,677)	(211,423)
Transportation	(1,870,459)	(1,827,588)
Economic Assistance and Opportunity	(3,504)	(40,997)
Culture and Recreation	(457,627)	(419,550)
Home and Community Service	(322,281)	363,462
Employee Benefits	(736,729)	(589,989)
Interest on Debt	(53,131)	(57,581)
<b>Total Governmental Activities</b>	<b>\$(5,256,129)</b>	<b>\$(3,290,745)</b>

General Revenue:		
Property Taxes	3,069,866	2,175,223
Sales Taxes	1,337,710	1,305,492
Other Taxes	149,728	131,296
Investment Earnings	7,754	18,496
Gain on Sale of Assets	59,432	70,770
Insurance Recoveries	59,211	
Total General Revenues	<u>4,683,701</u>	<u>3,710,490</u>
Change in Net Position	(572,428)	419,745
Net Position, Beginning of Year	12,860,933	12,203,387
Prior Period Adjustment	<u>(513,091)</u>	<u>237,801</u>
Net Position, End of Year	<u><b>\$11,775,414</b></u>	<u><b>\$12,860,933</b></u>

## THE TOWN'S FUNDS

### General Governmental Functions

As the Town completed the year, its governmental funds (as presented in the balance sheet on *Page 13*) reported a combined fund balance of \$3,882,606.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The significant variances between the originally adopted budget for the year 2018 and the final budget were caused as follows:

Immaterial differences in revenue between the final budget and the actual and differences in expenditures between the final budget and actual are a result of a continued effort to keep expenditures below budgeted amounts.

## 2018 Audit response

The Town of Big Flats continues to move forward with developments in both commercial, retail and residential developments. Two major housing developments have been approved along with over 300 new jobs in 2018 and another projected 200 jobs in 2019 with the opening of Wayfair, John Ullman and Corning Glass. Sales tax revenues increased in 2018 by about 7% and with the addition of increase in town share with the county the projected increase will be about 8.5% increase for 2019.

The Town of Big Flats continues to look at major projects and initiatives over the next 10 years that will save the tax payer tens of thousands of dollars in energy, vehicle maintenance, road repair and holding all major services to the residents of Big Flats. The past projects of LED, vehicle leasing, a major road program, along with looking at efficiencies in all departments have continued to reduce the cost of operations in Big Flats by savings of over half a million per year.

With the major programs adopted by the Town's Water Board, revenues continue to increase with the lowest water rates in the Twin Tier area. Two major water expansions are being reviewed for 2019 and for 2020. Both projects would be bringing into the district several properties both commercial and residential.

2019 will bring a 2% increase in the property values to keep the Town of Big Flats at the 100% equalization rate for the State of New York. This will generate about \$125,000 in taxable income in 2021. The retirement of the Municipal Bond in 2022 along with the savings in health insurance with joining the Thompsons County Health Consortium will also keep the town in a stable financial balance.

In 2018 the Town of Big Flats was hit with major flooding to residential areas of the town, causing 2.5 million in inter-structure damage. The Federal government declared the area a national disaster and along with the State of New York the town will be reimbursed 87.5% of the approved for repair and improvements to drainage areas. The town has entered into a drainage study to improve all the drainage projects the town has completed and needs to improve over the next ten years.

TOWN OF BIG FLATS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

<u>ASSETS</u>	<u>Primary Government Governmental Activities</u>
Current Assets	
Cash/ cash equivalents	\$ 3,606,253
Accounts receivable	<u>145,905</u>
Taxes receivable (net)	-0-
Due from other governments	<u>142,902</u>
Notes receivable - current	<u>105,500</u>
Inventory	<u>50,425</u>
Prepaid items	
Due from agency fund	4,473
Total Current Assets	<u>4,055,458</u>
Noncurrent Assets	
Cash/ cash equivalents-restricted	<u>106,560</u>
Capital assets-depreciable (net)	<u>10,547,028</u>
Capital assets-land	<u>806,983</u>
Construction in progress	-0-
Notes receivable	<u>432,726</u>
Total Noncurrent Assets	<u>11,893,297</u>
 TOTAL ASSETS	 <u>\$15,948,755</u>

<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable & accrued expenses	\$ <u>123,487</u>
Interest payable	<u>12,556</u>
Bonds payable	-0-
Deferred revenue	-0-
Due to other governments	-0-
Compensated absences	<u>160,691</u>
General obligation bonds-current	<u>390,000</u>
Total Current Liabilities	<u>686,734</u>
Noncurrent Liabilities	
Long term pension obligation	<u>155,844</u>
General obligation bonds	<u>2,065,000</u>
Retirees post employment benefits	<u>1,265,763</u>
Total Noncurrent Liabilities	<u>3,486,607</u>
TOTAL LIABILITIES	<u>\$ 4,173,341</u>

<u>NET POSITION</u>	
Investment in capital assets, net of related debt	\$ <u>8,899,011</u>
Restricted net position	<u>537,187</u>
Unrestricted net position	<u>2,339,216</u>
TOTAL NET POSITION	<u>\$11,775,414</u>

See Notes to Financial Statements.



TOWN OF BIG FLATS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

<u>FUNCTIONS</u>	<u>Expenses</u>	<u>Program Charges For Services</u>
<u>Government Activities:</u>		
General Government	\$ 1,152,667	\$ 160,389
Public Safety	1,070,789	31,112
Transportation	2,195,324	11,186
Economic Assistance and Opportunity	3,504	
Culture and Recreation	511,753	54,126
Home and Community Services	1,239,326	917,045
Employee Benefits	837,484	100,755
Interest on Debt	53,131	
Total Governmental Activities	\$ 7,063,978	\$ 1,274,613

General Revenues:

Property Taxes  
Sales Taxes  
Other Taxes  
Investment Earnings  
Gain on Sale of Assets  
Insurance Recoveries  
Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Changes in Beginning Net Position

Net Position, End of Year

See Notes to Financial Statements.

Net (Expense) Revenue  
And Changes in Net Assets  
Governmental Activities

Operating Grants	Capital Grants	Net Governmental Activities
\$ 219,557	\$	\$ (772,721)
		(1,039,677)
	313,679	(1,870,459)
		(3,504)
		(457,627)
		(322,281)
		(736,729)
		(53,131)
\$ 219,557	\$ 313,679	\$ (5,256,129)

\$3,069,866
1,337,710
149,728
7,754
59,432
59,211
4,683,701
(572,428)
12,860,933
(513,091)
<u>\$11,775,414</u>

TOWN OF BIG FLATS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

ASSETS	General	Special Revenue
Cash	\$1,956,333	\$1,172,066
Cash - Restricted		106,560
Taxes Receivable (Net)		
Prepaid Expenses		
Other Receivables	8,578	675,553
Due from Other Funds	380,256	68,191
Due from Other Governments	142,902	
Inventory		50,425
TOTAL ASSETS	\$ 2,488,069	\$2,072,795
LIABILITIES, DEFERRED REVENUES AND EQUITY		
Liabilities		
Accounts Payable	\$ 66,425	\$ 19,229
Notes Payable		
Other Liabilities	11,319	26,514
Due to Other Funds		13,633
Due to Other Governments		
Bond and Long-Term Liabilities		
Due to Employees' Retirement System		
Compensated Absences		
Total Liabilities	77,744	59,376
Deferred Inflows of Resources		538,226
Unavailable revenue		50,425
Fund Balances:		
Restricted for:		
Debt	3,502	
Tax Stabilization	31,010	
Fringe Benefits	85,326	44,462
Capital and Repairs	58,499	287,515
Parks		
Assigned for:		
Encumbrances		
Ensuing year budget	200,032	615,550
Unappropriated		477,241
Unassigned	2,031,956	
Total Fund Balances	2,410,325	1,424,768
TOTAL LIABILITIES, DEFERRED REVENUES AND EQUITY	\$ 2,488,069	\$2,072,795

See Notes to Financial Statements.

Capital Projects	Expendable Trust Fund	Total Governmental Funds
\$ 450,981	\$ 26,873	\$ 3,606,253
		106,560
		684,131
		448,447
		142,902
		50,425
\$ 450,981	\$ 26,873	\$ 5,038,718
\$	\$	\$ 85,654
		37,833
430,341		443,974
430,341		567,461
		538,226
		50,425
		3,502
		31,010
		129,788
		346,014
	26,873	26,873
		815,582
		477,241
20,640		2,052,596
20,640	26,873	3,882,606
\$ 450,981	\$ 26,873	\$ 5,038,718

TOWN OF BIG FLATS  
RECONCILIATION OF FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION  
DECEMBER 31, 2018

Fund Balances of Governmental Funds \$ 3,882,606

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

Capital assets used in governmental activities  
are not financial resources and, therefore,  
are not reported in governmental funds. 11,354,011

Other prepaid assets including pension prepayments  
and ongoing inventories are not available to pay  
for current period expenditures and, therefore,  
are not deferred in governmental funds. 50,425

Notes receivable which are not available to pay  
for current period expenditures and therefore not  
shown in governmental funds. 538,226

Other liabilities, not due and payable from current  
resources, are not recorded in governmental  
funds. (173,247)

Long-term liabilities, including bonds payable  
and retirees post-retirement benefits, are  
not due and payable in the current period  
and, therefore, are not reported in the  
governmental fund (3,876,607)

NET POSITION GOVERNMENTAL ACTIVITIES \$ 11,775,414

TOWN OF BIG FLATS  
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES		General	
Real Property Tax	\$ 234,518	\$2,835,348	
Real Property Tax Items	78,036		
Non-Property Tax Items	1,409,402		
Departmental Income	108,306	832,935	
Intergovernmental Charges		19,161	
Use of Money and Property	58,492	92,498	
Licenses and Permits	81,199	200	
Fines and Forfeitures	82,229		
Sale of Property and Compensation for Loss	75,885	116,508	
Miscellaneous Local Sources	9,694	10,132	
State Aid	219,558	313,678	
Federal Aid			
Total Revenues	2,357,319	4,220,460	
EXPENDITURES			
General Government Support	1,022,307	12,099	
Education			
Public Safety	96,473	974,316	
Health			
Transportation	16,553	2,175,347	
Economic Assistance & Opportunity	3,504	75,000	
Culture and Recreation	557,753		
Home and Community Services	618,820	513,767	
Employee Benefits	333,298	389,112	
Debt Service (Principal and Interest)	241,000	198,877	
Total Expenditures	2,889,708	4,338,518	
Excess (Deficiency) of Revenues			
Over Expenditures	(532,389)	(118,058)	
OTHER FINANCING SOURCES (USES)			
Transfers In			
Transfers Out			
Refunding bonds issued			
Total other financing sources and uses			
NET CHANGE IN FUND BALANCES	(532,389)	(118,058)	
Fund Balances, Beginning of Year	2,942,714	1,542,826	
Adjustments:			
Prior Period Adjustments			
Fund Equity Transfers			
Fund Balances, End of Year	\$ 2,410,325	\$1,424,768	

See Notes to Financial Statements.

Capital Projects	Expendable Trust	Total Governmental Funds
\$	\$	\$ 3,069,866
		78,036
		1,409,402
		941,241
		19,161
		150,990
		81,399
		82,229
		192,393
		19,826
98,000		631,236
98,000		6,675,779
		1,034,406
		1,070,789
		2,191,900
		78,504
		557,753
		1,132,587
		722,410
		439,877
		7,228,226
98,000		(552,447)
98,000		(552,447)
(77,360)	26,873	4,435,053
\$ 20,640	\$26,873	\$ 3,882,606





TOWN OF BIG FLATS  
BALANCE SHEET  
AGENCY FUND  
DECEMBER 31, 2018

Assets	
Cash and cash equivalents	\$ 75,169
Due from other funds	<u>-0-</u>
Total Assets	<u>\$ 75,169</u>
Liabilities	
Agency liabilities	\$ 70,696
Due to other funds	<u>4,473</u>
Total Liabilities	<u>\$ 75,169</u>

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Big Flats, New York have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1989 the GASB issued Statement 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments" and Statement 35 "Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities". These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The accompanying financial statements present the financial position of the Town and the various funds and fund types, the results of operations of the Town and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2018, and for the year then ended. The financial statements include the various agencies and any other organizations governed by the Town of Big Flats.

A. Financial Reporting Entity.

The Town of Big Flats, which was incorporated in 1854, is governed by the Town Charter, and general laws of the State of New York and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of an elected supervisor and four elected council people. The Supervisor of the Town serves as the chief executive officer and the chief fiscal officer of the Town.

The Town provides for the following basic services: general government support, transportation, water supply, culture and recreation, home and community services, and public safety. All government activities and functions performed for the Town of Big Flats are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Town of Big Flats, (b) organizations for which the primary government is financially accountable, and (c) 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 as set forth in GASB Statement 14.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

The decision to include a potential component unit in the Town of Big Flat's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no entities that need to be considered that have not already been included in the Town's reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a specific function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Town does not allocate general government (indirect) to other functions.

Separate financial statements are provided for governmental funds, proprietary funds, and major component units.

C. Measurement Focus, Basis of Accounting  
and Financial Statement Presentation

Government-Wide Financial Statements - The governmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

Governmental Fund Financial Statements - The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible or soon enough thereafter to pay liabilities of the current period. For this purpose, the town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered to be susceptible to accrual include federal grants, state grants, and sales and property taxes. Other revenues have been accrued in accordance with generally accepted accounting principles since they have been earned and are expected to be collected within 60 days of the end of the period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2018, has been reported only in the government-wide financial statements.

- Interest on general long-term obligations is recognized when paid.

- Executory purchase orders and contracts are recorded as a reservation of fund balances.

Debt service expenditures and claims and judgements are recorded only when payment is due.

#### D. Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, and where appropriate, fund balance/retained earnings, revenues and expenditures/expenses which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. The following fund types and account groups are used:

##### 1. Fund Categories

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

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

a. General Fund - The general fund is the includes principal fund and all operations not required to be recorded in other funds.

b. Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources capital (other than major projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the Town include the following:

Highway Fund - used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

Community Development Fund - used to account for micro-enterprise loans from funds remaining from a U.S. Department of Housing and Urban Renewal grant.

Lighting District Fund - used to account for expenditures for lighting Town roads and property.

Water Districts Fund - used to account fo r providing water to various districts within the Town.

Sewer District Fund - used to account for providing sewer services to the district in the Town.

c. Capital Projects Fund - used to account for financial resources to be used for the acquisition of or construction of major capital facilities.

d. Debt Service Fund - used to account for financial resources to be used to pay for future debt service.

## 2. Fiduciary Fund Type

Trust and Agency Funds - used to account for funds held in trust and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

## E. Property Taxes

County real property taxes are levied annually no later than December 31, and become a lien on January 1. Taxes are collected during the period January 1, to no later than March 31. Taxes for county purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the towns and for unpaid taxes in the town. Consequently, the town does not have any tax receivables at year end.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

F. General Budget Policies

1. The Town employs the following budgetary procedures:

- a. No later than September 30, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Town except for the community development fund.
- b. After public hearings are conducted to obtain taxpayer comments, but no later than November 20, the board adopts the annual budget.
- c. All revisions that alter appropriations of any department or fund must be approved by the board. However, the supervisor is authorized to transfer certain budgeted amounts within departments.
- d. Budgetary controls are established for the capital projects funds through resolutions authorizing individual projects.

2. Encumbrances

Encumbrances are recorded to reserve a portion of fund balance for outstanding purchase commitments to be financed from current appropriations. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

Except as indicated below, budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Budgetary control for the community development fund are established when needed. Consequently, such fund has been excluded from the combined statements of revenues, expenditures, encumbrances and changes in fund balance - budget and actual. A reconciliation of actual results from the special revenue funds follows:

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

	Fund Balance Beginning of Fiscal Year	Revenues	Expendi- tures	Fund Balance Adjustof ments	Fund Balance End of Fiscal Year
Total For Funds Included Budget Comparison	\$1,532,222	\$4,128,255	\$4,263,518		\$1,396,959
Funds not Included in Budget Compar- ison - Comm Dev Fund	10,604	92,205	75,000		27,809
Total Special Revenue Funds	\$1,542,826	\$ 4,220,460	\$ 4,338,518	\$	\$1,424,768

G. Inventories

Inventories of materials and supplies are determined by physical counts. Inventories are valued at cost on the first-in-first out basis.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements. Capital assets of the primary and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress.

Note that the Town only capitalizes new infrastructure assets which are valued and reported in the statement of net assets.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

I. Adjustments for Changes in Net Position

The Town adopted GASB No. 68, Accounting and Financial Reporting for Pensions in 2016. During 2018, there were changes in assumptions noted which reduced the liability by \$288,770. Also, the Town adopted GASB 75 which required an adjustment of \$(801,861). Such adjustments are reported in the Statement of Activities as a decrease in net position for 2018.

Note 2 - Detail Notes on All Funds and Account Groups

A. Assets

1. Cash and Concentration of Credit Risk

The Town's investment policies are governed by state statutes. In addition, the Town has its own written investment policy. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities,

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United State and its agencies and obligations of the State and its municipalities and school districts.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investment that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name. They consisted of:

<u>Fund</u>	Bank Balance	Carrying Amount
General	\$ 250,000	\$ FDIC
General	1,706,333	1,800,000
Special		
Revenue	1,278,626	1,350,000
Capital	450,981	500,000
Trust		
& Agency	102,042	110,000



TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

2. Restricted Cash

Restricted cash in the special revenue funds of \$106,560, consists of cash earmarked for capital reserves and repairs in the water funds

3. Capital Assets

A summary of capital assets at December 31, 2017 are as follows:

Type	Balance 01/01/2017	Additions	Deletions	Balance 12/31/2018
Nondepreciable Assets:				
Land	\$ 806,983			\$ 806,983
Const. in Progress	<u>-0-</u>			<u>-0-</u>
Total Non-depreciable	806,983			806,983
Depreciable assets:				
Buildings and Improvements	10,956,865	31,046		10,987,911
Machinery and Equipment	4,819,525	508,010	(319,049)	5,008,486
Infrastructure	<u>2,792,306</u>	<u>89,799</u>		<u>2,882,105</u>
Total Depreciable Assets	18,568,696	628,855	(319,049)	18,878,502
Less:				
Accumulated Depreciation:				
Buildings and Improvements	4,893,853	240,178		5,134,031
Machinery and Equipment	2,513,055	511,087	(319,049)	2,705,093
Infrastructure	<u>414,148</u>	<u>78,202</u>		<u>492,350</u>
Total Accumulated Depreciation	7,821,056	829,467	(319,049)	8,331,474
Capital Assets	<u>\$11,554,622</u>	<u>\$ (200,612)</u>	<u>\$ -0-</u>	<u>\$11,354,011</u>

~~Current period depreciation expense was charged to functions of the primary government as follows:~~

Governmental Activities:	
General government support	\$ 237,816
Transportation	307,116
Culture and recreation	65,875
Home and community service	<u>218,660</u>
Total Depreciation Expense	<u>\$ 829,467</u>

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

4. Notes Receivable

The community development fund has issued notes to local business for economic development in the amount of \$538,226 at December 31, 2018. During the year, \$-0- of notes were written down as uncollectable. The remaining receivables are deemed fully collectable and consist of various interest rates and maturities.

B Liabilities

1. Pension Plan

The Town of Big Flats participates in the New York State Employees' Retirement System (NYSRSSL). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSSRSL, the Comptroller of the State of New York serves as sole trustee, and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith Office Building, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSSRSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town of Big Flats is required to contribute at an actuarially determined rate. The required contributions for the current year and preceding years were:

	Employer Contribution Rate per Employee
	ERS
2018	\$ 186,144
2017	\$ 196,717
2016	\$ 192,156

The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

Since 2003, the System's billings have been based on Chapter 49 of the laws of 2003. The legislation established a required 4.5% minimum payment. If the valuation process produces a lower rate, the retirement system will bill at 4.5% and if it provides for a higher rate it will bill at the higher rate. Rates are determined based upon the value of the pension fund as of the prior April 1.

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

At December 31, 2018, the Town reported a net pension liability of \$155,844 for its proportionate share of the NYSERS and NYSPFRS for its activities. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of the contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended December 31, 2018, the Town recognized pension expense of \$191,506 for the NYSERS. At December 31, 2018, the Town reported deferred outflows/inflows of resources to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ 55,585	\$ 45,933
Net difference between projected and actual earnings on investments	329,690	446,796
Changes in proportion and differences between the Town's contribution and proportionate share of contributions	22,077	<u>8,276</u>
Contributions subsequent to measurement	186,144	
Total	<u>\$593,496</u>	<u>\$ 501,005</u>

The Town recognized \$186,144 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

Amounts reported as deferred outflows of resources and deferred inflows of resources relating to pension expense for governmental activities are:

Plan Year Ended March 31:

2019	36,459
2020	26,817
2021	(107,381)
2022	<u>(49,549)</u>

Actuarial Assumptions

The total pension liability at March 31, 2018, was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the pension liability to March 31, 2018. The total pension liability for the March 31, 2018 measurement date was determined by using an actuarial valuation as of April 1, 2017.

The actuarial valuation used the following actuarial assumptions for the NYSERS:

Actuarial cost method	Entry Age Normal
Inflation	2.70%
Salary scale	4.9% indexed by service
Projected COLAs	1.4% compounded annually
Decrement	Developed from the Plan's 2010 experience study
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.5%

---

Long-term Rate of Return

The long-term expected rate of return on pension plan investment was determined in accordance with Actuarial Standard of practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return for equities and fixed income as well as historical investment data and plan performance.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefits 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.

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

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

	Proportionate Share Of net pension liability
1% Decrease 6.0%	\$ 1,179,161
Current 7.0%	155,844
1% Increase 8.0%	(709,841)

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

2. Compensatory Absences

Compensated vacation absences are recorded as expenditures in governmental funds when they are paid. Unpaid vacation leave at year end is recorded in the statement of net assets. These unpaid amounts will be paid from expendable available resources provided for in the budget of future years. Employees accrue vacation leave based primarily on the number of years employed up to a maximum of 25 days a year, but may accumulate no more time than a maximum of 40 days for highway employees and up to 150 hours for other employees. Upon separation of service from the Town, employees are paid up to 25 days of vacation.

Sick leave benefits and other compensated absences for governmental funds are not accrued in the financial statements because they do not vest or accumulate. Employees accrue sick leave at the rate of 12 days per year and may accumulate such credits up to a total of 165 days. Employees who have more than 20 years of service receive credit onto to their years of service in the pension for an amount equal to (35%) of their accumulated sick leave (not to exceed 165 days) upon retirement.

The liability for compensated absences increased by \$5,263 during the current year to \$160,691 and is reported in the statement of net assets.

3. Deferred Revenue

In the governmental funds notes receivable are offset by deferred revenue of \$538,226.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

4. Long Term Debt

a. At December 31, 2018 the total outstanding indebtedness of the Town aggregated \$ 2,455 0000. Of this amount, \$1,350,000 was subject to the constitutional debt limit which represents 2.79% of its debt limit.

b. 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 assets. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Summary of changes in long-term debt. The following is a summary of changes in long term liabilities for the period:

	Bonds and Notes
Balance 12/31/17	\$2,838,678
Current Refunding	-0-
Debt Extinguished	(383,678)
Balance 12/31/18	<u>\$2,455,000</u>

d. Advance refunding. On August 20, 2014, the Town issued \$2,020,000 of refunding bonds with interest at 2%. The Town issued the bonds to advance refund \$2,020,000 of outstanding bonds. These bonds were a 1997 water bond of \$112,100 remaining at 5% interest; a 1987 water bond of \$90,000 remaining at 5.375% interest; and a public improvement bond of \$1,817,900 remaining at interest of 3.75-4%. The Town used the net proceeds to retire these bonds during the 2014 year(current refunding). The Town has retired these bonds from its accounts. The outstanding principal of the new bonds issued is \$1,060,000 at December 31, 2018.

The advanced refunding reduced total debt service payments over the next 14 years by \$1.4 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$207,872.

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

e. Long-term debt maturity schedule. The following is a statement of serial bond indebtedness and future debt service requirements:

f. Outstanding

Fund Source	Issued	Original Amount	Interest Rate	Final Maturity	Balance 12/31/18
Refunding Bonds	08/20/14	2,020,000	2.00%	03/15/27	1,060,000
Water Bond	09/09/16	370,000	.5-3.00%	09/01/26	300,000
Water Bond	03/21/17		2.235%	09/15/27	500,000
Highway Bond	09/28/17			09/15/25	290,000
Sewer Bond	06/10/10	398,580	.286-4.6%	10/01/39	305,000
Total Serial Bonds		<u>\$3,672,258</u>			<u>\$2,455,000</u>

The following table summarizes the Town's future debt repayment requirements as of December 31, 2018:

Year Ending December 31,	Principal	Interest
2019	\$ 390,000	\$ 48,806
2020	\$ 390,000	41,727
2021	395,000	34,443
2022	395,000	26,836
2023	160,000	21,443
2024-28	560,000	49,548
2029-33	75,000	15,354
2034-38	75,000	6,891
2039	15,000	345

#### 5. Post Employment Benefits Other Than Pensions

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. In adopting the requirements of GASB Statement No.75 during the year ended December 31, 2018, the Town recognized the cost of postemployment healthcare in the year when employees services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description GASB Statement 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-retirement benefits, rather than when they use their post-retirement benefit.



TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

The post-employment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided- The Town provides post-employment healthcare benefits for certain eligible retirees.

Employees Covered by Benefit Terms- As of January 1, 2017, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefit payments	4
Active employees	<u>28</u>
Total Participants covered by OPEB Plan	<u>32</u>

Total OPEB Liability- The Town of Big Flat's total OPEB liability of \$1,265,763 was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2017.

Actuarial Assumption and Other Inputs- The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.44%
Healthcare Cost Trend Rates	
Current Year Trend	8.5%
Second Year Trend	8.0%
Third Year Trend	7.5%
Fourth Year Trend	7.1%
Salary Increases	3.5%

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of January 1, 2017.

Mortality rates: RPA 2014 Total Dataset Mortality with Scale MP-17 from 2006.

Changes in the Total OPEB Liability:

OPEB Liability Beginning of Year	\$ 1,114,939
Changes for the Year	
Service Cost	52,338
Interest	43,858
Assumption Changes	68,664
Benefit Payments	<u>(14,036)</u>
OPEB Liability End of Year	<u>\$ 1,265,763</u>

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

Sensitivity of the Total OPEB Liability to Changes in Discount Rate- The December 31, 2018 valuation was prepared using a discount rate of 3.44%. If the discount rate were 1% higher than what was used in this valuation, the total OPEB liability as of December 31, 2018 would decrease to \$1,077,316 or by 14.88%. If the discount rate were 1% lower than was used in this valuation, the total OPEB liability would increase to \$1,500,224 or by 18.52%.

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates- The December 31, 2018 valuation was prepared using an initial trend rate of 8.5%. If the trend rate were 1% higher than what was used in this valuation, the total OPEB liability as of December 31, 2018 would increase to \$1,556,681 or by 22.98%. If the trend rate were 1% lower than was used in this valuation, the total OPEB liability would decrease to 1,044,678 or by 17.46%.

OPEB Expense- For the year ended December 31, 2018, the Town recognized an OPEB expense as follows:

Service Cost	\$ 52,338
Interest	43,858
Change of Assumptions	<u>8,253</u>
Net OPEB Expense	<u>\$ 104,449</u>

Deferred Outflows of Resources Related to OPEB- At December 31, 2018, the Town reported deferred outflows of resources related from the funding sources of \$60,411 from changes in assumptions and \$19,539 early contribution for a total outflow of resources of \$79,950.

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

12/31/19	\$ 8,253
12/31/20	8,253
12/31/21	8,253
12/31/22	8,253
12/31/23-27	27,399

TOWN OF BIG FLATS  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2018

C. Interfund Activity

	<u>Due From</u>	<u>Due To</u>
General Fund	\$380,256	\$
Trust and Agency		4,473
Special Revenue Fund	54,558	
Capital Projects Fund		430,341
	<u>\$ 434,814</u>	<u>\$ 434,814</u>

F. Fund Equity

Reservation of Fund Balances - Special and Trust

Fund balances are reserved for specific purposes at year end. The following details the reservations of fund balances at December 31, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>Capital Projects</u>
Capital Reserve	\$ 58,499	\$ 180,955	\$	\$
Nonexpendable Trust			26,873	
Repair Reserves		106,560		
Tax Stabilization	31,010			
Debt	3,502			
GASB 45	85,326	44,462		
Total	<u>\$ 178,337</u>	<u>\$ 331,977</u>	<u>26,873</u>	<u>\$</u>

Note 3 - Subsequent Events

The Town has conducted an evaluation of potential subsequent events occurring after the financial statements date of April 9, 2019, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

Note 4 - Summary Disclosure of Significant Contingencies

a. Litigation

The Town is a defendant in a few lawsuits arising principally from claims against the town for alleged improper action. Total damages are substantial, however, it has been the Town's experience that such actions are either dismissed or settled for amounts substantially less than the claimed amounts. The Town attorney estimates that the potential claims against the Town not covered by insurance policies would not materially affect the financial condition of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BIG FLATS  
GENERAL FUND AND SPECIAL REVENUE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Gene		
	Original Budget	Modified Budget	Actual
<b>REVENUES</b>			
Real Property Taxes	234,518	234,518	234,518
Real Property Tax Items	58,500	58,500	78,036
Non-Property Tax Items	1,370,000	1,370,000	1,409,402
Departmental Income	79,100	79,100	108,306
Intergovernmental Charges			
Use of Money and Property	70,500	70,500	58,492
Licenses and Permits	65,040	78,464	81,199
Fines and Forfeitures	105,225	105,225	82,229
Sale of Property and Compensation for Loss	70,615	70,615	75,885
Miscellaneous Local Sources	20,800	20,800	9,694
State Aid	199,908	199,908	219,558
Federal Aid			
Total Revenues	2,274,206	2,287,630	2,357,319
<b>EXPENDITURES</b>			
General Government Support	1,082,498	1,105,885	1,022,307
Education			
Public Safety	108,189	108,189	96,473
Health			
Transportation	17,700	18,814	16,553
Economic Assistance & Opportunity	7,100	5,986	3,504
Culture and Recreation	548,301	564,861	557,753
Home and Community Services	348,963	747,411	618,820
Employee Benefits	448,183	423,459	333,298
Debt Service (Principal & Int.)	241,000	241,000	241,000
Total Expenditures	2,801,934	3,215,605	2,889,708
Excess (Deficiency) of Revenues Over Expenditures	(527,728)	(927,975)	(532,389)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In			
Transfers Out	(17,158)	(17,158)	
Total other financing sources and uses	(17,158)	(17,158)	
NET CHANGE IN FUND BALANCES	\$ (544,886)	\$ (945,133)	(532,389)
Fund Balances - Beginning of Year			2,942,714
Prior Period Adjustments			
Fund Equity Transfers			
Fund Balances - End of Year			\$2,410,325

See Notes to Financial Statements.

## Special Revenue Fund Types

Variance Favorable (Unfavorable)	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
\$ -0-	\$ 2,809,753	\$2,809,753	\$ 2,835,348	\$ 25,595
19,536				
39,402				
29,206	766,000	766,000	832,935	66,935
-0-	2,503	2,503	19,161	16,658
(12,008)	17	17	293	276
2,735				
(22,996)			200	200
	100,103	131,790		
5,270			116,508	(15,282)
(11,106)		8,925	10,132	1,207
19,650	205,440	260,043	313,678	53,635
-0-				
69,689	3,883,816	3,979,031	4,128,255	149,224
83,578	40,758	40,758	12,099	28,659
11,666	974,316	974,316	974,316	-0-
2,261	1,912,399	1,984,025	2,175,347	(191,322)
2,482				
7,108				
128,591	539,971	667,528	513,767	153,761
90,161	410,968	402,870	389,112	13,758
-0-	193,096	193,096	198,877	(5,781)
325,897	4,071,508	4,262,593	4,263,518	(925)
395,586	(187,692)	(283,562)	(135,263)	148,299
-0-				
17,158	(36,896)	(36,896)		36,896
17,158	(36,896)	(36,896)		36,896
\$ 412,744	\$ (224,588)	\$ (320,458)	(135,263)	\$ 185,195

1,532,222

\$ 1,396,959

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS  
FOR THE YEAR ENDED DECEMBER 31, 2018

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years		
	2016	2017	2018
Contractually required contribution	\$ 196,016	\$196,707	\$186,144
Contributions in relation to the contractually required contributions	196,016	196,707	186,144
Contribution deficiency	\$ -0-	-0-	-0-

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2017	2018
Proportion of the net pension liability	.004574	.0046748	.004287
Proportionate share of the net pension liability	\$ 734,275	439,252	155,844
Covered-Employee	1,318,655	1,351,554	1,312,806
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.68	32.49%	11.87%

Note: Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward.

SCHEDULE OF CHANGES IN THE TOWN'S OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>
OPEB liability Beginning of Year	\$1,114,939
Charges for the Year:	
Service Cost	52,338
Interest	43,858
Assumption Changes	68,664
Difference Between Actual And Expected Experience	
Benefit payments	<u>(14,036)</u>
OPEB liability End of Year	<u>\$1,265,763</u>
Covered Payroll	\$1,327,634
Total OPEB Liability as a percentage of covered payroll	95%



TOWN OF BIG FLATS  
COMBINING BALANCE SHEET-SPECIAL REVENUE FUND TYPES  
DECEMBER 31, 2018

		Community	Fire	Sewer
ASSETS	Highway	Development	District	Fund
Cash	\$ 84,552	\$ 27,809	\$	\$ 2,011
Cash – Restricted				
Taxes Receivable (Net)				
State and Federal Receivables				
Other Receivables	<u>15,625</u>	<u>538,226</u>		
Due From Other Funds	<u>62,845</u>			
Inventory	<u>50,425</u>			
Due From Other Governments				
Prepays				
TOTAL ASSETS	<u>\$ 213,447</u>	<u>\$ 566,035</u>	<u>\$</u>	<u>\$ 2,011</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 15,585	\$	\$	\$
Other Liabilities	<u>21,137</u>			
Due to Other Funds				
Due to Other Governments				
Bond and Long-Term Liabilities				
Due to Employees Retirement System				
Compensated Absences				
Total Liabilities	<u>36,722</u>			
Deferred Inflow of Resources		<u>538,226</u>		
Unavailable Revenues	<u>50,425</u>			
Fund Balances				
Restricted For:				
Fringe Benefits	<u>25,072</u>			
Capital	<u>40,000</u>			
Repairs				
Assigned For:				
Encumbrances				
Ensuing Year Budget	<u>168,269</u>			
Unappropriated	<u>(107,041)</u>	<u>27,809</u>		<u>2,011</u>
Total Fund Balance	<u>126,300</u>	<u>27,809</u>		<u>2,011</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 213,447</u>	<u>\$ 566,035</u>	<u>\$</u>	<u>\$ 2,011</u>

Lighting District	Water District 4	Water District 5	Total Special Revenue Fund Types
\$ 13,363	\$ 65,291	\$ 979,040	\$ 1,172,066
		106,560	106,560
	8,266	113,436	675,553
	5,346		68,191
			50,425
\$ 13,363	\$ 78,903	\$ 1,199,036	\$ 2,072,795
\$ 659	\$ 485	\$ 2,500	\$ 19,229
	93	5,284	26,514
		13,633	13,633
659	578	21,417	59,376
			538,226
			50,425
	2,042	17,348	44,462
	20,202	120,753	180,955
		106,560	106,560
		447,281	615,550
12,704	56,081	485,677	477,241
12,704	78,325	1,177,619	1,424,768
\$ 13,363	\$ 78,903	\$ 1,199,036	\$ 2,072,795

TOWN OF BIG FLATS  
COMBING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE-SPECIAL REVENUE FUND TYPES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

		Community Highway	Fire Dev. Fund	Sewer District	Sewer District
<b><u>REVENUES</u></b>					
Real Property Tax	\$ 1,708,084	\$	\$ 974,316	\$ 16,343	
Real Property Tax Items					
Non-Property Tax Items					
Departmental Income					
Intergovernmental Charges	19,161				
Use of Money and Property	-0-	92,205			
Licenses and Permits	200				
Fines and Forfeitures					
Sale of Property and Compensation	68,952				
Miscellaneous Local Sources	10,110				
State Aid	313,678				
Federal Aid					
Total Revenues	2,120,185	92,205	974,316	16,343	
<b><u>EXPENDITURES</u></b>					
General Government Support					
Public Safety			974,316		
Health					
Transportation	2,175,347				
Economic Assistance & Opportunity		75,000			
Culture and Recreation					
Home and Community Service					
Employee Benefits	288,872				
Debt Service (Prin and Interest)	47,115				17,169
Total Expenditures	2,511,334	75,500	974,316	17,169	
Excess (Deficiency) of Revenue Over Expenditures	(391,149)	17,205	-0-	(826)	
Other Financing Sources					
Transfers In/ out					
Revenues and Other Sources (Uses)					
Over (Under) Expenditures	(391,149)	17,205	-0-	(826)	
Fund Balances, Beginning of Year	517,449	10,604	-0-	2,837	
Fund Balances, End of Year	\$ 126,300	\$ 27,809	\$ -0-	\$ 2,011	

<u>Lighting District</u>	<u>Water District 4</u>	<u>Water District 5</u>	<u>Total Special Revenue Fund Types</u>
<u>\$ 7,010</u>	<u>\$ 14,702</u>	<u>\$ 114,893</u>	<u>\$ 2,835,348</u>
	<u>24,688</u>	<u>808,247</u>	<u>832,935</u>
			<u>19,161</u>
		<u>293</u>	<u>92,498</u>
			<u>200</u>
	<u>282</u>	<u>47,274</u>	<u>116,508</u>
		<u>22</u>	<u>10,132</u>
			<u>313,678</u>
<u>7,010</u>	<u>39,672</u>	<u>970,729</u>	<u>4,220,460</u>
	<u>45</u>	<u>12,054</u>	<u>12,099</u>
			<u>974,316</u>
			<u>2,175,347</u>
			<u>75,000</u>
<u>7,340</u>	<u>7,609</u>	<u>498,818</u>	<u>513,767</u>
	<u>1,003</u>	<u>99,237</u>	<u>389,112</u>
	<u>14,701</u>	<u>119,892</u>	<u>198,877</u>
<u>7,340</u>	<u>23,358</u>	<u>730,001</u>	<u>4,338,518</u>
<u>(330)</u>	<u>16,314</u>	<u>240,728</u>	<u>(118,058)</u>
<u>(330)</u>	<u>16,314</u>	<u>240,728</u>	<u>(118,058)</u>
<u>13,034</u>	<u>62,011</u>	<u>936,891</u>	<u>1,542,826</u>
<u>\$ 12,704</u>	<u>\$ 78,325</u>	<u>\$ 1,177,619</u>	<u>\$ 1,424,768</u>

FORM OF BOND COUNSEL'S OPINION

March 19, 2020

Town of Big Flats,  
County of Chemung  
State of New York

Re: Town of Big Flats, Chemung County, New York  
\$1,760,000 Bond Anticipation Notes, 2020 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$1,760,000 Bond Anticipation Notes, 2020 (Renewals) (the "Obligations"), of the Town of Big Flats, Chemung County, New York (the "Obligor"), dated March 19, 2020, numbered 1, of the denomination of \$ \_\_\_\_\_, bearing interest at the rate of \_\_\_\_% per annum, payable at maturity, and maturing March 19, 2021.

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