

NEW ISSUES

BOND RATING: Moody's Investors Service “ ”

SERIAL BONDS & REFUNDING SERIAL BONDS

See “BOND RATING” herein

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

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



\$5,000,000[†]
TOWN OF ITHACA
TOMPKINS COUNTY, NEW YORK
GENERAL OBLIGATIONS

\$3,390,000[†] Public Improvement (Serial) Bonds, 2020 Series A
 (referred to herein as the “Series A Bonds”)

Dated: September 3, 2020

Due: August 15, 2021-2035

AND

\$1,610,000[†] Public Improvement Refunding (Serial) Bonds, 2020 Series B
 (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”)

Dated: September 3, 2020

Due: August 15, 2021-2031

The Bonds are general obligations of the Town of Ithaca, Tompkins County, New York (the “Town”), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See “TAX LEVY LIMITATION LAW” and “NATURE OF THE OBLIGATIONS” herein.

The Bonds shall be subject to redemption prior to maturity as described herein under “THE BONDS – Optional Redemption.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 15, 2021, August 15, 2021 and semi-annually thereafter on February 15 and August 15. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving legal opinions as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Trespass & Marquardt, LLP, Syracuse, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about September 3, 2020.



This Preliminary Official Statement is in a form “Deemed Final” by the Town for the purpose of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). For a description of the Town’s agreement to provide continuing disclosure as described in the Rule, see “CONTINUING DISCLOSURE” herein.

August __, 2020

[†] Preliminary, subject to change.

\$3,390,000[†] Public Improvement (Serial) Bonds, 2020 Series A

Dated: September 3, 2020

Due: August 15, 2021-2035

MATURITIES[†]

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2021	\$ 165,000				2029	\$ 240,000 *			
2022	170,000				2030	250,000 *			
2023	180,000				2031	255,000 *			
2024	190,000				2032	260,000 *			
2025	200,000				2033	265,000 *			
2026	210,000				2034	275,000 *			
2027	220,000				2035	280,000 *			
2028	230,000								

* The Bonds maturing in the years 2029-2035 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption" herein.

\$1,610,000[†] Public Improvement Refunding (Serial) Bonds, 2020 Series B

Dated: September 3, 2020

Due: August 15, 2021-2031

MATURITIES[†]

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2021	\$ 235,000				2027	\$ 110,000 *			
2022	180,000				2028	115,000 *			
2023	195,000				2029	120,000 *			
2024	200,000				2030	125,000 *			
2025	100,000				2031	130,000 *			
2026	100,000								

* The Bonds maturing in the years 2029-2031 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption" herein.

[†] Preliminary, subject to change.

TOWN of ITHACA

TOMPKINS COUNTY, NEW YORK



TOWN OFFICIALS

ROD HOWE
Supervisor

TOWN BOARD

RICH DEPAOLO
PAMELA BLEIWAS
PAT LEARY

TEE-ANN HUNTER
ERIC LEVINE
WILLIAM GOODMAN

ADMINISTRATION

PAULETTE ROSA
Town Clerk

MIKE SOLVIG
Town Finance Officer

JOSEPH SLATER
Superintendent of Highways

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
of the
TOWN OF ITHACA
TOMPKINS COUNTY, NEW YORK

Relating To
\$3,390,000[†] Public Improvement (Serial) Bonds, 2020 Series A
AND
\$1,610,000[†] Public Improvement Refunding (Serial) Bonds, 2020 Series B

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Ithaca, Tompkins County, New York (the “Town,” “County,” and “State,” respectively), in connection with the sale by the Town of its aggregate principal amount of \$3,390,000[†] Public Improvement (Serial) Bonds, 2020 Series A (the “Series A Bonds”) and \$1,610,000[†] Public Improvement Refunding (Serial) Bonds, 2020 Series B (the “Series B Bonds”) (collectively referred to herein as the “Bonds”)

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

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

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

THE BONDS

Description of the Bonds

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

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the inside cover page. The “Record Date” of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, at the option of the purchaser, may be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds if issued in book-entry-form. Interest on the Bonds will be payable on February 15, 2021, August 15, 2021 and semi-annually thereafter on February 15 and August 15 in each year until maturity. In book-entry-form, principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. The Bonds may not be converted into coupon bonds or be registered to bearer.

[†] Preliminary, subject to change.

Optional Redemption

The Bonds maturing on or before August 15, 2028 shall not be subject to redemption prior to maturity. The Bonds maturing on or after August 15, 2029 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the Town on August 15, 2028 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

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

Purpose of Issue – Series A Bonds

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

Purpose	Authorization Date	Amount Authorized	Amount Outstanding	Principal Paydown	Amount to be Funded
DPW Building Addition	3/11/2019	\$ 800,000	\$ -	\$ -	\$ 800,000
Winthrop Drive Water Main Replacement	4/22/2019	700,000	-	-	700,000
DPW Building Addition	12/9/2019	600,000	-	-	600,000
Muriel Street Water Main Replacement	5/13/2019	675,000	-	-	610,000
Winston-Salem Water Main Replacement	3/23/2020	1,000,000	-	-	1,000,000
	Total:		\$ -	\$ -	\$ 3,710,000

The proceeds of the Series A Bonds will provide financing for the aforementioned purposes.

Purpose of Issue – Series B Bonds

The Series B Bonds are being issued to refund certain outstanding indebtedness pursuant to the Town's refunding financial plan discussed below under the heading "AUTHORIZATION AND PLAN OF REFUNDING." The Town is expected to realize, as a result of the issuance of the Series B Bonds, cumulative dollar and present value debt service savings.

NATURE OF THE OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds 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 upon DTC's receipt of funds and corresponding detail information from the Town, on payable dates 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 Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law. In the event that such book-entry-only system is discontinued, the following provisions will apply: The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent to be named by the Town upon termination of the book-entry-only system. Interest on the Bonds will be payable on February 15, 2021, August 15, 2021 and semi-annually thereafter on February 15 and August 15. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owners of the Bonds, on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. The Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Refunding Bonds Certificate of the Town Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purpose

The Series B Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Town Board on June 22, 2020 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$430,000 outstanding principal balance of the Public Improvement (Serial) Bonds, 2009, being dated October 1, 2009 originally issued by the Town in the aggregate principal amount of \$1,125,000 (the "2009 Refunded Bonds") and the refunding of all or a portion of the \$1,365,000 outstanding principal balance of the Public Improvement (Serial) Bonds, 2011, being dated September 1, 2011 originally issued by the Town in the aggregate principal amount of \$2,650,000 (the "2011 Refunded Bonds") (collectively the "Refunded Bonds") and authorizes issuance of the Series B Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law and certain bond resolutions dated (i) June 27, 2007 to pay the cost of improvements to the Town of Ithaca water distribution system with respect to the 2009 Refunded Bonds and (ii) June 13, 2011 to pay the cost of various Town purposes with respect to the 2011 Refunded Bonds.

The proceeds of the Series B Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Series B Bonds. The principal of and investment income on the portfolio of Government Obligations, together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined), are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

All proceeds of the Refunded Bonds have been heretofore expended.

The Refunding Financial Plan

The Series B Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Town’s refunding financial plan (the “Refunding Financial Plan”). The Refunding Financial Plan provides that the proceeds of the Series B Bonds (after payment of the underwriting fee and other costs of issuance related to the Series B Bonds) are to be applied to the purchase of U.S. Treasury securities (the “Government Obligations”) or held as un-invested cash. The Government Obligations or un-invested cash are to be placed in an irrevocable escrow fund (the “Escrow Deposit Fund”) with Manufacturers and Traders Trust Company (the “Escrow Holder”), pursuant to the terms of an escrow contract (the “Escrow Contract”) by and between the Town and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations or un-invested cash deposited will mature in amounts and bear interest sufficient, to meet principal and interest payments and redemption premiums with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the “Payment Dates”). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The Town is expected to realize, as a result of the issuance of the Series B Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Town and will continue to be payable from Town sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal, interest and redemption premiums on the Refunded Bonds, it is not anticipated that such Town sources of payment will be used.

The list of Refunded Bond maturities set forth below, may be changed by the Town in its sole discretion due to market or other factors considered relevant by the Town at the time of pricing of the Series B Bonds and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded.

\$1,125,000 Public Improvement (Serial) Bonds, 2009 – Dated October 1, 2009 **CUSIP BASE: 465704**

<u>Due October 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2020	\$ 80,000	3.125%	9/17/2020	100.00%	LB8
2021	85,000	3.250	9/17/2020	100.00	LC6
2022	85,000	3.375	9/17/2020	100.00	LD4
2023	90,000	3.500	9/17/2020	100.00	LE2
2024	<u>90,000</u>	3.625	9/17/2020	100.00	LF9
	<u>\$ 430,000</u>				

\$2,650,000 Public Improvement (Serial) Bonds, 2011 – Dated September 1, 2011
CUSIP BASE: 465704

<u>Due September 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2021	\$ 160,000	2.500%	9/17/2020	100.00%	LR3
2022	105,000	2.750	9/17/2020	100.00	LS1
2023	110,000	3.000	9/17/2020	100.00	LT9
2024	110,000	3.000	9/17/2020	100.00	LU6
2025	115,000	3.000	9/17/2020	100.00	LV4
2026	115,000	3.000	9/17/2020	100.00	LW2
2027	120,000	3.250	9/17/2020	100.00	LX0
2028	125,000	3.250	9/17/2020	100.00	LY8
2029	130,000	3.250	9/17/2020	100.00	LZ5
2030	135,000	3.375	9/17/2020	100.00	MA9
2031	<u>140,000</u>	3.500	9/17/2020	100.00	MB7
	<u>\$ 1,365,000</u>				

The New York Local Finance Law provides that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding bonds, such bonds are no longer counted in computing the Town's debt for statutory debt limitation purposes.

Verification of Mathematical Computations

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Town, on or before the settlement date of the Series B Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Town and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations listed in the underwriter's schedules, used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal and redemption premium of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series B Bonds are not "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the Town and its representatives. The Causey Demgen & Moore P.C. verification report will state Causey Demgen & Moore P.C. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Series B Bonds are to be applied as follows:

Sources:	Par Amount of the Series B Bonds	
	Original Issue Premium	
		Total
Uses:	Deposit to Escrow Fund	
	Underwriter's Discount	
	Costs of Issuance and Contingency	
		Total

THE TOWN

General Information

The Town of Ithaca, with a land area of 29.1 square miles, is located in upstate New York in Tompkins County. The City of Ithaca (the “City”) with an area of 5.5 square miles is located within the physical geographical boundaries of the Town but is not part of the Town for any governmental purpose. The Village of Cayuga Heights (1.8 square miles) is also located within the Town.

There are approximately 121 miles of roads in the Town, of which 50 are owned and maintained by the Town. The roads owned by the Town are maintained by the Town Public Works Department. Major highways serving the area include Interstate Highway #90 (New York State Thruway) and State Routes #13, #34, #79, #89, #96, # 96B and #366. Air service is provided by the Ithaca-Tompkins International Airport (ITH) in the Village of Lansing and is the closest airport to the Town that provides regional passenger air travel. Routes to and from ITH are usually flown by small regional and commuter jets and turboprop planes. Many Ithaca area residents travel to nearby airports in Syracuse, Elmira and Binghamton, all about an hour drive from the Town. Passenger rail service to Ithaca ended in 1961. The nearest Amtrak station is in Syracuse. The Norfolk Southern Railroad provides rail freight transport in Tompkins County.

Fire Protection for the Town is provided under contractual arrangements with the City and the Village of Cayuga Heights. The Cayuga Heights Fire Department is a volunteer department, providing fire protection to that area of the Town east of the Village of Cayuga Heights and north of Cornell University. The Ithaca Fire Department is staffed by paid professional firefighters and furnishes fire protection services to the remainder of the Town.

Police protection for the Town is provided primarily by the Tompkins County Sheriff Department, although the New York State Police also patrol the Town. The Village of Cayuga Heights has its own police force, as do both Cornell University and Ithaca College. All police forces in the County have mutual assistance policies for large or special emergencies.

Public water in the Town is supplied by three entities: the Southern Cayuga Lake Intermunicipal Water Commission (locally referred to as Bolton Point and which supplies water from Cayuga Lake); the City of Ithaca (which provides water from the Upper Reservoir on Six Mile Creek); and Cornell University Water Filtration Plant (which uses Fall Creek). The vast majority of the Town is served by Bolton Point.

The Town has a single town-wide sewer improvement area, however not all lands in the Town have access to municipal sewer. There are six distinct geographic service areas within the Town that have approximately 3,200 connections. The Town has a single town-wide water improvement area.

The Ithaca campus of Cornell University has approximately 24,000 students and 9,100 employees. These employees generate an annual payroll of approximately \$200,000,000. Ithaca College, with approximately 6,723 students and 1,700 employees has an annual payroll of approximately \$17,500,000. These two institutions are stabilizing factors for the economy of the area.

A \$600 million Science Technology Center was constructed in 1998 on the Cornell University Campus. Funded in part by the State of New York, Cornell and private businesses including IBM and Corning Glass, the Center now houses one of the world's largest super-computers bringing recognition to the City of Ithaca as the Silicon Valley of the East.

The primary health care facility in the area is the Cayuga Medical Center (CMC) and its satellite facility, the Convenient Care Center at Ithaca. CMC is located on West Hill, off NYS Route 96 (Trumansburg Road) in the Town of Ithaca. It is a 204-bed facility with more than 200 affiliated physicians and over 1,200 total health care professionals. The CMC is a not-for-profit, acute care medical center with many state-of-the-art diagnostic and treatment services. The Convenient Care Center at Ithaca facility is located off Warren Road in the Village of Lansing. This facility provides a variety of medical and emergency services in a location that is convenient to population-growth areas in the eastern portion of Ithaca and Lansing. The facility is staffed by full-time physicians, registered nurses, and support personnel who offer medical care on a walk-in basis. They also provide outpatient surgical care, radiology imaging services, laboratory services, physical therapy, and the Veterans Primary Care Clinic.

Commercial banking services are provided by the Tompkins County Trust Company, Bank of America, N.A., HSBC Bank USA and Manufacturers & Traders Trust Company (M&T Bank).

Source: Town officials.

Economic Developments in the Town of Ithaca

The following projects have been completed, started construction or expect to start construction in the near future:

- Cayuga Meadows (Conifer) Senior Living: 72-unit senior apartment building. Building construction is completed and a certificate of occupancy was issued in 2019.
- Cayuga Nursing Home: Significant renovations to the interior of the existing facility and modifications to the exterior building shell. Project completed.
- Clare Bridge Crossing at Ithaca: 32-unit addition to the existing senior assisted living/memory care facility. Construction completed, certificate of occupancy in 2019.
- Southwoods Subdivision: 43-unit single-family development; three lots remains undeveloped.
- Westview Subdivision: 31-unit single-family development; under construction, approx. 60% complete.
- Cleveland Estates: 13-unit single/two-family development has been completed.
- Amabel: 32-unit single family pocket neighborhood; approved by Planning Board in 2015 and re-approved in 2018. As of July 2020, the developer is beginning discussions with the Town on installation of utilities.
- Frandsen Subdivision: 23-lot single family subdivision had received only preliminary subdivision approval and the land is now currently for sale.
- Cornell University Maplewood Graduate Student Apartments: Redevelopment and expansion of the 170-unit single story housing complex to a 442-unit/872-bed residential community in a mix of townhomes, stacked flats, multi-family apartment buildings and community center. 25 of 27 buildings have been completed and received certificates of occupancy. Construction completed and certificates of occupancy were issued in 2019.
- Ithaca Beer Company: Second expansion consisting of a 23,800 sq. ft addition for production and storage space has been completed.
- Therm Incorporated Manufacturing Expansion: 20,000 sq. ft building addition for manufacturing purposes. Approval was granted in July 2016 and construction has since been completed.
- Ahir Hotels / Sleep Inn: 3-story, 36,000 sq. ft, 67-room hotel with swimming pool and meeting space. Approved by the Planning Board in 2017; building permit has been issued, but construction has not yet commenced.
- Cornell University North Campus Residential Expansion Project: project is in both the City and Town; it includes 800 new beds for sophomore students and 1,200 beds for freshman. Project is currently under construction.
- Coddington Road Community Center: 9,670 sq. ft. addition for the non-profit childcare organization and summer camp. Receive preliminary approval in July 2020.

Economic Developments in the City of Ithaca

The following projects have been completed, started construction or expect to start construction in the near future:

- The Breckenridge Apartments, formerly the Women's Community Building, is complete. This is a six story mixed use space with 50 apartments, and office and meeting space.
- A Fairfield Inn & Suites with 106 rooms opened in late 2013. This hotel is located in the southwest portion of the City, and is located just 2.5 miles from both Ithaca College and Cornell University.
- The Argos Inn, a small boutique hotel opened in late 2013.
- The Iacovelli Properties apartment building on West Seneca Street with 24 units is complete.
- Seneca Way Apartments with 38 luxury apartment and office space project was completed in 2014.
- Discussions are on-going for additional development on Inlet Island including retail, housing and parking. Also, the Cayuga Green Project Phase III Cayuga Place with 39 apartment units has completed construction. These units are located in downtown.
- The Marriott hotel with 10-stories, 150 guest rooms, and 7 suites near the Ithaca Commons was completed and opened in December 2016. The hotel includes a restaurant and bar, Monks on the Commons and provides complimentary shuttles to Ithaca College, Cornell University and Ithaca Tompkins Regional Airport.
- A large-scale development project called the Collegetown Terrace Apartments has completed all phases of its project. Groundbreaking took place in spring 2011. The total project cost was between \$70-80 million. The project included the demolition of 33 current buildings and the construction of 18 3-story apartment buildings that will accommodate 1,100 bedrooms. In all, 400,000 square feet of new housing was constructed.
- The former Ithaca Gun Factory site has a proposed Gun Hill Development, which will feature 74-unit senior leasing apartment units. The project is expected to break ground in 2020. Site remediation is complete on the old factory site.
- The former Holiday Inn downtown, now known as The Hotel Ithaca, was recently renovated by replacing the current two-story building with a tower conference center to draw meetings and events to downtown.
- A \$28 million Klarman Hall reconstruction on the Cornell Campus was completed in 2016. Cornell University projects for Rand Hall addition and Hughes Hall renovations are complete.
- The City has completed the reconstruction of The Commons Pedestrian Mall in the downtown core. This project was funded by a combination of Federal, State and City funds. The project included new water, sewer and fire services, as well as a new surface, lighting, seating and a public entertainment stage.
- Stone Quarry Apartments are complete. The project has 35 apartments. A four story, 76 room Holiday Inn Express in the Southeast Area is complete.
- The 12-story, 126,000 square foot Harold's Square project in the heart of the Ithaca Commons is under construction and slated for completion in the fall of 2020. The project is expected to bring 12,780 sf of retail space, 16,000 sf of office space, and 108 apartments ranging from studios to two-bedroom units.

The City has also seen development of the following:

- Purity Ice Cream expansion – Enlarge current ice cream shop and add two stories of apartments/offices in west end of the City. Construction is complete.
- Thurston Avenue Apartments – three building, three story, 57-bedroom, 18-unit project in Cornell Heights was completed and began renting in 2014.
- Collegetown Crossing – a 6-story mixed use building including a 53-unit apartment building with first floor retail opened in September 2016.
- 205 Dryden Road Dryden South – a 6-story, 36,000 square foot mixed use building with apartment and commercial space building is completed and open.
- 210 Hancock Street (site of Neighborhood Pride Grocery Store in the Northside) is now complete. The property was purchased by Ithaca Neighborhood Housing Services and includes townhouses, multi-family housing and commercial space on the one block parcel.
- The Cary Building in Downtown was recently renovated. It will be used as a 9,000 square foot incubator site for Cornell University, Ithaca College and Tompkins Cortland Community College (“TC3”). In addition, the building will add five stories of apartments. Construction is complete.
- 327 Eddy Street Dryden Eddy Apartments – A 3 building 6-story each mixed-use project in which the buildings have both residential and commercial space. Construction is complete.
- 209-215 Dryden Road – Is a 6-story building leased by the developer to Cornell University’s MBA program. The building remained taxable. Construction is complete.
- Smaller retail stores and restaurants continue to open in the southwest area of the City.
- A new Hilton Canopy Hotel in downtown is a 6-story 120 room hotel. The project is complete.
- The “City Centre” Building in downtown is an 8-story building with have 193 apartments and 10,300 square feet of retail space. The project is complete.
- 400-404 Stewart Avenue (Chapter House) - A 3-story mixed use building is under construction. Construction is complete.
- Tompkins Financial is a \$32 million building project for downtown to become the group’s headquarters. The 7-story, 110,000 square foot project is located at 118 East Seneca Street. The project has completed construction.
- 232-236 Dryden Rd. - A pair of 4-story apartment building are planned. Construction is complete.
- South Meadow St. Square - 22,000 square feet of added retail space is complete.
- 201 College Ave. – a 5-story apartment building with 44 units of housing. Construction is complete.
- 118 College Ave. – a 3-4 story rental townhouses. Construction is complete.
- 210 Linden Ave. – A 4-story mixed use building. Construction is complete.
- 118 College Ave. - A 4-story apartment building is planned.
- 238 Linden Ave. - A 4-story short-term building. Construction is complete.
- 701 Spencer St. - 23 studio apartments. Construction is complete.

Currently approved or under review are the following projects:

- Clinton Street Apartments – a 36-unit apartment complex on Terrace Hill. This project is working its way through the approval process.
- 323 Taughannock Blvd. – Construction is underway for the 8 for sale Townhouses and should be completed by March 31, 2020.
- The old Emerson Power Train Plant site, which is a 95-acre parcel in both the City and Town of Ithaca, is looking to be redeveloped by Unchained Properties, LLC for planned unit development. The project has gained conceptual approval and has been renamed the Chain Works District. Environmental review was completed in 2019. The Phase I of chain works is expected to start construction during 2020. Phase I would renovate four buildings; two buildings of 179,000 square feet of mixed commercial and residential space and two buildings of 171,000 square feet of industrial/manufacturing space. The full project will have 915 new apartments, 185,000 square feet of commercial/office space and 260,000 square feet of manufacturing space.
- 310-312 N. Cayuga Street (old library) – The 86,700 square foot, 4-story building, will house 67 senior apartments and 1,200 square feet of retail. Construction has started with an early 2021 completion date.
- 302-306 College Ave. – a mixed-used building with retail and apartments is proposed.
- 325 College Ave. - a 6-story mixed use building. Construction has started.
- 159 Dryden – a 6-story mixed used building. Construction is planned for 2020.
- 119-125 College Ave. – Townhouse Complex. Construction is complete.
- 126 College Ave. - A 4-story apartment building is planned. 2020 Construction is planned.
- 123-125 Eddy St. - A new two-family dwelling is planned on a currently vacant lot. 2020 Construction is planned.
- 709-713 West Court St./326-328 N. Meadow - A 5-story mixed use building with affordable housing is under construction.

- 101 Pier Road, City Harbor - design for 7 acres of waterfront mixed-use project, including apartments, condos, and commercial space. The project is expected to break ground following the sitework. The first constructed building will be a 3-story, 60,000 ft. medical office facility. Construction has started.
- Cornell University - Adding 2,000 beds as part of their North Campus Project. The project includes dorms and dining. The project started construction in 2019. The \$160 million project is mostly in the City with some of the project located in the Town of Ithaca. The project completion is scheduled for 2022.
- A 5-story, 120-unit apartment building with gallery, studio and office space is planned for 130 Cherry Street.
- Several other Collegetown developments have started going through the planning and approval process.
- Two developments of the current City Green Street Garage are planned for 2021. The first development, called Asteri Ithaca, would include housing, retail, parking and a conference center. The project which includes 218 units of affordable housing, 356 new parking spaces, a 49,000 square foot conference center and 2,000 square feet of retail, has been approved. The second development would include 2 floors of parking topped with 10 floors of apartments.
- 320-324 & 330 W. Buffalo St., 309 N. Plain St. – Redevelopment of the former Immaculate Conception School into both affordable housing and commercial space has been approved.
- A potential development in the Carpenter Business Park, including 4 buildings of mixed-use, office, housing and retail is working through the approval process.
- 411-415 College Ave. A 6-story mixed use building with commercial retail and residential is in review.
- 311 College Ave. A 6-story mixed use building with retail and residential is proposed.
- 301B Eddy St. A 5-story apartment building is proposed.
- 114 Catherine St. A 3-story apartment building is proposed.

Note: Many of the above listed projects will replace outdated smaller structures.

Source: City officials.

Larger Employers

Some of the major employers located within and/or surrounding the Town are as follows:

<u>Name</u>	<u>Business Type</u>	<u>Approximate Number of Employees</u>
Cornell University	Educational Facility	9,496
Ithaca College	Educational Facility	1,629
Ithaca City School District	Educational Facility	1,451
Borg Warner Automotive	Auto Parts Manufacturing	1,450
Cayuga Medical Center at Ithaca	Health Care	1,385
Tompkins County	Local Government	763
Franziska Racker Centers	Children's Center	544
Wegmans Food Markets, Inc.	Commercial Foods	523
Tompkins Cortland Community College	Educational Facility	435
William George Agency (The George Junior Republic School)	Educational Facility	429
Maguire Family of Dealerships	Car Dealers	426
City of Ithaca	Local Government	400
Dryden School District	Educational Facility	363

Note: Figures in the table above pre-date the emergence of, and potential impacts due to the COVID-19 pandemic. Current employment figures are not available at this time, and are likely lower due to the ongoing COVID-19 global pandemic.

Source: Tompkins County Area Development (October 2019) and Town and County officials.

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 2014-2018 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
Town of:						
Ithaca	\$ 24,065	\$ 29,506	\$ 35,205	\$ 68,346	\$ 96,958	\$ 64,206
County of:						
Tompkins	19,659	27,418	31,464	53,041	73,828	58,743
State of:						
New York	23,389	32,382	37,470	51,691	70,670	65,323

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

Population Trends

<u>Year</u>	<u>Town of Ithaca</u>	<u>City of Ithaca</u>	<u>Tompkins County</u>	<u>New York State</u>
1990	17,797	29,541	94,097	17,990,455
2000	18,198	29,287	96,501	18,976,457
2010	19,930	30,014	101,564	19,378,102
2016	20,492	30,756	104,871	19,745,289
2018 (estimated)	19,907	30,568	102,962	19,542,209

Source: U.S. Census Bureau; 2018 American Community Survey 5-year estimates.

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

	<u>Annual Averages</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tompkins County	5.2%	4.4%	4.4%	4.2%	4.3%	3.6%	3.6%
New York State	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

	<u>2020 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Tompkins County	3.8%	3.5%	3.5%	10.2%	7.8%	8.9%	N/A
New York State	4.1%	3.9%	4.2%	15.1%	14.2%	15.6%	N/A

Note: Unemployment rates for July 2020 are unavailable as of the date of this Official Statement. Unemployment rates for the foreseeable future are expected to increase substantially over prior periods as a result of the COVID-19 pandemic. (See "MARKET AND RISK FACTORS - COVID-19" herein).

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

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.

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 four years and is eligible for re-election. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are six members of the Town Board who are elected to four-year terms, which terms are staggered such that three 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 appointed to a two-year term. The Town Finance Officer is appointed without a limited term of office. The Town Board annually appoints the attorney for the Town. The Town Receiver of Taxes is appointed to a two-year term by the Town Board.

Budgetary Procedures

The Town Supervisor is the Chief Fiscal Officer of the Town. The Town has a full-time professional Finance Officer. The Finance Officer develops a tentative budget, which is presented to the Town Board in the fall of each year. During the next four weeks the Town Board further develops the budget into a preliminary budget, which is presented at a public hearing in early November. After final revisions are made by the Town Board, a budget is adopted. All modifications of the budget must be approved by the governing board.

Recent Budget Details

The Tax Levy increase for the 2019 budget of the Town was 1.99%, which was above the Town's Tax Levy Limit for the 2019 fiscal year. The Town passed Local Law No. 3 of 2018 allowing it to exceed the Tax Cap Limit for 2019 on July 9, 2018.

The Tax Levy increase for the 2020 budget of the Town was 1.99%, which was above the Town's Tax Levy Limit for the 2020 fiscal year. The Town passed Local Law No. 3 of 2019 allowing it to exceed the Tax Cap Limit for 2020 on July 8, 2019.

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.

Pursuant to Town practices, the Town presently invests only in savings accounts, money market accounts and certificate of deposits, as described above.

Employees

The Town currently employs approximately 58 full-time and 3 part-time employees. 26 Public Works employees are represented by the Teamsters Union Local 317 and the remaining 32 full-time employees are non-union. The Teamsters Union contract expires on December 31, 2022.

State Aid

The Town receives financial assistance from the State. In its General Fund adopted budget for the 2020 fiscal year, approximately 5.35% of the operating revenues of the Town are expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

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

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

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

For ERS, Tier 5 provides for:

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

For ERS, Tier 6 provides for:

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

The Town's contributions to the ERS for the years 2015 through 2019 and the amount budgeted for 2020 are as follows:

<u>Fiscal Year</u>	<u>ERS</u>
2015	\$ 548,769
2016	513,481
2017	459,827
2018	481,768
2019	511,062
2020 (Budgeted)	537,000

Source: Town officials.

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

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS rates (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>
2017	15.5%
2018	15.3
2019	14.9
2020	14.6
2021	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 the Local Police and Fire Retirement System ("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 and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The 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 Retirement Systems 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 Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the Town provides post-retirement healthcare benefits to various categories of former employees. These costs may rise substantially in the future. Accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires governmental entities, such as the Town, to account for post-retirement healthcare benefits with respect to vested pension benefits. GASB 45 is now fully implemented for all government entities.

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

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

Summary of Changes from the Last Valuation. The Town contracted with Armory Associates, LLC to calculate its OPEB liability under GASB 75. 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 2018 and 2019 fiscal years, by source.

	Balance beginning at:	January 1, 2018	January 1, 2019
		\$ 7,044,953	\$ 7,882,297
Changes for the year:			
Service cost		230,892	262,410
Interest		273,690	278,914
Differences between expected and actual experience		-	-
Changes in benefit terms		-	-
Changes in assumptions or other inputs		403,479	(779,805)
Benefit payments		(70,717)	(73,511)
Net Changes		\$ 837,344	\$ (311,992)
	Balance ending at:	December 31, 2018	December 31, 2019
		\$ 7,882,297	\$ 7,570,305

Source: GASB 75 Actuarial Valuation Reports of the Town. Table itself is not audited.

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

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

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

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 recent 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 Bonds are to be issued, is the Town Law and the Local Finance Law.

The Town is in the process of complying with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law. Due to an Executive Order of the Governor of the State of New York, estoppel periods have been tolled effective as of March 20, 2020 and has since been further extended through August 5, 2020 which has prevented the Town from complying with the estoppel procedures with respect to the Bonds.

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

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

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

Financial Statements

The Town retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the Town. The last completed audit was for the fiscal year ended December 31, 2018 and is attached hereto as "APPENDIX-E". The Annual Financial Report Update Document ("AUD") for fiscal year ending December 31, 2019, which is not prepared in accordance with GAAP and is not audited, is available and has been filed with the Electronic Municipal Market Access Website ("EMMA"). The 2019 AUD is also incorporated by reference hereto as "APPENDIX – F". The Town's audited financial statement for fiscal year ended 2019 is not complete as of the date of this Official Statement. Certain summary financial information may also be found in the Appendices to this Continuing Disclosure Statement.

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 issue its audited financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town is and has been in compliance with GASB Statement No. 34 for all years required.

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 found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the Town on June 16, 2017. The purpose of the audit was to assess the Town's information technology policies and procedures for the period January 1, 2015 through December 22, 2016.

Key Findings:

- The Town's IT policy does not address password security, wireless security, mobile computing and storage devices or online banking.
- Town employees did not receive sufficient IT security and awareness training during our audit scope.
- Town officials have not established written data backup policies and the emergency plan does not specifically include IT procedures to maintain day-to-day operations.

Key Recommendations:

- Update the IT policy to address password security, wireless security, mobile computing and storage devices and online banking.
- Require that all staff receive formal IT security and awareness training at least annually.
- Prepare, test and periodically review an IT contingency plan that specifically addresses backup policies and procedures to maintain day-to-day operations.

The Town provided its response to the audit findings to the State Comptroller's office on June 12, 2017. A copy of the complete report and the Town's response can be found via the website of the Office of the New York State Comptroller.

On July 27th, the Town received notification that the State Comptroller's Office will soon be conducting an audit of the Town Justice Court. There are no other State Comptrollers audits of the Town that are currently in progress or pending release at this time.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual 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	Not Filed*	Not Filed*
2017	Not Filed*	Not Filed*
2016	No Designation	6.3
2015	No Designation	6.3
2014	No Designation	6.3

* The Town's annual financial information for the fiscal years ending in 2017 and 2018 were not submitted in time to the State Comptroller's Office to receive a stress designation and fiscal score for the 2017 or 2018 fiscal years.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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>
Assessed Valuation	\$ 1,366,007,677	\$ 1,409,739,322	\$ 1,470,783,820	\$ 1,549,688,565	\$ 1,615,579,157
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	\$ 1,366,007,677	\$ 1,409,739,322	\$ 1,470,783,820	\$ 1,549,688,565	\$ 1,615,579,157

Source: Town officials.

Tax Rate Per \$1,000 (Assessed)

<u>Year of Town Tax Roll</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Town-Wide	\$ 1.90	\$ 2.16	\$ 1.87	\$ 1.92	\$ 1.88
Highway Town-Wide	-	-	0.54	0.52	0.50
Highway Part-Town	1.54	1.25	1.32	1.30	1.26
Fire Protection Districts	3.40	3.25	2.86	2.65	2.58

Source: Town officials.

Tax Collection Procedure

Taxes are payable during the month of January without penalty. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. On April 1st the tax roll is returned to the County and taxes plus penalties are payable to the County. The Town retains the total amount of Town, Highway, Special District and delinquent water and sewer charge levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales. As far as the Town is concerned, there are no uncollected taxes. Payment in full of all Town items is guaranteed by the County.

Tax Levy and 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	\$ 7,685,200	\$ 7,839,200	\$ 8,238,000	\$ 8,401,650	\$ 8,568,950
Amount Uncollected ⁽¹⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

⁽¹⁾ The Town receives 100% of its tax levy from the County. See "Tax Collection Procedure."

Source: Town officials.

Ten Largest Taxpayers – 2019 Assessment for 2020 Town Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Cornell University	Educational Institution	\$ 73,180,300
Kendal at Ithaca, Inc.	Senior Living Facility	37,400,000
NYS Electric & Gas	Utility	33,274,631
Warrenwood 10, LLC	Residential Apartments	19,000,000
Corners Community Center	Retail	10,000,000
Janivar, Inc.	Residential Development	9,240,000
Winston Square Apts., LLC	Residential	8,550,000
Lucente Homes LLC	Residential	8,016,800
South Hill Business Campus	Commercial/Industrial	7,720,000
Ecovillage at Ithaca, Inc.	Residential Development	7,356,214

The largest taxpayers listed above have a total taxable valuation of \$213,737,945, which represents 13.2% of the Town's total taxable assessed valuation for 2020.

The Town is subject to a number of tax certiorari appeals on an annual basis, none of which are reasonably expected to have a significant impact on the finances of the Town.

Source: Town officials.

Sales Tax Revenues

The County, under the general authority of Article 29 of the Tax Law, imposes a 4.00% sales tax in the towns outside the City and a 1.50% sales tax within its boundaries. Both the County and City imposed tax is administered and collected by the State Tax Commission in the same manner as that relating to the State imposed 4.00% sales and compensating use tax. Net collections, meaning monies collected after deducting therefrom expenses of administration and collections and amounts refunded or to be refunded, but inclusive to any applicable penalties and interest, are paid by the State to the County and the City, respectively. Of the total payments received by the County, an amount equal to 50% of total collections, including the amount paid directly to the City, is retained by the County. The balance is divided among the towns based upon population as determined by the 2010 Census. The towns' share is divided and allocated between incorporated villages (located wholly or partially within the town) and the area of the towns outside said villages, on the basis of population. All the villages and three townships are paid their share in cash.

In 1992, the State Legislature granted authority to increase the County sales tax rate from 3% to 4%. The new taxing authority became effective December 1, 1992, with an initial expiration of November 30, 1995. The State Legislature has subsequently renewed the additional tax rate to November 30, 2020.

The town outside villages' share are retained by the County and applied in the first instance to the taxes to be re-levied for County purposes in the respective towns and any remaining balance is applied to reduce the respective towns' levy.

Below is a table of sales and mortgage tax revenues since the 2015 fiscal year:

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>	<u>Mortgage Tax Revenues</u>
2015	\$ 3,067,337	\$ 430,660
2016	3,157,631	286,227
2017	3,184,967	279,791
2018	3,388,799	299,934
2019	3,597,162	400,947
2020 (Budgeted)	3,250,000	250,000

Source: Town officials.

The impacts of COVID-19 on the Town and the economy may potentially have a negative impact on future sales tax collections. See also “MARKET AND RISK FACTORS - COVID-19” herein.

Additional Tax Information

Real property in the Town is assessed by the Tompkins County Assessment Department.

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

The assessment roll of the Town is constituted approximately as follows: 49.6% Community and Public Services, 37.9% Residential, 8.8% Commercial, 0.5% Recreation and Entertainment, 0.4% Industrial and Railroads, and 2.8% Other.

The Town assessment roll is derived from the County Assessors and is in accordance with New York State Real Property Statutory Rules and Regulation requirements and standards.

The total property tax bill for a residential property located in the Town with an assessed taxable value of \$100,000 was approximately. \$3,272 in 2018, decreasing to approximately \$3,236 in 2019. (This includes County, Town, and Ithaca City School Taxes).

TAX LEVY LIMITATION LAW

Chapter 97 of the Laws of 2011, as amended (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. 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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the Town (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the Town and the Bonds 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 annual debt service is authorized and 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 notes and such required annual installments on its bonds.

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 within 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. Due to an Executive Order of the Governor of the State of New York, estoppel periods have been tolled effective as of March 20, 2020 and has since been further extended through August 5, 2020 which has prevented the Town from complying with the estoppel procedures with respect to the Bonds.

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 the State 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, budget, deficiency and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 12,916,000	\$ 11,858,000	\$ 10,769,000	\$ 13,872,000	\$ 12,570,000
Joint Bond indebtedness ⁽¹⁾	1,946,417	1,853,982	1,758,906	1,663,830	1,566,113
Bond Anticipation Notes	0	0	0	0	0
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 14,862,417</u>	<u>\$ 13,711,982</u>	<u>\$ 12,527,906</u>	<u>\$ 15,535,830</u>	<u>\$ 14,136,113</u>

- ⁽¹⁾ Joint indebtedness issued to finance various improvements to facilities of the Southern Cayuga Lake Inter-municipal Water Commission. Totals represent only the amount allocable to the Town. (See "Joint Indebtedness" herein).

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of August 11, 2020.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2020-2033	\$ 13,689,139 ⁽¹⁾
<u>Bond Anticipation Notes</u>	-	<u>0</u>
	Total Indebtedness	<u>\$ 13,689,139</u>

- ⁽¹⁾ The bonds listed above include \$1,529,139 of joint indebtedness issued to finance various improvements to facilities of the Southern Cayuga Lake Inter-municipal Water Commission. Amount represents only the amount allocable to the Town. (See "Joint Indebtedness" herein).

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of August 11, 2020:

Five-Year Average Full Valuation of Taxable Real Property\$ 1,482,359,708
Debt Limit 7% thereof..... 103,765,180

Inclusions:

Bonds ⁽¹⁾..... \$ 13,689,139
Bond Anticipation Notes 0
Total Inclusions..... \$ 13,689,139

Exclusions:

Water Indebtedness ⁽²⁾ \$ 11,459,139
Appropriations ⁽³⁾..... 181,000
Total Exclusions..... \$ 11,640,139

Total Net Indebtedness Subject to Debt Limit.....\$ 2,049,000

Net Debt-Contracting Margin.....\$ 101,716,180

The percent of debt contracting power exhausted is 1.97%

- (1) The bonds listed above include \$1,529,139 of joint indebtedness issued to finance various improvements to facilities of the Southern Cayuga Lake Inter-municipal Water Commission. Amount represents only the amount allocable to the Town. (See "Joint Indebtedness" herein).
(2) Water indebtedness exempt from Constitutional Debt Limit.
(3) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Bonded Debt Service

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

Capital Improvement Program

The Town's current Five-Year Capital Improvement Program (CIP) identifies various capital projects to be constructed in Fiscal Years 2021-2025. The total construction cost of all projects is currently estimated at \$17,105,000. A breakdown of this total by year, infrastructure category and funding source is shown on the following table:

<u>Infrastructure:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
Water Infrastructure	\$ 1,700,000	\$ 1,475,000	\$ 1,750,000	\$ 1,050,000	\$ 3,200,000	\$ 9,175,000
Sewer Infrastructure	300,000	300,000	300,000	300,000	300,000	1,500,000
Stormwater Drainage	250,000	250,000	100,000	100,000	100,000	800,000
Road Improvements	450,000	500,000	475,000	750,000	800,000	2,975,000
Sidewalks	-	375,000	500,000	-	-	875,000
Town Facilities	40,000	350,000	650,000	400,000	-	1,440,000
Parks & Trails	240,000	100,000	-	-	-	340,000
Total Annual Cost	<u>\$ 2,980,000</u>	<u>\$ 3,350,000</u>	<u>\$ 3,775,000</u>	<u>\$ 2,600,000</u>	<u>\$ 4,400,000</u>	<u>\$ 17,105,000</u>
<u>Funding Source</u>						
Current year Revenue	\$ 1,280,000	\$ 1,525,000	\$ 1,375,000	\$ 1,150,000	\$ 1,200,000	\$ 6,530,000
Grants & Donations	-	-	-	-	-	-
New Long-Term Debt	1,700,000	1,825,000	2,400,000	1,450,000	3,200,000	10,575,000
Total Annual Cost	<u>\$ 2,980,000</u>	<u>\$ 3,350,000</u>	<u>\$ 3,775,000</u>	<u>\$ 2,600,000</u>	<u>\$ 4,400,000</u>	<u>\$ 17,105,000</u>

Source: 5 Year Capital Improvement Program of the Town.

Estimate of Obligations to be Issued

Other than in connection with the issuance of the Series A Bonds, there are currently no other projects authorized and unissued at this time. Future projects anticipated to be authorized and financed by short-term or long-term borrowings are outlined in the Town's Five-Year Capital Improvement Program. See "STATUS OF INDEBTEDNESS – Capital Improvement Program" herein.

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 plan on issuing either in the foreseeable future, barring any unforeseen revenue shortfalls due to impacts of the COVID-19 pandemic.

Joint Ventures

The following activities are undertaken jointly with other municipalities. These activities are excluded from the Town's financial statements.

- 1) The Town of Ithaca, Town of Dryden, Town of Lansing, Village of Cayuga Heights and Village of Lansing jointly constitute and operate the Southern Cayuga Lake Inter-municipal Water Commission ("SCLIWC") or (the "Water Commission") and its facilities. The venture operated under the terms of an original agreement dated March 1, 1977 that has been amended several times, the last of which is dated January 1, 2013. The agreement is still in force. Significant provisions of the agreement are as follows:
 - a) The executive body of the Southern Cayuga Lake Inter-municipal Water Commission consists of ten members. Each member municipality appoints two members. Of the members so appointed, at least one member from each municipality shall be an elected official from the governing body.
 - b) Maintenance, operating and debt retirement costs are funded primarily through water rent revenues collected by the member municipalities and paid to the Commission quarterly. The original long-term debt incurred by the participant municipalities on behalf of the Commission is paid partially by a benefit assessment charged to, and then by, each municipality. The assessment is determined one year in advance, based on the water consumption of each municipality during the previous 12-month period.
 - c) The executive body has established charges at rates intending to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges will ultimately be provided by contributions from the participants, including the Town, whose share is 52.82%. (See "Joint Indebtedness" herein")

A separate audited financial statement is available from the administrative offices of the Southern Cayuga Lake Inter-Municipal Water Commission, 1402 East Shore Drive, Ithaca, New York 14850.

For the year ended December 31, 2018 (latest available), the audited financial statements of the Commission show:

Total Assets	\$ 13,886,093
Total Liabilities	6,401,468
Net Position	7,782,750
Total Revenues	4,191,628
Total Expenses	3,577,238

- 2) The Ithaca Area Wastewater Treatment Plant ("IAWTP") is a joint venture involving the Towns of Ithaca and Dryden, and the City of Ithaca. This joint venture was formed for the treatment of wastewater. The joint venture operates under terms of an original agreement dated December 22, 1981 and has been amended several times, the last of which is dated December 31, 2003. Construction of the treatment plant began in 1984 and was completed in 1986.
 - a) The Special Joint Committee (governing body) of the IAWTP consists of eight members; four appointed from the City of Ithaca, three from the Town of Ithaca, and one from the Town of Dryden. The City of Ithaca operates the plant and has custody of the joint activity money.
 - b) The Town of Ithaca's share of capital costs is 40.69% of the total.

- c) The governing body has established charges at rates intending to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges is to be provided by equal share contributions from the participants, including the Town's share of 40.69%. The City issues the debt to finance improvements to the IAWTP system; however, the Town and the Town of Dryden are each obligated to pay their portion of debt service on the obligations issued by the City pursuant to an agreement with the City, the Town and the Town of Dryden for the guaranteed right to utilize the plant. These obligations are obligations of the City and are not joint obligations of the Town and the Town of Dryden.

The following information is from the separately issued financial statements of the IAWTP for the year ended December 31, 2017 (latest available):

Total Assets	\$ 33,586,909
Total Liabilities	21,509,500
Net Position	12,503,865
Total Revenues	3,751,856
Total Expenses	5,674,301

Joint Indebtedness

Title 1-A of the Local Finance Law authorizes the issuance of joint indebtedness relative to municipal cooperative activities such as the improvement of the facilities of the Water Commission. The basis of this statute is sections 1 and 2-A of Article VIII of the Constitution which provide for indebtedness to be contracted, either jointly or severally for a joint water project as described in said section 2-A of said Article VIII.

The Town of Ithaca, Town of Dryden, Town of Lansing, Village of Cayuga Heights and Village of Lansing (the "Joint Obligors" jointly constitute and operate SCLIWC and its facilities.

In accordance with the provisions of Section 15.10 of the New York State Local Finance Law, solely for purposes of determining the debt-contracting power of each of the Joint Obligors, each of the Joint Obligors has been allocated and apportioned joint indebtedness evidenced by joint bonds for Water Commission projects are as follows:

\$2,600,000 Joint Public Improvement (Serial) Bonds, 2012

Town of Ithaca	\$ 1,373,320	52.82%
Town of Lansing	392,860	15.11%
Town of Dryden	99,580	3.83%
Village of Lansing	503,100	19.35%
Village of Cayuga Heights	<u>231,140</u>	<u>8.89%</u>
Total:	<u>\$ 2,600,000</u>	<u>100.00%</u>

\$1,500,000 Joint Public Improvement (Serial) Bonds, 2013

	<u>Bond Amount</u>	<u>Percent</u>
Town of Ithaca	\$ 792,300	52.82%
Town of Lansing	226,650	15.11%
Town of Dryden	57,450	3.83%
Village of Lansing	290,250	19.35%
Village of Cayuga Heights	<u>133,350</u>	<u>8.89%</u>
Total:	<u>\$ 1,500,000</u>	<u>100.00%</u>

The pro-rata share of debt service may change over time based upon each of the Joint Obligor's usage of the water system over the life of the joint bonds

The bonds are general obligations of the Joint Obligors, and contain a pledge of the joint faith and credit of each of the Joint Obligors for the payment of the principal of and interest on the bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 1, 2 and 2-a; Local Finance Law, Title 1-A and Section 100.00). All the taxable real property within the Joint Obligors is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

Under the Constitution of the State, the Joint Obligors are required to jointly pledge their faith and credit for the payment of the principal of and interest on the bonds. The State is specifically precluded from restricting the power of the Joint Obligors as with any municipal unit of government in the State to levy taxes on real property therefor for debt issued prior to the effective date of any such restricting legislation. However, the Tax Levy Limitation Law imposes a statutory limitation on each of the Joint Obligors' power to increase its tax levy in certain contexts. See "TAX LEVY LIMITATION LAW" herein.

The Town expects to pay only its pro-rata share of the debt service on the joint bonds; however, it is legally liable to contribute additional monies should any Joint Obligor fail to pay its own share of debt service of the joint bonds.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Net Indebtedness</u>
County of:						
Tompkins	12/31/2018	\$ 63,700,998	\$ 702,466 ⁽²⁾	\$ 62,998,532	19.88%	\$ 12,524,108
School District:						
Ithaca	6/30/2019	59,929,800	34,819,214 ⁽³⁾	25,110,586	30.53%	7,666,262
Newfield	6/30/2019	28,760,000	25,452,600 ⁽³⁾	3,307,400	0.09%	2,977
					Total:	<u>\$ 20,193,347</u>

(1) 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.

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

(3) Estimated State Building aid.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018 for counties and 2019 for school districts.

Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of August 11, 2020:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 2,049,000	\$ 102.93	0.13%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	22,242,347	1,117.31	1.38%

(a) The 2018 estimated population of the Town is 19,907. (See "THE TOWN – Population" herein.)

(b) The full value of taxable real estate for the Town's 2020 tax roll is \$1,615,172,657. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$20,193,347. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

The rights of the owners of Bonds to receive interest and principal from the Town could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (including the Bonds) 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 Town 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 Town 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 Town of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature, described below, authorizing any county, City, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

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

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

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

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

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

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

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

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

and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

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

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

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

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

No Past Due Debt. No principal of or interest on Town indebtedness is past due.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. 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 risk.

The financial condition of the Town as well as the market for the Bonds 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 in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, 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 this year or future years, 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 several recent 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.

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

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds 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 Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts and have restrictions in the State, including the Town without providing an exclusion for debt service on obligations issued by municipalities or fire districts, including the Town, could have an impact upon the market price of the Bonds. See "TAX LEVY LIMITATION LAW" 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.

COVID-19

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

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the virus might affect revenue streams supporting revenue bond debt of some public authorities, as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets or state and local resources to meet their obligations supporting same.

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

TAX MATTERS

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

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Bonds substantially in the forms set forth in “APPENDIX – D” hereto.

Certain legal matters will be passed on for the Underwriter by its counsel, Trespasz & Marquardt, LLP, Syracuse, New York. Certain matters will be passed on for the Town by its Attorney.

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure Compliance

The Town has in the previous five years complied, in all material respects, with any previous undertakings pursuant to the Rule; however,

- The Town failed to file its unaudited Annual Financial Report Update Document ("AUD") for fiscal year ending December 31, 2017 within sixth months of the succeeding fiscal year (June 30, 2018) and failed to provide timely notice of such failure to file its 2017 AUD. The Town's 2017 AUD was not completed prior to completion of the 2017 audited financial statement and thus was not filed in lieu of the audited financial statement. The 2017 audited financial statement was completed on October 25, 2018 and filed to the Electronic Municipal Market Access ("EMMA") on November 9, 2018.
- The Town failed to file its unaudited Annual Financial Report Update Document ("AUD") for fiscal year ending December 31, 2018 within sixth months of the succeeding fiscal year (June 30, 2019). The 2018 AUD was not completed prior to completion of the 2018 audited financial statement. The Town's 2018 audited financial statement was completed on October 18, 2019 and filed to the EMMA on December 5, 2020, together with the 2018 AUD.

BOND RATING

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

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

MUNICIPAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by Robert W. Baird & Co. (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the Bonds plus a net original issue premium of \$_____, less an underwriter's fee for the transaction of \$_____). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

MISCELLANEOUS

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

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

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

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

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

Concurrently with the delivery of the Bonds, the Town will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Town.

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

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

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the Town also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town will act as Paying Agent for the Bonds. The Town contact information is as follows: Mr. Mike Solvig, Town Finance Officer, Town of Ithaca, 215 North Tioga Street, Ithaca, New York 14850, Phone: (607) 273-1721, Fax: (607) 273-5854, email: msolvig@town.ithaca.ny.us.

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

TOWN OF ITHACA

Dated: August 11, 2020

ROD HOWE
Town Supervisor

GENERAL TOWNWIDE FUND

Balance Sheets

Fiscal Years Ending December 31:	2015	2016	2017	2018	2019 (Unaudited)
ASSETS					
Unrestricted Cash	\$ 3,385,043	\$ 3,662,232	\$ 5,515,007	\$ 5,190,316	\$ 4,849,776
Restricted Cash	1,105,453	1,006,265	1,116,887	1,122,073	1,242,891
Due from Other Funds	71,709	72,686	92,213	-	-
Due from State & Federal Governments	-	-	-	-	195,039
Due From Other Governments	287,881	284,489	342,445	263,151	352,493
Prepaid Expenses	107,277	105,699	91,209	93,474	149,698
Other Receivables	-	11,538	100,001	2,429	22,270
TOTAL ASSETS	\$ 4,957,363	\$ 5,142,909	\$ 7,257,762	\$ 6,671,443	\$ 6,812,167
LIABILITIES AND FUND EQUITY					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	374,014	416,670	520,872	650,632	709,655
Due to Other Funds	56,994	57,483	56,088	49,413	-
Due to Other Governments	-	-	1,143,344	260,742	58,078
Deferred Inflows of Resources	-	-	315,982	75,405	19,082
TOTAL LIABILITIES	\$ 431,008	\$ 474,153	\$ 2,036,286	\$ 1,036,192	\$ 786,815
FUND EQUITY					
Nonspendable	\$ 107,278	\$ 105,699	\$ 91,208	\$ 93,473	\$ 149,698
Restricted	1,105,455	1,006,266	1,116,830	1,122,073	1,242,891
Committed	-	-	-	-	-
Assigned	1,036,720	1,408,072	1,549,282	1,690,752	619,940
Unassigned	2,276,902	2,148,719	2,464,156	2,728,953	4,012,823
TOTAL FUND EQUITY	\$ 4,526,354	\$ 4,668,756	\$ 5,221,476	\$ 5,635,251	\$ 6,025,352
TOTAL LIABILITIES and FUND EQUITY	\$ 4,957,363	\$ 5,142,909	\$ 7,257,762	\$ 6,671,443	\$ 6,812,167

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

GENERAL TOWNWIDE FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Actual	Unaudited Actual	Adopted Budget
REVENUES						
Real Property Taxes	\$ 2,600,000	\$ 2,599,982	\$ 3,052,000	\$ 2,750,189	\$ 2,978,179	\$ 3,036,000
Real Property Tax Items	60,179	62,941	60,966	58,929	69,900	59,000
Non-Property Tax Items	1,542,541	1,419,319	1,181,168	1,645,296	1,479,081	2,015,000
Departmental Income	180,665	210,343	385,250	335,952	284,732	235,750
Intergovernmental Charges	71,996	113,493	101,496	101,342	106,671	103,480
Use of Money & Property	35,401	36,378	38,349	40,119	182,290	188,800
Licenses and Permits	21,699	22,958	22,829	23,488	9,841	10,000
Fines and Forfeitures	264,210	273,619	224,402	219,329	237,032	225,000
Sale of Property and Compensation for Loss	8,348	6,563	5,907	5,614	5,084	-
Miscellaneous Local Sources	117,258	72,465	165,216	145,956	287,748	50,000
Revenues from State Sources	568,567	507,361	458,368	400,302	547,381	337,650
Revenues from Federal Sources	-	-	-	-	65,071	-
Total Revenues	\$ 5,470,864	\$ 5,325,422	\$ 5,695,951	\$ 5,726,516	\$ 6,253,010	\$ 6,260,680
EXPENDITURES						
General Government Support	\$ 1,562,731	\$ 1,626,242	\$ 1,594,772	\$ 1,637,813	\$ 1,808,733	\$ 2,236,950
Public Safety	74,987	80,868	75,225	71,284	77,509	92,234
Health	-	-	-	-	-	-
Transportation	429,530	395,434	369,715	439,562	511,487	2,017,000
Culture and Recreation	916,374	1,011,717	951,103	1,055,573	1,176,111	1,377,448
Home and Community Services	1,201,824	1,102,560	1,163,128	1,114,681	1,299,180	1,363,850
Employee Benefits	1,199,379	1,341,246	1,305,738	1,292,072	1,294,210	1,450,800
Debt Service	-	-	-	-	-	-
Total Expenditures	\$ 5,384,825	\$ 5,558,067	\$ 5,459,681	\$ 5,610,985	\$ 6,167,230	\$ 8,538,282
Excess of Revenues Over (Under) Expenditures	\$ 86,039	\$ (232,645)	\$ 236,270	\$ 115,531	\$ 85,780	\$ (2,277,602)
Other Financing Sources (Uses):						
Operating Transfers In	\$ 583,600	\$ 589,800	\$ 655,846	\$ 608,303	\$ 620,890	\$ 621,900
Operating Transfers Out	(235,995)	(214,754)	(339,395)	(310,058)	(316,570)	(216,345)
Proceeds of Obligations	-	-	-	-	-	1,400,000
Total Other Financing	\$ 347,605	\$ 375,046	\$ 316,451	\$ 298,245	\$ 304,320	\$ 1,805,555
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 433,644	\$ 142,401	\$ 552,721	\$ 413,776	\$ 390,100	\$ (472,047)
FUND BALANCE						
Fund Balance - Beginning of Year	\$ 4,092,711	\$ 4,526,355	\$ 4,668,755	\$ 5,221,475	\$ 5,635,252	\$ 472,047
Prior Period Adjustments (net)	-	-	-	-	-	-
Fund Balance - End of Year	\$ 4,526,355	\$ 4,668,756	\$ 5,221,476	\$ 5,635,251	\$ 6,025,352	\$ -

Source: Audited financial reports, except where noted as unaudited, and 2020 adopted budget (unaudited) of the Town. This Appendix is not itself audited.

APPENDIX - B
Town of Ithaca

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	PRIOR TO REFUNDING			Refunded Bonds Debt Service	REFUNDING BONDS			Total New Debt Service
	Principal	Interest	Total		Principal	Interest	Total	
2020	\$ 1,350,358	\$ 397,062	\$ 1,747,420	\$ -	\$ -	\$ -	\$ -	\$ -
2021	1,375,358	363,958	1,739,316	-	-	-	-	-
2022	1,332,999	325,333	1,658,332	-	-	-	-	-
2023	1,368,281	290,058	1,658,339	-	-	-	-	-
2024	1,205,922	252,299	1,458,221	-	-	-	-	-
2025	1,023,563	220,187	1,243,750	-	-	-	-	-
2026	1,046,204	191,065	1,237,269	-	-	-	-	-
2027	1,073,845	160,926	1,234,771	-	-	-	-	-
2028	1,101,486	129,385	1,230,871	-	-	-	-	-
2029	1,004,127	96,401	1,100,528	-	-	-	-	-
2030	804,409	67,261	871,670	-	-	-	-	-
2031	592,050	43,685	635,735	-	-	-	-	-
2032	467,332	25,094	492,426	-	-	-	-	-
2033	390,179	10,981	401,160	-	-	-	-	-
TOTALS	\$ 14,136,113	\$ 2,573,695	\$ 16,709,808	\$ -	\$ -	\$ -	\$ -	\$ -

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2009			2011			2012		
	Public Improvement Serial Bond			Public Improvement Serial Bond			Joint Public Improvement Serial Bond		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 80,000	\$ 14,544	\$ 94,544	\$ 155,000	\$ 45,906	\$ 200,906	\$ 63,384	\$ 24,825	\$ 88,209
2021	85,000	12,044	97,044	160,000	42,031	202,031	63,384	23,558	86,942
2022	85,000	9,281	94,281	105,000	38,031	143,031	66,025	22,290	88,315
2023	90,000	6,413	96,413	110,000	35,144	145,144	68,666	20,887	89,553
2024	90,000	3,263	93,263	110,000	31,844	141,844	71,307	19,342	90,649
2025	-	-	-	115,000	28,544	143,544	71,307	17,738	89,045
2026	-	-	-	115,000	25,094	140,094	73,948	16,044	89,992
2027	-	-	-	120,000	21,644	141,644	76,589	14,195	90,784
2028	-	-	-	125,000	17,744	142,744	76,589	12,281	88,870
2029	-	-	-	130,000	13,681	143,681	79,230	9,983	89,213
2030	-	-	-	135,000	9,456	144,456	81,871	7,606	89,477
2031	-	-	-	140,000	4,900	144,900	84,512	5,150	89,662
2032	-	-	-	-	-	-	87,153	2,615	89,768
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
TOTALS	\$ 430,000	\$ 45,544	\$ 475,544	\$ 1,520,000	\$ 314,019	\$ 1,834,019	\$ 963,965	\$ 196,514	\$ 1,160,479

Fiscal Year Ending Dec 31st	2013			2013			2014		
	Joint Public Improvement Serial Bond			Public Improvement Serial Bond			Public Improvement Serial Bond		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 36,974	\$ 18,111	\$ 55,085	\$ 310,000	\$ 58,163	\$ 368,163	\$ 195,000	\$ 58,800	\$ 253,800
2021	36,974	17,001	53,975	310,000	51,188	361,188	200,000	54,900	254,900
2022	36,974	15,892	52,866	310,000	43,438	353,438	205,000	46,900	251,900
2023	39,615	14,743	54,358	310,000	34,138	344,138	210,000	42,288	252,288
2024	39,615	13,555	53,170	125,000	24,063	149,063	220,000	37,300	257,300
2025	42,256	12,327	54,583	125,000	19,688	144,688	200,000	31,800	231,800
2026	42,256	11,059	53,315	125,000	15,000	140,000	205,000	25,800	230,800
2027	42,256	9,792	52,048	125,000	10,000	135,000	210,000	19,650	229,650
2028	44,897	8,456	53,353	125,000	5,000	130,000	220,000	13,350	233,350
2029	44,897	7,053	51,950	-	-	-	225,000	6,750	231,750
2030	47,538	5,579	53,117	-	-	-	-	-	-
2031	47,538	4,034	51,572	-	-	-	-	-	-
2032	50,179	2,446	52,625	-	-	-	-	-	-
2033	50,179	815	50,994	-	-	-	-	-	-
TOTALS	\$ 602,148	\$ 140,864	\$ 743,012	\$ 1,865,000	\$ 260,675	\$ 2,125,675	\$ 2,090,000	\$ 337,538	\$ 2,427,538

APPENDIX - B2
Town of Ithaca

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2014			2015			2018		
	Refunding of 2004 Serial Bond			Public Improvement Serial Bond			Public Improvement Serial Bond		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 100,000	\$ 11,294	\$ 111,294	\$ 180,000	\$ 47,913	\$ 227,913	\$ 230,000	\$ 117,507	\$ 347,507
2021	100,000	8,294	108,294	185,000	44,313	229,313	235,000	110,630	345,630
2022	95,000	5,284	100,284	190,000	40,613	230,613	240,000	103,604	343,604
2023	95,000	3,206	98,206	195,000	36,813	231,813	250,000	96,428	346,428
2024	90,000	1,069	91,069	200,000	32,913	232,913	260,000	88,953	348,953
2025				205,000	28,913	233,913	265,000	81,179	346,179
2026				210,000	24,813	234,813	275,000	73,255	348,255
2027				215,000	20,613	235,613	285,000	65,033	350,033
2028				220,000	16,044	236,044	290,000	56,511	346,511
2029				225,000	11,094	236,094	300,000	47,840	347,840
2030				230,000	5,750	235,750	310,000	38,870	348,870
2031	-	-	-	-	-	-	320,000	29,601	349,601
2032	-	-	-	-	-	-	330,000	20,033	350,033
2033	-	-	-	-	-	-	340,000	10,166	350,166
TOTALS	\$ 480,000	\$ 29,147	\$ 509,147	\$ 2,255,000	\$ 309,788	\$ 2,564,788	\$ 3,930,000	\$ 939,608	\$ 4,869,608

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Town has agreed to provide, or cause to be provided, during the period in which the Bonds are outstanding:

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated August 18, 2020 of the Town relating to the Bonds under the headings "THE TOWN", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other Appendix C, D and other than any Appendix related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2020, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2020; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults; if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the Town;
 - (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (o) incurrence of a “financial obligation” (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 Bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

FORM OF BOND COUNSEL’S OPINION – SERIES A BONDS

September 3, 2020

Town of Ithaca,
County of Tompkins,
State of New York

Re: Town of Ithaca, Tompkins County, New York
\$1,610,000 Public Improvement Refunding (Serial) Bonds, 2020 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,610,000 Public Improvement Refunding (Serial) Bonds, 2020 (the “Obligations”), of the Town of Ithaca, New York (the “Obligor”), dated September 3, 2020, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ hundredths per centum (____%) per annum as to bonds maturing in ____, payable on February 15, 2021 and semi-annually thereafter on August 15 and February 15, and maturing in the amount of \$ ____ on August 15, 2021, \$ ____ on August 15, 2022, \$ ____ on August 15, 2023, \$ ____ on August 15, 2024, \$ ____ on August 15, 2025, \$ ____ on August 15, 2026, \$ ____ on August 15, 2027, \$ ____ on August 15, 2028, \$ ____ on August 15, 2029, \$ ____ on August 15, 2030 and \$ ____ on August 15, 2031.

The Obligations maturing on or before August 15, 2028 shall not be subject to redemption prior to maturity. The Obligations maturing on or after August 15, 2029 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Town on August 15, 2028 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

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

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

In our opinion:

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

FORM OF BOND COUNSEL'S OPINION – SERIES B BONDS

September 3, 2020

Town of Ithaca,
County of Tompkins,
State of New York

Re: Town of Ithaca, Tompkins County, New York
\$3,390,000 Public Improvement (Serial) Bonds, 2020 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$3,390,000 Public Improvement (Serial) Bonds, 2020 (the "Obligations"), of the Town of Ithaca, New York (the "Obligor"), dated September 3, 2020, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ hundredths per centum (____%) per annum as to bonds maturing in ____, payable on February 15, 2021 and semi-annually thereafter on August 15 and February 15, and maturing in the amount of \$_____ on August 15, 2021, \$_____ on August 15, 2022, \$_____ on August 15, 2023, \$_____ on August 15, 2024, \$_____ on August 15, 2025, \$_____ on August 15, 2026, \$_____ on August 15, 2027, \$_____ on August 15, 2028, \$_____ on August 15, 2029, \$_____ on August 15, 2030, \$_____ on August 15, 2031, \$_____ on August 15, 2032, \$_____ on August 15, 2033, \$_____ on August 15, 2034 and \$_____ on August 15, 2035.

The Obligations maturing on or before August 15, 2029 shall not be subject to redemption prior to maturity. The Obligations maturing on or after August 15, 2030 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Town on August 15, 2029 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

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

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

In our opinion:

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**TOWN OF ITHACA
TOMPKINS COUNTY, NEW YORK**

AUDITED FINANCIAL STATEMENT

For the Year Ended December 31, 2018

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

The Town's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Town's independent auditor also has not performed any procedures relating to this Official Statement.

TOWN OF ITHACA

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INDEPENDENT AUDITOR'S REPORT

Supervisor and Town Board
Town of Ithaca
Ithaca, New York 14850

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ithaca, NY, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ithaca, NY, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages I-XVIII), the Schedule of Changes in Total OPEB Liability and Related Ratios (page 44), the Schedule of Revenues and Expenditures Compared to Budget - Major Funds (page 45), the Schedule of the Town's Proportionate Share of the Net Pension Liability (page 46), and the Schedule of the Town's Pension Contributions (page 47), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Ithaca's basic financial statements. The supplementary information presented on pages 48 through 49 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2019 on our consideration of the Town of Ithaca's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Ithaca's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Sciarabba Walker & Co. LLP". The signature is written in a cursive, flowing style.

Sciarabba Walker & Co., LLP

Ithaca, New York
October 18, 2019

The following is a discussion and analysis of the Town of Ithaca's financial performance for the year ended December 31, 2018. The Town of Ithaca discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions as provided by the Town's Finance Officer. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

HIGHLIGHTS

Financial Highlights:

- The Town's net position, as reflected in the Statement of Net Position, increased by \$1,746,241 (7.19%).
- Revenue, as reflected in the Statement of Activities, increased \$1,001,888 (5.19%).
- Expenditures increased by \$507,449 (2.81%).
- The General Town-wide Fund (the primary operating fund) fund balance increased by \$413,775 (7.92%) for the year ended December 31, 2018.

Town Highlights:

- Year-end fund balance increased in general, highway, and capital projects and decreased in fire fund for major Town funds in Fiscal Year 2018.
- In Fiscal Year 2018, the Town received prepaid property taxes of \$488,787. \$228,045 of which was allocated to the following funds: \$75,405 general, \$56,651 highway, \$74,957 fire, \$15,567 water, \$4,703 sewer, and \$762 lighting districts. These amounts have been reflected within the governmental funds as deferred inflows of resources. The remaining balance of \$260,742 is cash due to the County which has been reflected within the general funds as a due to other governments at year-end.
- During 2018, the Town added a Highway Town-Wide Fund. This fund is combined with the Highway Part-Town Fund for financial statements purposes.

GENERAL FUND - Fund equity increased by \$413,775, with revenues and other sources of \$6,334,819 exceeding expenditures and other uses of \$5,921,043. Sales and mortgage taxes both increased while real property taxes, departmental income and state aid per capita decreased compared to 2017. Ending fund balance totaled \$5,635,251, which includes reserves of \$832,626 for the Parks and Open Space Plan Reserve, \$235,096 for the General Benefit Reserve, \$40,173 in the Preserve Maintenance Reserve, \$9,752 in the Land

Stewardship Reserve and \$4,426 in the Cemetery Maintenance Reserve. (Townwide + Part-Town + Risk)

HIGHWAY FUND - With revenues and other sources of \$4,386,103 exceeding expenditures and other uses of \$3,740,160, fund equity increased by \$645,943. Ending fund balance of \$2,913,454 includes reserves of \$283,905 for the Highway Equipment Reserve and \$79,412 for the General Benefit Reserve. (Townwide + Part-Town)

WATER FUND - For Fiscal Year 2018, the net position of the Water Fund decreased by \$1,744,286. Operating and non-operating expenditures totaling \$5,935,793 exceeded operating and non-operating revenues of \$4,191,507. Year-end net position of \$6,260,798 includes \$23,838 for the General Benefit Reserve.

SEWER FUND - Net position of the Sewer Fund increased by \$51,571 in Fiscal Year 2018. Operating and non-operating revenues of \$2,790,453 exceeded operating and non-operating expenditures of \$2,738,882. Net position at year-end of \$5,418,841 includes \$12,046 for the General Benefit Reserve.

FIRE PROTECTION FUND - With expenses of \$3,349,006 exceeding revenues of \$3,280,530, fund equity decreased by \$68,476 to total \$2,010,352 at year-end.

- The Town of Ithaca has an *informal* policy to maintain the fund balance percentage of any fund, calculated as the percentage of the fund's year-end unreserved net assets compared to the next year's budgeted expenditures, at a minimum of 25%. A 25% fund balance percentage represents the approximate amount necessary to cover the expense of three months of operations. For the year ended December 31, 2018, all major funds exceeded this 25% goal.
- Collections of sales taxes and mortgage tax increased in Fiscal Year 2018.

SALES TAX - Collections increased to \$3,388,799 in 2018 from the previous year's total of \$3,184,969, an increase of \$203,830 or 6.40%. Sales tax revenues are split between General Fund and Highway Fund.

MORTGAGE TAX - Collections for 2018 totaled \$299,934, an increase of \$20,143 or 7.20% over the previous year's total of \$279,791.

- Year-end balances for the Town's reserve accounts either increased or decreased over the prior year and are as follows:

PARKS AND OPEN SPACE PLAN RESERVE - The General Fund includes reserve funds designated for the purpose of future park development and the purchasing of development rights, as outlined in the Town's Parks and Open Space Plan. The balance at year-end was \$832,626.

HIGHWAY EQUIPMENT RESERVE - The Highway Fund includes reserve funds established for the purchase/replacement of highway equipment and machinery. The balance at year-end was \$283,905.

GENERAL BENEFIT RESERVE - The General Fund, Highway Fund, Water Fund, and Sewer Fund equity includes reserve funds established for managing unanticipated increases in employee fringe benefit costs (e.g. NYS Retirement, Health Insurance). The aggregate balance at year-end was \$350,392.

PRESERVE MAINTENANCE RESERVE - The General Townwide Fund includes reserve funds designated for the maintenance of the Pine Tree Wildlife Preserve, donated to the Town in 2013. In conjunction with the donation of the land, the amount of \$40,000 was also donated to provide for future maintenance of the preserve. The balance at year end was \$40,173.

LAND STEWARDSHIP RESERVE - In 2014, the Town purchased the development rights to the Indian Creek Farm with financial assistance through a State of New York grant. This grant included \$10,000 to be held in reserve by the Town, designated for the future stewardship of the Indian Creek Farmlands. For the year ended December 31, 2018, the balance of this reserve totaled \$9,752.

CEMETERY MAINTENANCE RESERVE – The General Townwide Fund includes reserve funds designated for the maintenance of the cemetery. The balance at year end was \$4,426.

- The Capital Improvement Program (CIP) process continues to be improved and refined. Timely project reviews, detailed mapping, design, planning, and the development of five-year budget projections have strengthened the fiscal accountability of the Town’s CIP, improving the Town’s ability to analyze the cost of future borrowing needs and the potential impact that such long-term borrowing would have on the property tax levy and property tax rates. This analytical process assists the Town Board in prioritizing those projects that will better serve the needs of the Town residents and maintain the quality of the Town’s transportation, water and sewer infrastructures.

CONSTITUTIONAL DEBT LIMIT - The Town of Ithaca maintains a very low direct debt burden. At year-end the Town had exhausted only 3.02% of its debt-contracting power.

- On November 8, 2018, Moody’s Investors Service assigned an Aa1 rating to the 2018 Bond Issue. The Aa1 rating reflects the Town’s “moderately-sized tax base supported by above-average resident wealth and income and higher education anchors Cornell University and Ithaca College. The Town further benefits from a strong financial position and ample reserves, as well as manageable debt and pension burdens.” Moody’s notes that “financial management is strong as evidenced by consistently healthy reserves.”

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Town’s overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Town's most significant funds.
- The *governmental funds statements* tell how basic services were financed in the short term as well as what remains for future spending. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes finance most of these activities.
- The *proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. Enterprise funds are used to report the funds presented as business-type activities in the government-wide financial statements. The enterprise funds are those that the Town charges customers to provide. These include the sewer and water services offered by the Town.
- *Fiduciary funds statements* provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how they have changed. Net position, the difference between the Town's assets and liabilities, is one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Town's activities are shown as *governmental activities and business-type activities*. The Town's basic services are included as governmental activities such as road maintenance (transportation), and administration (general governmental support). Property taxes finance most of these activities. Business-type activities are reported separately as they recover most of their expenses through charges to customers for the services provided.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds – not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on programs:

- Some funds are required by State law and by bond covenants.
- The Town establishes other funds to control and to manage money for purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The Town has three kinds of funds:

- **Governmental Funds:** Most of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (page 5 and pages 8-9) have been added to explain the relationship (or differences) between them.
- **Proprietary Funds:** Consist of the water and sewer funds, those funds for which the Town provides services and then charges customers for providing the service. The proprietary statements include all assets and liabilities, both short-term and long-term, including debt and capital assets. Accrual accounting is used, and focus is on economic resources.
- **Fiduciary Funds - Agency Funds:** The Town acts in an agency capacity for assets that are ultimately transferred to others, such as payroll withholdings. The Town also reports deposits associated with its rental activities in this fund. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net position increased by \$1,746,241 or 7.19%.

Current assets increased by \$66,810 while current liabilities decreased by \$2,028,991 or 0.31% and 39.04%, respectively.

Capital assets increased by \$1,945,613 (net of 2018 depreciation expense of \$1,568,807) or 7.01%.

Long-term serial bond debt increased by \$3,103,000 or 28.81%. The increase reflects the 2018 bond proceeds issued of \$4,150,000 and principal payments of \$1,047,000 during the year.

Unrestricted net position increased by \$2,864,349 or 49.33%.

The Town's current ratio (ratio of current assets to current liabilities) was 6.9:1 at December 31, 2018. The Town's quick ratio (cash and assets easily converted to cash compared to current liabilities) was 5.3:1 at December 31, 2018.

Figures A-1 and A-2 present condensed information derived from the Town's government-wide statements.

FIGURE A-1

<i>Condensed Statement of Net Position</i>	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Current assets	\$ 13,388,513	\$ 13,305,871	\$ 8,439,815	\$ 8,455,647
Non-current assets	12,042,359	11,851,649	17,667,636	15,912,733
Total Assets	\$ 25,430,872	\$ 25,157,520	\$ 26,107,451	\$ 24,368,380
Deferred outflows, as restated	1,811,974	1,110,312	171,467	95,069
Total Deferred Outflows of Resources	\$ 1,811,974	\$ 1,110,312	\$ 171,467	\$ 95,069
Current liabilities	\$ 1,259,511	\$ 3,987,846	\$ 1,908,920	\$ 1,209,576
Non-current liabilities, as restated	10,280,212	10,381,491	12,559,287	9,809,488
Total Liabilities	\$ 11,539,723	\$ 14,369,337	\$ 14,468,207	\$ 11,019,064
Deferred inflows	1,352,755	987,083	131,072	72,030
Total Deferred Inflows of Resources	\$ 1,352,755	\$ 987,083	\$ 131,072	\$ 72,030
Invested in capital assets, net of debt	\$ 9,118,770	\$ 8,629,719	\$ 6,719,225	\$ 8,365,663
Restricted	1,485,390	1,446,151	35,884	35,845
Unrestricted net position, as restated	3,746,208	835,542	4,924,530	4,970,847
Total Net Position	\$ 14,350,368	\$ 10,911,412	\$ 11,679,639	\$ 13,372,355

FIGURE A-2

<i>Changes in Net Position</i>	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
REVENUES				
Program revenues:				
Charges for services	\$ 371,524	\$ 409,666	\$ 5,784,147	\$ 5,371,656
Operating grants and contributions	269,171	371,277	-	-
Capital grants and contributions	293,411	235,042	-	-
General revenues:				
Property taxes	8,288,697	7,881,966	1,189,760	1,094,165
Non property taxes	3,445,296	3,266,137	-	-
Unrestricted state aid	339,172	281,051	-	-
Interest earnings	25,471	16,447	7,464	4,658
Other general revenues	294,140	373,484	589	1,405
Total Revenues	\$ 13,326,882	\$ 12,835,070	\$ 6,981,960	\$ 6,471,884
PROGRAM EXPENSES				
General government support	\$ 2,446,751	\$ 2,538,960	\$ -	\$ -
Public safety	3,432,909	3,201,013	-	-
Transportation	3,520,351	3,330,976	-	-
Culture and recreation	1,234,521	1,132,655	-	-
Home and community services	1,874,278	2,150,312	-	-
Water and sewer	-	-	6,053,791	5,701,236
Total Expenses	\$ 12,508,810	\$ 12,353,916	\$ 6,053,791	\$ 5,701,236
Transfers	2,620,884	(604,211)	(2,620,884)	604,211
CHANGE IN NET POSITION	\$ 3,438,956	\$ (123,057)	\$ (1,692,715)	\$ 1,374,859

Figure A-3 shows the sources of revenue for 2018.

FIGURE A-3
Sources of Revenue for 2018

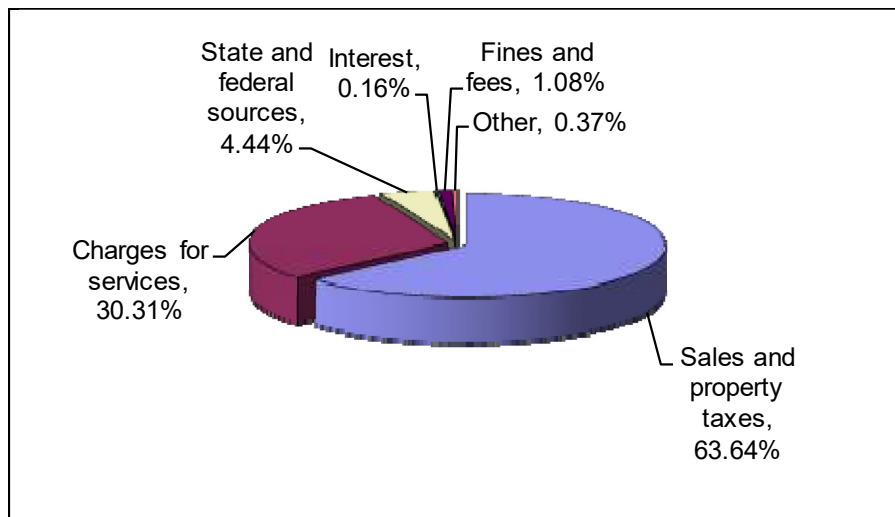
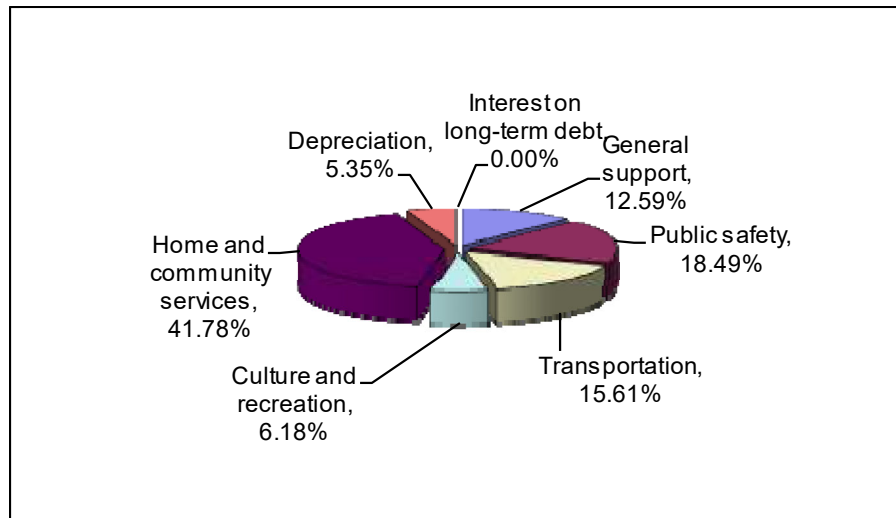


Figure A-4 represents the Town's 2018 expenditures by program.

FIGURE A-4
Expenditures by Program



Total costs of services provided by the Town (Figure A-5) were \$18,562,601. These charges were offset by grants and contributions of \$562,582 and charges for services of \$6,155,671, resulting in net cost of services of \$11,844,348.

FIGURE A-5

<i>Programs</i>	Total Cost of Services		
	Governmental	Business - Type	Total
	2018	2018	2018
General government support	\$ 2,446,751	\$ -	\$ 2,446,751
Public safety	3,432,909	-	3,432,909
Transportation	3,520,351	-	3,520,351
Culture and recreation	1,234,521	-	1,234,521
Home and community services	1,874,278	-	1,874,278
Water and sewer	-	6,053,791	6,053,791
Total	\$ 12,508,810	\$ 6,053,791	\$ 18,562,601

<i>Programs</i>	Net Cost of Services		
	Governmental	Business - Type	Total
	2018	2018	2018
General government support	\$ 2,260,246	\$ -	\$ 2,260,246
Public safety	3,432,629	-	3,432,629
Transportation	3,204,829	-	3,204,829
Culture and recreation	1,133,179	-	1,133,179
Home and community services	1,543,821	-	1,543,821
Water and sewer	-	269,644	269,644
Total	\$ 11,574,704	\$ 269,644	\$ 11,844,348

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Figure A-6 shows the change in fund balances for the year for the Town's funds as presented in the Town's Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds. At December 31, 2018, the Town reported a combined fund balance of \$11,671,588. Total fund balance increased by \$3,321,263 in 2018

FIGURE A-6

<i>Governmental Fund Balances</i>	Governmental Funds		Total Dollar Change
	2018	2017	
General Fund	\$ 5,635,251	\$ 5,221,476	\$ 413,775
Highway Fund	2,913,454	2,267,511	645,943
Fire Fund	2,010,352	2,078,828	(68,476)
Capital Projects Fund	999,876	(1,454,426)	2,454,302
Other Funds	112,655	236,936	(124,281)
Total Fund Balance	\$ 11,671,588	\$ 8,350,325	\$ 3,321,263

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were higher than budget estimates by \$215,785 and actual expenditures were less than budgeted expenditures by \$991,897.

Figure A-7 summarizes the General Fund original budget, actual expenditures and the variances for the year ended December 31, 2018.

FIGURE A-7

<i>Condensed Budgetary Comparison- General Fund 2018</i>	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Real property taxes	\$ 2,808,000	\$ 2,809,118	\$ 1,118
Non-property taxes	1,468,000	1,645,296	177,296
State sources	471,650	400,302	(71,348)
All other	763,081	871,800	108,719
Total Revenues	\$ 5,510,731	\$ 5,726,516	\$ 215,785
EXPENDITURES			
General government support	\$ 1,914,087	\$ 1,637,813	\$ 276,274
Public safety	92,884	71,284	21,600
Transportation	512,360	439,562	72,798
Culture and recreation	1,154,876	1,055,573	99,303
Home and community services	1,454,550	1,114,682	339,868
Employee benefits	1,474,125	1,292,072	182,053
Total Expenditures	\$ 6,602,882	\$ 5,610,986	\$ 991,896
Other financing sources	\$ 1,402,106	\$ 608,303	\$ (793,803)
Other financing uses	309,955	310,058	(103)

CAPITAL ASSETS

The Town records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Town's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in Notes 1K and 1L in the current year's Notes to the Financial Statements.

In 2018, the Town expended \$3,551,148 on capital additions. Figure A-8 reflects the changes in net capital assets.

FIGURE A-8

<i>Changes in Net Capital Assets</i>	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land	\$ 599,780	\$ 599,780	\$ -	\$ -
Construction in progress	894,145	361,466	2,383,388	622,473
Buildings	2,969,164	3,119,352	-	-
Equipment and machinery	2,351,620	2,426,880	792,002	752,944
Furniture and furnishings	3,696	6,245	-	-
Non-building improvements	596,951	639,501	-	-
Infrastructures	4,627,003	4,698,425	14,492,246	14,537,316
Total	\$ 12,042,359	\$ 11,851,649	\$ 17,667,636	\$ 15,912,733

Major additions in 2018 included:

Infrastructure	\$ 420,032
Construction in progress	2,459,157
Equipment acquisitions	671,959
Total	<u><u>\$ 3,551,148</u></u>

DEBT ADMINISTRATION

Long-term debt increased by \$3,103,000 as a result of current year bonding of \$4,150,000 and principal payments of \$1,047,000.

The Town's liability for compensated absences increased \$13,478 to \$186,053 during 2018.

The Town's net pension liability associated with their portion of the New York State and Local Employees' Retirement System (ERS) decreased \$645,701 to \$390,624 during 2018.

In 2018, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The standard replaces the requirements of previously issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The standard requires the Town to report a liability on the face of the financial statements for the OPEB that they provide. The actuarially calculated liability includes the accumulated sick time recognized by the Town which can be credited to the employee's portions of health insurance at the date of retirement. The Town's liability for post-employment benefits under GASB 75 was \$7,882,297 as of December 31, 2018.

The Town's most recent bond rating, as determined by Moody's Investor Service, Inc., is Aa1.

Constitutional Debt Limit

The Town of Ithaca is restricted by the New York State Constitution, Article VIII, Section 2, on the manner of creating and paying local indebtedness. The Town can only create debt for "Town" purposes. The outstanding payback period for indebtedness is restricted to the period of usefulness. As the issuer of debt (borrower) the Town is required to pledge in full faith and credit for the payments of principal and interest to the bondholder (investor).

As required under the New York State Constitution, the Town of Ithaca cannot create debt in excess of 7% of the five (5) year average full valuation of taxable property.

The following summary provides information regarding the Town's indebtedness, debt limit and net debt-contracting margin as of December 31, 2018.

Five-year average full valuation of taxable property	\$ 1,424,067,011
Debt limit - 7% thereof	99,684,691
Inclusions:	
Serial bonds	15,541,500
Exclusions:	
Water and sewer debt (1)	(12,617,911)
Total net indebtedness	2,923,589
Net debt contracting margin	\$ 96,761,102
Percent of debt contracting power exhausted	3.02%

(1) Sewer and Water indebtedness are excluded pursuant to Section 136.00(4-a) and 136.00(2), respectively, of the Local Finance Law.

Detailed information regarding the Town's long-term liabilities is presented in Note 6C in 2018 Notes to the Financial Statements. Figure A-9 reflects changes in the Town's debt for 2018.

FIGURE A-9

Outstanding Debt	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Serial bonds	\$ 2,923,589	\$ 3,221,930	\$ 10,948,411	\$ 7,547,070
SCLIWC serial bonds	-	-	1,669,500	2,053,750
Compensated absences	165,599	154,776	20,454	17,799
Net pension liability	365,137	953,622	25,487	82,703
Other post-employment benefits, as restated	7,063,661	6,318,344	818,635	726,609
Total	\$ 10,517,986	\$ 10,648,672	\$ 13,482,487	\$ 10,427,931

Figure A-10 depicts historical changes in fund balances for the Town of Ithaca for the period 2014 through 2018. Information for the Capital Projects Fund is omitted.

TOWN OF ITHACA
Figure A-10: Summary of Fund Balance by Fund
For the Year Ended 2014

2014											
Description	General Townwide	General Part Town	Highway	Water	Sewer	Fire Protection	Risk Retention	Debt Service	Lighting Districts	Inlet Valley Cemetery	Total
<u>Fund Equity Beginning Detail</u>											
Operating Unreserved Funds	\$ 1,791,061	\$ 724,381	\$ 1,390,626	\$ 3,637,606	\$ 3,410,317	\$ 774,433	\$ 122,226	\$ 425,796	\$ 8,209	\$ 1,500	\$ 12,286,155
Equipment Reserve Fund	-	-	150,655	-	-	-	-	-	-	-	150,655
Other Reserves	-	-	-	-	-	-	-	-	-	7,568	7,568
Parks & Open Space Reserve Funds	758,248	-	-	-	-	-	-	-	-	-	758,248
General Benefit Reserve	180,260	63,501	99,799	14,206	7,994	-	-	-	-	-	365,760
Preserve Maintenance Reserve	40,006	-	-	-	-	-	-	-	-	-	40,006
Total Fund Equity Beginning @ 1/1/2014	\$ 2,769,575	\$ 787,882	\$ 1,641,080	\$ 3,651,812	\$ 3,418,311	\$ 774,433	\$ 122,226	\$ 425,796	\$ 8,209	\$ 9,068	\$ 13,608,392
Add: Revenue & Other Sources	4,668,521	1,295,105	2,829,218	3,821,779	2,741,356	3,530,624	25,109	1,304,294	12,635	8	20,228,649
Deduct: Expenses & Other Uses	(4,320,995)	(1,249,251)	(2,760,631)	(4,446,348)	(2,016,362)	(3,266,917)	(5,461)	(302,909)	(15,272)	-	(18,384,146)
Fund Equity Ending Balance @ 12/31/2014	\$ 3,117,101	\$ 833,736	\$ 1,709,667	\$ 3,027,243	\$ 4,143,305	\$ 1,038,140	\$ 141,874	\$ 1,427,181	\$ 5,572	\$ 9,076	\$ 15,452,895
Less: Amount of Additional Fund Balance Appropriated and Assigned in the Adopted 2015 Budget	(599,813)	(207,255)	(324,711)	-	(341,398)	-	-	(247,416)	(920)	(1,500)	(1,723,013)
Less: Reserved Portion of Fund Balance											
Parks & Open Space	(735,544)	-	-	-	-	-	-	-	-	-	(735,544)
Gen'l Benefit Purposes	(180,391)	(63,548)	(99,876)	(14,220)	(8,003)	-	-	-	-	-	(366,038)
Preserve Maintenance Reserve	(40,036)	-	-	-	-	-	-	-	-	-	(40,036)
Land Stewardship	(10,002)	-	-	-	-	-	-	-	-	-	(10,002)
Equipment	-	-	(212,109)	-	-	-	-	-	-	-	(212,109)
Cemetery Maintenance	-	-	-	-	-	-	-	-	-	(7,576)	(7,576)
Total Net Fund Equity Beginning 1/1/2015	\$ 1,551,315	\$ 562,933	\$ 1,072,971	\$ 3,013,023	\$ 3,793,904	\$ 1,038,140	\$ 141,874	\$ 1,179,765	\$ 4,652	\$ -	\$ 12,358,577

TOWN OF ITHACA
Figure A-10: Summary of Fund Balance by Fund
For the Year Ended 2015

2015											
Description	General Townwide	General Part Town	Highway	Water	Sewer	Fire Protection	Risk Retention	Debt Service	Lighting Districts	Inlet Valley Cemetery	Total
Fund Equity Beginning Detail											
Operating Unreserved Funds	\$ 2,151,128	\$ 770,188	\$ 1,397,682	\$ 3,013,023	\$ 4,135,302	\$ 1,038,140	\$ 141,874	\$ 1,427,181	\$ 5,572	\$ 1,500	\$ 14,081,590
Equipment Reserve Fund	-	-	212,109	-	-	-	-	-	-	-	212,109
Other Reserves	-	-	-	-	-	-	-	-	-	7,576	7,576
Parks & Open Space Reserve Funds	735,544	-	-	-	-	-	-	-	-	-	735,544
General Benefit Reserve	180,391	63,548	99,876	14,220	8,003	-	-	-	-	-	366,038
Preserve Maintenance Reserve	40,036	-	-	-	-	-	-	-	-	-	40,036
Land Stewardship	10,002	-	-	-	-	-	-	-	-	-	10,002
Restate Fund Balance- Proprietary Funds	-	-	-	(4,583)	(2,456)	-	-	-	-	-	(7,039)
Total Fund Equity Beginning @ 1/1/2015	\$ 3,117,101	\$ 833,736	\$ 1,709,667	\$ 3,022,660	\$ 4,140,849	\$ 1,038,140	\$ 141,874	\$ 1,427,181	\$ 5,572	\$ 9,076	\$ 15,445,856
Add: Revenue & Other Sources	4,688,822	1,337,045	2,884,917	4,969,655	2,780,846	3,609,064	28,597	1,253	13,210	7	20,313,416
Deduct: Expenses & Other Uses	(4,310,472)	(1,300,192)	(2,769,365)	(3,374,333)	(2,025,646)	(3,374,613)	(10,156)	(1,152,239)	(13,711)	-	(18,330,727)
Fund Equity Ending Balance @ 12/31/2015	\$ 3,495,451	\$ 870,589	\$ 1,825,219	\$ 4,617,982	\$ 4,896,049	\$ 1,272,591	\$ 160,315	\$ 276,195	\$ 5,071	\$ 9,083	\$ 17,428,545
Less: Amount of Additional Fund Balance Appropriated and Assigned in the Adopted 2016 Budget	(93,244)	(211,125)	(251,319)	-	(516,027)	-	-	(195,000)	-	(1,500)	(1,268,215)
Less: Reserved Portion of Fund Balance											
Parks & Open Space	(811,260)	-	-	-	-	-	-	-	-	-	(811,260)
Gen'l Benefit Purposes	(180,522)	(63,595)	(99,954)	(14,234)	(8,011)	-	-	-	-	-	(366,316)
Preserve Maintenance Reserve	(40,067)	-	-	-	-	-	-	-	-	-	(40,067)
Land Stewardship	(10,010)	-	-	-	-	-	-	-	-	-	(10,010)
Equipment	-	-	(249,988)	-	-	-	-	-	-	-	(249,988)
Cemetery Maintenance	-	-	-	-	-	-	-	-	-	(7,583)	(7,583)
Total Net Fund Equity Beginning 1/1/2016	\$ 2,360,348	\$ 595,869	\$ 1,223,958	\$ 4,603,748	\$ 4,372,011	\$ 1,272,591	\$ 160,315	\$ 81,195	\$ 5,071	\$ -	\$ 14,675,106

TOWN OF ITHACA
Figure A-10: Summary of Fund Balance by Fund
For the Year Ended 2016

2016											
Description	General Townwide	General Part Town	Highway	Water	Sewer	Fire Protection	Risk Retention	Debt Service	Lighting Districts	Inlet Valley Cemetery	Total
Fund Equity Beginning Detail											
Operating Unreserved Funds	\$ 2,453,592	\$ 806,994	\$ 1,475,277	\$ 4,603,748	\$ 4,888,038	\$ 1,272,591	\$ 160,315	\$ 276,195	\$ 5,071	\$ 1,500	\$ 15,943,321
Equipment Reserve Fund	-	-	249,988	-	-	-	-	-	-	-	249,988
Other Reserves	-	-	-	-	-	-	-	-	-	7,583	7,583
Parks & Open Space Reserve Funds	811,260	-	-	-	-	-	-	-	-	-	811,260
General Benefit Reserve	180,522	63,595	99,954	14,234	8,011	-	-	-	-	-	366,316
Preserve Maintenance Reserve	40,067	-	-	-	-	-	-	-	-	-	40,067
Land Stewardship	10,010	-	-	-	-	-	-	-	-	-	10,010
Restate Fund Balance- Proprietary Funds	-	-	-	-	75,170	-	-	-	-	-	75,170
Total Fund Equity Beginning @ 1/1/2016	\$ 3,495,451	\$ 870,589	\$ 1,825,219	\$ 4,617,982	\$ 4,971,219	\$ 1,272,591	\$ 160,315	\$ 276,195	\$ 5,071	\$ 9,083	\$ 17,503,715
Add: Revenue & Other Sources	4,461,753	1,433,344	3,356,080	4,350,656	2,689,598	3,580,837	20,126	602,046	17,010	4	20,511,454
Deduct: Expenses & Other Uses	(4,319,865)	(1,439,422)	(3,381,821)	(2,282,030)	(2,246,672)	(3,195,715)	(13,535)	(448,339)	(16,225)	(4,670)	(17,348,294)
Fund Equity Ending Balance @ 12/31/2016	\$ 3,637,339	\$ 864,511	\$ 1,799,478	\$ 6,686,608	\$ 5,414,145	\$ 1,657,713	\$ 166,906	\$ 429,902	\$ 5,856	\$ 4,417	\$ 20,666,875
Less: Amount of Additional Fund Balance Appropriated and Assigned in the Adopted 2017 Budget	(385,346)	(76,750)	(324,805)	-	(257,520)	(6,000)	-	(204,750)	-	(1,500)	(1,256,671)
Less: Reserved Portion of Fund Balance											
Parks & Open Space	(726,866)	-	-	-	-	-	-	-	-	-	(726,866)
Gen'l Benefit Purposes	(169,306)	(59,979)	(88,480)	(17,863)	(14,642)	-	-	-	-	-	(350,270)
Preserve Maintenance Reserve	(40,097)	-	-	-	-	-	-	-	-	-	(40,097)
Land Stewardship	(10,018)	-	-	-	-	-	-	-	-	-	(10,018)
Equipment	-	-	(62,517)	-	-	-	-	-	-	-	(62,517)
Cemetery Maintenance	-	-	-	-	-	-	-	-	-	(2,917)	(2,917)
Total Net Fund Equity Beginning 1/1/2017	\$ 2,305,706	\$ 727,782	\$ 1,323,676	\$ 6,668,745	\$ 5,141,983	\$ 1,651,713	\$ 166,906	\$ 225,152	\$ 5,856	\$ -	\$ 18,217,519

TOWN OF ITHACA
Figure A-10: Summary of Fund Balance by Fund
For the Year Ended 2017

2017											
Description	General Townwide	General Part Town	Highway	Water	Sewer	Fire Protection	Risk Retention	Debt Service	Lighting Districts	Inlet Valley Cemetery	Total
Fund Equity Beginning Detail											
Operating Unreserved Funds	\$ 2,691,052	\$ 804,532	\$ 1,648,481	\$ 6,668,745	\$ 5,399,503	\$ 1,657,713	\$ 166,906	\$ 429,902	\$ 5,856	\$ 1,500	\$ 19,474,190
Equipment Reserve Fund	-	-	62,517	-	-	-	-	-	-	-	62,517
Other Reserves	-	-	-	-	-	-	-	-	-	2,917	2,917
Parks & Open Space Reserve Funds	726,866	-	-	-	-	-	-	-	-	-	726,866
General Benefit Reserve	169,306	59,979	88,480	17,863	14,642	-	-	-	-	-	350,270
Preserve Maintenance Reserve	40,097	-	-	-	-	-	-	-	-	-	40,097
Land Stewardship	10,018	-	-	-	-	-	-	-	-	-	10,018
Total Fund Equity Beginning @ 1/1/2017	\$ 3,637,339	\$ 864,511	\$ 1,799,478	\$ 6,686,608	\$ 5,414,145	\$ 1,657,713	\$ 166,906	\$ 429,902	\$ 5,856	\$ 4,417	\$ 20,666,875
Add: Revenue & Other Sources	4,670,448	1,681,222	3,736,781	4,759,307	2,492,288	3,531,788	127	251,257	19,014	3	21,142,235
Deduct: Expenses & Other Uses	(4,310,780)	(1,472,968)	(3,268,748)	(3,378,719)	(2,498,017)	(3,110,673)	(15,329)	(453,040)	(16,053)	(4,420)	(18,528,747)
Fund Equity Ending Balance @ 12/31/2017	\$ 3,997,007	\$ 1,072,765	\$ 2,267,511	\$ 8,067,196	\$ 5,408,416	\$ 2,078,828	\$ 151,704	\$ 228,119	\$ 8,817	\$ -	\$ 23,280,363
Less: Amount of Additional Fund Balance											
Appropriated and Assigned in the Adopted 2018 Budget	(417,444)	(350,920)	(280,998)	-	(638,624)	(108,500)	-	(133,000)	-	-	(1,929,486)
Less: Reserved Portion of Fund Balance											
Parks & Open Space	(827,661)	-	-	-	-	-	-	-	-	-	(827,661)
Gen'l Benefit Purposes	(169,807)	(69,389)	(79,321)	(23,811)	(12,034)	-	-	-	-	-	(354,362)
Preserve Maintenance Reserve	(40,129)	-	-	-	-	-	-	-	-	-	(40,129)
Land Stewardship	(9,844)	-	-	-	-	-	-	-	-	-	(9,844)
Equipment	-	-	(250,000)	-	-	-	-	-	-	-	(250,000)
Cemetery Maintenance	-	-	-	-	-	-	-	-	-	-	-
Total Net Fund Equity Beginning 1/1/2018	\$ 2,532,122	\$ 652,456	\$ 1,657,192	\$ 8,043,385	\$ 4,757,758	\$ 1,970,328	\$ 151,704	\$ 95,119	\$ 8,817	\$ -	\$ 19,868,881

TOWN OF ITHACA
Figure A-10: Summary of Fund Balance by Fund
For the Year Ended 2018

2018											
Description	General Townwide	General Part Town	Highway Townwide	Highway Part Town	Water	Sewer	Fire Protection	Risk Retention	Debt Service	Lighting Districts	Total
<u>Fund Equity Beginning Detail</u>											
Operating Unreserved Funds	\$ 2,949,566	\$ 1,003,376	\$ -	\$ 1,938,190	\$ 8,043,385	\$ 5,396,382	\$ 2,078,828	\$ 151,704	\$ 228,119	\$ 8,817	\$ 21,798,367
Equipment Reserve Fund	-	-	-	250,000	-	-	-	-	-	-	250,000
Parks & Open Space Reserve Funds	827,661	-	-	-	-	-	-	-	-	-	827,661
General Benefit Reserve	169,807	69,389	-	79,321	23,811	12,034	-	-	-	-	354,362
Preserve Maintenance Reserve	40,129	-	-	-	-	-	-	-	-	-	40,129
Land Stewardship	9,844	-	-	-	-	-	-	-	-	-	9,844
Restate Fund Balance- Proprietary Funds	-	-	-	-	(62,112)	(41,146)	-	-	-	-	(103,258)
Total Fund Equity Beginning @ 1/1/2018	\$ 3,997,007	\$ 1,072,765	\$ -	\$ 2,267,511	\$ 8,005,084	\$ 5,367,270	\$ 2,078,828	\$ 151,704	\$ 228,119	\$ 8,817	\$ 23,177,105
Add: Revenue & Other Sources	4,630,929	1,688,730	974,308	3,411,795	4,191,507	2,790,453	3,280,530	15,160	259,217	19,022	21,261,651
Deduct: Expenses & Other Uses	(4,365,868)	(1,537,531)	(731,182)	(3,008,976)	(5,935,793)	(2,738,882)	(3,349,006)	(17,645)	(389,178)	(13,342)	(22,087,403)
Fund Equity Ending Balance @ 12/31/2018	\$ 4,262,068	\$ 1,223,964	\$ 243,126	\$ 2,670,330	\$ 6,260,798	\$ 5,418,841	\$ 2,010,352	\$ 149,219	\$ 98,158	\$ 14,497	\$ 22,351,353
Less: Amount of Additional Fund Balance Appropriated and Assigned in the Adopted 2019 Budget	(414,546)	(260,370)	-	(241,050)	(52,706)	(43,000)	(241,000)	-	(68,350)	(200)	(1,321,222)
Less: Reserved Portion of Fund Balance											
Parks & Open Space	(832,626)	-	-	-	-	-	-	-	-	-	(832,626)
Gen'l Benefit Purposes	(165,628)	(69,468)	-	(79,412)	(23,838)	(12,046)	-	-	-	-	(350,392)
Preserve Maintenance Reserve	(40,173)	-	-	-	-	-	-	-	-	-	(40,173)
Land Stewardship	(9,752)	-	-	-	-	-	-	-	-	-	(9,752)
Equipment	-	-	-	(283,905)	-	-	-	-	-	-	(283,905)
Cemetery Maintenance	(4,426)	-	-	-	-	-	-	-	-	-	(4,426)
Total Net Fund Equity Beginning 1/1/2019	\$ 2,794,917	\$ 894,126	\$ 243,126	\$ 2,065,963	\$ 6,184,254	\$ 5,363,795	\$ 1,769,352	\$ 149,219	\$ 29,808	\$ 14,297	\$ 19,508,857

Factors Bearing on the Town's Future

- On June 24, 2011, Chapter 97 of the Laws of 2011 (the “Tax Levy Limitation Law”) was signed into law. The Tax Levy Limitation Law applies to all local governments, including most school districts, independent special districts, and to town and county improvement districts as part of their parent municipalities tax levies. The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible 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. 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 Town exceeded the allowable increase in the tax levy limit in Fiscal Years 2012, 2014, 2015, 2016, 2017 and 2018. In 2018, the adopted tax levy was \$245,923 or 2.67% over the allowable increase. Of this increase, 80.1% was attributed to increases in property taxes, 19.1% to increases in water and sewer benefit fees, and 0.80% to increases in PILOT payments.

- The local unemployment rate has consistently been lower than the state and national unemployment rates during and after the 2008 recession. The average annual unemployment rate for 2012, 2013, 2014, 2015, 2016, 2017 and 2018, respectively, in Tompkins County was 6.1%, 5.2%, 4.4%, 4.4%, 4.2%, 4.2% and 3.3% compared with 8.5%, 7.7%, 6.3%, 5.3, 4.9%, 4.7% and 3.8% for New York State, and 8.1%, 7.4%, 6.2%, 5.3%, 4.9%, 4.4% and 3.9% for the national average.

Description	2012	2013	2014	2015	2016	2017	2018
National Average	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	3.8%
Tompkins County	6.1%	5.2%	4.4%	4.4%	4.2%	4.2%	3.3%

The low unemployment Rates for Tompkins County are due in part to the stabilizing influence of the local colleges and other large employers. Cornell University and Ithaca College in particular, with combined totals of over 10,000 employees and 28,000 students, support a wide array of businesses in the retail, service and real estate sectors.

- The Town of Ithaca will continue an aggressive Capital Improvement Program (CIP). The Five-Year CIP for Fiscal Years 2018 - 2022 identifies various capital projects to be constructed at a total estimated cost of \$20,475,000. Of this total, \$10,400,000 is for the improvement of water infrastructure, \$3,050,000 for sewer infrastructure, \$1,000,000 for storm water drainage improvements, \$4,050,000 for road improvements, \$1,500,000 for improvements to Town facilities, and \$475,000 for parks and trails development. Funding will be provided with \$8,677,000 from current year revenues or reserves, \$98,000 from grants and donations, and \$11,700,000 from the issuance of new long-term bonded debt.
- Taxable assessed valuation of real property in the Town continues to increase. In 2014, the taxable assessed valuation of real property in the Town totaled \$1,294,998,380. In 2018, the total was \$1,470,783,820, an increase of 13.57% from 2014 to 2018. The average annual increase has been 3.23%.

Description	2014	2015	2016	2017	2018
Taxable Assessed Valuation	\$1,294,998,380	\$1,323,741,670	\$1,366,007,677	\$1,409,909,397	\$1,470,783,820
Change from Prior Year	1.681%	2.220%	3.193%	3.214%	4.318%

- Sales Tax collections in 2018 totaled \$3,388,799, an increase of \$203,830 or 6.4% over the 2017 total of \$3,184,969. 2018 also sets a new historical high for sales tax collections, surpassing the previous historical high total received in 2017. Sales tax revenues are distributed between the General Townwide Fund, General Part-Town Fund and Highway Part-Town Fund.

Description	2014	2015	2016	2017	2018
Sales Tax Collections	\$ 3,135,084	\$ 3,067,336	\$ 3,003,943	\$ 3,184,969	\$ 3,388,799
Mortgage Tax Collections	329,274	415,760	286,227	279,791	299,934

- Mortgage Tax collections increased 7.2%, from collections totaling \$279,791 in 2017 to \$299,934 in 2018. Mortgage tax revenues are assigned to the General Townwide Fund.

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact the Town's Supervisor, Town of Ithaca, 215 North Tioga Street, Ithaca, NY 14850.

TOWN OF ITHACA
STATEMENT OF NET POSITION
December 31, 2018

ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
CURRENT ASSETS:		
Cash	\$ 11,289,894	\$ 5,559,683
Cash, restricted	1,485,390	35,884
Accounts receivable:		
Water and sewer rents	-	1,144,776
Due from other funds	36,053	-
Due from other governments	563,486	1,694,237
Other receivables	2,429	5,235
Prepaid expenses	11,261	-
TOTAL CURRENT ASSETS	<u>13,388,513</u>	<u>8,439,815</u>
CAPITAL ASSETS, net:	11,148,214	15,284,248
Construction in progress	894,145	2,383,388
TOTAL CAPITAL ASSETS	<u>12,042,359</u>	<u>17,667,636</u>
TOTAL ASSETS	<u>25,430,872</u>	<u>26,107,451</u>

DEFERRED OUTFLOWS OF RESOURCES

DEFERRED PENSION OUTFLOW	1,437,726	125,774
DEFERRED OPEB OUTFLOW	<u>374,248</u>	<u>45,693</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 27,242,846</u></u>	<u><u>\$ 26,278,918</u></u>
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See notes to financial statements.

Intergovernmental Eliminations	Total
\$ -	\$ 16,849,577
-	1,521,274
-	1,144,776
(36,053)	-
-	2,257,723
-	7,664
-	11,261
(36,053)	21,792,275
-	26,432,462
-	3,277,533
-	29,709,995
(36,053)	51,502,270
-	1,563,500
-	419,941

<u>\$ (36,053)</u>	<u>\$ 53,485,711</u>
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TOWN OF ITHACA
STATEMENT OF NET POSITION (continued)
December 31, 2018

LIABILITIES

	Governmental Activities	Business-type Activities
CURRENT LIABILITIES:		
Accrued liabilities	\$ 701,647	\$ 776,468
Bond interest payable	22,719	52,802
Due to other funds	-	36,053
Due to other governments	260,742	16,000
Long-term debt, current portion	274,403	1,027,597
TOTAL CURRENT LIABILITIES	<u>1,259,511</u>	<u>1,908,920</u>
 LONG-TERM DEBT, non current	 2,649,186	 11,590,314
PREMIUM ON BONDS PAYABLE	36,629	104,397
COMPENSATED ABSENCES	165,599	20,454
NET PENSION LIABILITY	365,137	25,487
OPEB LIABILITY	<u>7,063,661</u>	<u>818,635</u>
 TOTAL LIABILITIES	 11,539,723	 14,468,207

DEFERRED INFLOWS OF RESOURCES

DEFERRED PENSION INFLOW	1,144,980	110,802
DEFERRED PROPERTY TAXES INFLOW	207,775	20,270

NET POSITION

INVESTED IN CAPITAL ASSETS, net of related debt	9,118,770	6,719,225
RESTRICTED:		
Culture and recreation	886,977	-
Equipment	283,905	-
Benefits	314,508	35,884
UNRESTRICTED	<u>3,746,208</u>	<u>4,924,530</u>
TOTAL NET POSITION	<u>14,350,368</u>	<u>11,679,639</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u><u>\$ 27,242,846</u></u>	<u><u>\$ 26,278,918</u></u>

Intergovernmental Eliminations	Total
\$ -	\$ 1,478,115
-	75,521
(36,053)	-
-	276,742
-	1,302,000
(36,053)	3,132,378
-	14,239,500
-	141,026
-	186,053
-	390,624
-	7,882,296
(36,053)	25,971,877
-	1,255,782
-	228,045
-	15,837,995
-	886,977
-	283,905
-	350,392
-	8,670,738
-	26,030,007
<u>\$ (36,053)</u>	<u>\$ 53,485,711</u>

TOWN OF ITHACA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Governmental Activities		Program Revenue	
		Charges for	Operating
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Services</u>	<u>Grants and Contributions</u>
General governmental support	\$ 2,446,751	\$ 18,676	\$ 167,829
Public safety	3,432,909	280	-
Transportation	3,520,351	22,111	-
Culture and recreation	1,234,521	-	101,342
Home and community services	1,874,278	330,457	-
Total governmental activities	<u>\$ 12,508,810</u>	<u>\$ 371,524</u>	<u>\$ 269,171</u>
Business-type activities:			
Water	3,496,709	3,196,948	-
Sewer	2,557,082	2,587,199	-
Total business-type activities	<u>6,053,791</u>	<u>5,784,147</u>	<u>-</u>
	<u><u>\$ 18,562,601</u></u>	<u><u>\$ 6,155,671</u></u>	<u><u>\$ 269,171</u></u>

GENERAL REVENUES:

Real property taxes and related tax items
Non-property taxes
Interest earnings
Fines and fees - town court
State aid not restricted to specific purposes
Other miscellaneous revenues
Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, beginning of year, as restated

NET POSITION, end of year

See notes to financial statements.

Program Revenue	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Capital Grants and Contributions			
\$ -	\$ (2,260,246)	\$ -	\$ (2,260,246)
-	(3,432,629)	-	(3,432,629)
293,411	(3,204,829)	-	(3,204,829)
-	(1,133,179)	-	(1,133,179)
-	(1,543,821)	-	(1,543,821)
<u>\$ 293,411</u>	<u>\$ (11,574,704)</u>	<u>\$ -</u>	<u>\$ (11,574,704)</u>
-	-	(299,761)	(299,761)
-	-	30,117	30,117
-	-	(269,644)	(269,644)
<u>\$ 293,411</u>	<u>\$ (11,574,704)</u>	<u>\$ (269,644)</u>	<u>\$ (11,844,348)</u>
	\$ 8,288,697	\$ 1,189,760	\$ 9,478,457
	3,445,296	-	3,445,296
	25,471	7,464	32,935
	219,329	-	219,329
	339,172	-	339,172
	74,811	589	75,400
	2,620,884	(2,620,884)	-
	<u>15,013,660</u>	<u>(1,423,071)</u>	<u>13,590,589</u>
	3,438,956	(1,692,715)	1,746,241
	<u>10,911,412</u>	<u>13,372,354</u>	<u>24,283,766</u>
	<u>\$ 14,350,368</u>	<u>\$ 11,679,639</u>	<u>\$ 26,030,007</u>

TOWN OF ITHACA
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2018

	Major Funds		
	General	Highway	Fire
ASSETS AND OTHER DEBITS:			
Unrestricted cash	\$ 5,190,316	\$ 2,521,936	\$ 2,421,544
Restricted cash	1,122,073	363,317	-
Due from other funds	-	112,976	-
Due from other governments	263,151	138,067	-
Prepaid expenses	93,474	29,303	-
Other receivables	2,429	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 6,671,443	\$ 3,165,599	\$ 2,421,544
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND EQUITY, AND OTHER CREDITS:			
LIABILITIES:			
Accrued liabilities	\$ 650,632	\$ 167,984	\$ 336,235
Due to other funds	49,413	27,510	-
Due to other governments	260,742	-	-
TOTAL LIABILITIES	960,787	195,494	336,235
DEFERRED INFLOWS OF RESOURCES:	75,405	56,651	74,957
FUND BALANCES:			
Nonspendable - prepaid expenses	93,473	29,303	-
Restricted	1,122,073	363,317	-
Committed	-	-	-
Assigned	1,690,752	2,520,834	2,010,352
Unassigned	2,728,953	-	-
TOTAL FUND BALANCES	5,635,251	2,913,454	2,010,352
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	\$ 6,671,443	\$ 3,165,599	\$ 2,421,544

See notes to financial statements.

Major Funds	Nonmajor Funds	Total
Capital Projects	Other Funds	Governmental Funds
\$ 1,042,404	\$ 113,694	\$ 11,289,894
-	-	1,485,390
-	-	112,976
60,891	-	462,109
-	-	122,777
-	-	2,429
<u>\$ 1,103,295</u>	<u>\$ 113,694</u>	<u>\$ 13,475,575</u>

\$ 103,419	\$ 277	\$ 1,258,547
-	-	76,923
-	-	260,742
<u>103,419</u>	<u>277</u>	<u>1,596,212</u>
-	762	207,775
-	-	122,776
-	-	1,485,390
999,876	-	999,876
-	112,655	6,334,593
-	-	2,728,953
<u>999,876</u>	<u>112,655</u>	<u>11,671,588</u>
<u>\$ 1,103,295</u>	<u>\$ 113,694</u>	<u>\$ 13,475,575</u>

TOWN OF ITHACA
RECONCILIATION OF THE TOTAL FUND BALANCES SHOWN IN
THE GOVERNMENTAL FUNDS TO GOVERNMENTAL ACTIVITIES SHOWN IN
THE STATEMENT OF NET POSITION
December 31, 2018

Total fund balances in the fund financial statements for the governmental funds. \$ 11,671,588

This amount differs from the balance of net position in the Statement of Net Position due to the following:

Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation. 12,042,359

Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are subtracted. (2,960,218)

Receivables for revenues earned and measurable, but not available to provide financial resources, are included in the government-wide statements as assets and are added. 101,377

Long-term liabilities for compensated absences and other post employment benefits are included in the government-wide statements as liabilities and are subtracted. (6,672,361)

Current liabilities for bond interest payable are included in the government-wide statements as liabilities and are subtracted. (22,719)

Deferred outflows of resources are included in the government-wide statements and are added. 1,811,974

Net pension liability is included in the government-wide statements and is subtracted. (365,137)

Prepaid pension expense is included in the fund financial statements and is subtracted. (111,515)

Deferred inflows of resources are included in the government-wide statements and are subtracted. (1,144,980)

Interfund receivables and payables within the governmental funds are eliminated in the government-wide statements. The amounts offset:

Due from other funds	76,923
Due to other funds	(76,923)

Total Net Position - End of Year	\$ 14,350,368
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See notes to financial statements.

TOWN OF ITHACA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Major Funds		
	General	Highway	Fire
REVENUES:			
Real property taxes	\$ 2,750,189	\$ 2,200,000	\$ 3,250,000
Real property tax items	58,929	10,579	-
Non-property tax items:			
Sales tax	1,588,799	1,800,000	-
Other non-property tax items	56,497	-	-
Departmental income	335,952	-	-
Intergovernmental charges	101,342	22,111	-
Use of money and property	10,968	5,493	7,074
Rental income	29,151	-	-
Licenses and permits	23,488	-	-
Fines and forfeitures	219,329	-	-
Sale of property and compensation for loss	5,614	46,216	-
Local sources	145,956	19,058	-
State sources:			
Mortgage tax	299,934	-	-
State aid per capita	100,368	-	-
NYS highway improvement (CHIPS)	-	132,646	-
Miscellaneous	-	-	23,456
TOTAL REVENUES	5,726,516	4,236,103	3,280,530
Other Sources:			
Inter-fund transfers	608,303	150,000	-
TOTAL REVENUES AND OTHER SOURCES	6,334,819	4,386,103	3,280,530

See notes to financial statements.

Major Funds	Nonmajor Funds	Total
Capital Projects	Other Funds	Governmental Funds
\$ -	\$ 19,000	\$ 8,219,189
-	-	69,508
-	-	3,388,799
-	-	56,497
-	-	335,952
-	-	123,453
810	1,126	25,471
-	-	29,151
-	-	23,488
-	-	219,329
-	-	51,830
-	-	165,014
-	-	299,934
-	-	100,368
-	-	132,646
60,765	-	84,221
61,575	20,126	13,324,850
2,468,684	258,113	3,485,100
2,530,259	278,239	16,809,950

TOWN OF ITHACA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS (continued)
For the Year Ended December 31, 2018

	Major Funds		
	General	Highway	Fire
EXPENDITURES:			
General governmental support	\$ 1,637,813	\$ 75,825	\$ 1,950
Public safety	71,284	-	3,347,056
Transportation	439,562	2,591,439	-
Culture and recreation	1,055,573	-	-
Home and community services	1,114,681	-	-
Employee benefits	1,292,072	518,738	-
Debt service (principal and interest)	-	-	-
TOTAL EXPENDITURES	5,610,985	3,186,002	3,349,006
 Other Uses:			
Interfund transfers	310,058	554,158	-
TOTAL EXPENDITURES AND OTHER USES	5,921,043	3,740,160	3,349,006
 EXCESS (DEFICIT) OF REVENUES			
OVER EXPENDITURES	413,776	645,943	(68,476)
FUND BALANCE, beginning of year	5,221,475	2,267,511	2,078,828
FUND BALANCE, end of year	\$ 5,635,251	\$ 2,913,454	\$ 2,010,352

See notes to financial statements.

Major Funds	Nonmajor Funds	Total
Capital Projects	Other Funds	Governmental Funds
\$ -	\$ 3,066	\$ 1,718,654
-	-	3,418,340
75,957	13,342	3,120,300
-	-	1,055,573
-	-	1,114,681
-	-	1,810,810
-	386,112	386,112
<u>75,957</u>	<u>402,520</u>	<u>12,624,470</u>
-	-	864,216
<u>75,957</u>	<u>402,520</u>	<u>13,488,686</u>
2,454,302	(124,281)	3,321,264
(1,454,426)	236,936	8,350,324
<u>\$ 999,876</u>	<u>\$ 112,655</u>	<u>\$ 11,671,588</u>

TOWN OF ITHACA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION OF
GOVERNMENTAL ACTIVITIES SHOWN IN THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances shown for total Governmental Funds. This amount differs from the change in net position reflected in the Statement of Activities due to the following:

\$ 3,321,264

Capital outlays for the acquisition of capital assets and capital projects are reported in the Governmental Funds as expenditures. In the Statement of Activities, the cost of those assets is allocated over their useful lives and reported annually as depreciation expense. In the Statement of Activities, acquisition costs are removed and depreciation expense is added as follows:

Capital expenditures	1,220,130	
Depreciation expense	<u>(992,214)</u>	227,916

Proceeds from sales of equipment are recorded as revenue in the Governmental Funds. In the Statement of Activities, a gain or loss is recognized based on the net book value of the asset sold (cost minus accumulated depreciation) and the sale price of the equipment:

Proceeds from equipment sales	(33,616)	
Loss recognized	<u>(3,590)</u>	(37,206)

Major revenues are recorded in the Governmental Funds when they are earned, measurable and available to provide current financial resources. In the Statement of Activities, major revenues are recognized when they are earned and measurable, regardless of when they become available. Current year revenues, earned and measurable, are recognized in the Statement of Activities. The Governmental Funds include amounts that were earned and measurable in the prior year, and these amounts are removed to prevent overstating revenues on the Statement of Activities:

Current year revenues	101,377	
Prior year revenues	<u>(62,139)</u>	39,238

Bond principal payments are reflected as expenditures in the Governmental Funds. These payments are reflected on the Statement of Net Position as a reduction of debt obligations and are not included in the Statement of Activities. Bond principal payments for the current year are as follows:

298,341

See notes to financial statements.

TOWN OF ITHACA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION OF
GOVERNMENTAL ACTIVITIES SHOWN IN THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)

Interest on debt is reported in the Governmental Funds when the payments are rendered. In the Statement of Activities, interest expense is allocated over the time periods it pertains to. Interest expense allocated to applicable periods is greater than Governmental Funds interest expense by the following amount:

2,121

Payments for compensated absences are reported in the Governmental Funds as they are due. In the Statement of Activities, these amounts are reported in the periods that the liabilities are incurred. Current year expenditures for amounts due from prior years are removed and an expense is recognized for current year liabilities that have not been paid:

Prior year expenses	154,776	
Current year expenses	<u>(165,599)</u>	(10,823)

Payments for other post employment benefits are reported in the Governmental Funds as they are due. In the Statement of Activities, an expense is recognized based on an actuarial estimate of the current year cost associated with amortizing the estimated present value of future benefits over a thirty-year period:

(388,042)

Payments for pension expenses are reported in the Governmental Funds as they are due. In the Statement of Activities, the expense is adjusted based on pension information provided by the retirement system in accordance with GASB 68:

(17,127)

Amortization of bond premiums are not reported in the Governmental Funds. In the Statement of Activities, an adjustment to interest expense is recognized based on the current year amortization associated with the bonds:

3,274

Interfund transactions are eliminated in the Statement of Activities. The amounts offset, and have a zero effect on operations:

Transfers in	864,216	
Transfers out	<u>(864,216)</u>	<u>-</u>

Change in Net Position		<u><u>\$ 3,438,956</u></u>
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TOWN OF ITHACA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	PROPRIETARY FUNDS		
	Sewer Fund	Water Fund	Total
CURRENT ASSETS:			
Cash	\$ 2,738,835	\$ 2,820,848	\$ 5,559,683
Cash, restricted	12,046	23,838	35,884
Accounts receivable:			
Accounts receivables	-	5,235	5,235
Water and sewer rents	532,117	612,659	1,144,776
Due from other governments	-	1,694,237	1,694,237
TOTAL CURRENT ASSETS	3,282,998	5,156,817	8,439,815
CAPITAL ASSETS, net:			
Equipment and machinery	446,281	345,721	792,002
Infrastructure	2,411,297	12,080,949	14,492,246
Construction in progress	150,179	2,233,209	2,383,388
TOTAL CAPITAL ASSETS	3,007,757	14,659,879	17,667,636
TOTAL ASSETS	6,290,755	19,816,696	26,107,451
DEFERRED PENSION OUTFLOW	45,480	80,294	125,774
DEFERRED OPEB OUTFLOW	24,533	21,160	45,693
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,360,768	\$ 19,918,150	\$ 26,278,918
CURRENT LIABILITIES:			
Accrued liabilities	\$ 495,286	\$ 281,182	\$ 776,468
Bond interest payable	-	52,802	52,802
Due to other funds	24,475	11,578	36,053
Due to other governments	16,000	-	16,000
Long-term debt, current portion	-	1,027,597	1,027,597
TOTAL CURRENT LIABILITIES	535,761	1,373,159	1,908,920
LONG-TERM DEBT, non current	-	11,590,314	11,590,314
PREMIUM ON BONDS PAYABLE	-	104,397	104,397
COMPENSATED ABSENCES	11,526	8,928	20,454
NET PENSION LIABILITY	9,115	16,372	25,487
OPEB LIABILITY	341,305	477,330	818,635
TOTAL LIABILITIES	897,707	13,570,500	14,468,207
DEFERRED PENSION INFLOWS	39,517	71,285	110,802
DEFERRED PROPERTY TAXES INFLOW	4,703	15,567	20,270
INVESTED IN CAPITAL ASSETS, net of related debt	3,007,757	3,711,468	6,719,225
RESTRICTED:			
Benefits	12,046	23,838	35,884
UNRESTRICTED	2,399,038	2,525,492	4,924,530
TOTAL NET POSITION	5,418,841	6,260,798	11,679,639
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 6,360,768	\$ 19,918,150	\$ 26,278,918

See notes to financial statements.

TOWN OF ITHACA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	PROPRIETARY FUNDS		
	Sewer Fund	Water Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 2,587,199	\$ 3,196,948	\$ 5,784,147
TOTAL OPERATING REVENUES	<u>2,587,199</u>	<u>3,196,948</u>	<u>5,784,147</u>
OPERATING EXPENSES:			
Cost of sales and services	2,005,516	2,452,442	4,457,958
Wages and benefits	353,532	333,525	687,057
Depreciation	148,873	427,244	576,117
Administration	49,161	77,430	126,591
TOTAL OPERATING EXPENSES	<u>2,557,082</u>	<u>3,290,641</u>	<u>5,847,723</u>
OPERATING INCOME	30,117	(93,693)	(63,576)
NON-OPERATING REVENUES (EXPENSES):			
Real property taxes	197,896	991,864	1,189,760
Intergovernmental charges	-	589	589
Interest expense	-	(206,068)	(206,068)
Use of money and property	5,358	2,106	7,464
TOTAL NON-OPERATING REVENUES	<u>203,254</u>	<u>788,491</u>	<u>991,745</u>
INTERFUND OPERATING TRANSFERS	<u>(181,800)</u>	<u>(2,439,084)</u>	<u>(2,620,884)</u>
CHANGE IN NET POSITION	51,571	(1,744,286)	(1,692,715)
NET POSITION, beginning of year, as restated	<u>5,367,270</u>	<u>8,005,084</u>	<u>13,372,354</u>
NET POSITION, end of year	<u>\$ 5,418,841</u>	<u>\$ 6,260,798</u>	<u>\$ 11,679,639</u>

See notes to financial statements.

TOWN OF ITHACA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
December 31, 2018

	PROPRIETARY FUNDS		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from user charges and other assessments	\$ 2,541,982	\$ 3,190,970	\$ 5,732,952
Payments for administration	(49,161)	(77,430)	(126,591)
Payments for wages and benefits	(379,744)	(381,884)	(761,628)
Payments to suppliers for goods and services	(1,481,701)	(2,407,049)	(3,888,750)
NET CASH PROVIDED BY OPERATING ACTIVITIES	631,376	324,607	955,983
CASH FLOWS FROM NON-CAPITAL FINANCING:			
Real property taxes	197,896	991,864	1,189,760
Operating grants	(41,669)	1,937,426	1,895,757
Transfers (to) from other funds	(181,800)	(2,439,084)	(2,620,884)
NET CASH (USED IN) PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	(25,573)	490,206	464,633
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	-	2,382,411	2,382,411
Acquisition of capital assets	(467,233)	(96,199)	(563,432)
Principal paid on capital debt	-	(748,659)	(748,659)
Interest paid on capital debt	-	(200,872)	(200,872)
NET CASH USED IN (PROVIDED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	(467,233)	1,336,681	869,448
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on cash and CD's	5,358	2,106	7,464
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,358	2,106	7,464
NET CHANGE IN CASH AND CASH EQUIVALENTS	143,928	2,153,600	2,297,528
Cash, beginning of year	2,606,953	691,086	3,298,039
Cash, end of year	<u>\$ 2,750,881</u>	<u>\$ 2,844,686</u>	<u>\$ 5,595,567</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 30,117	\$ (93,693)	\$ (63,576)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	148,873	427,244	576,117
Amortization of bond premiums	-	(10,913)	(10,913)
Changes in receivables	(45,217)	(5,978)	(51,195)
Changes in deferred outflows of resources, as restated	(35,246)	(41,151)	(76,397)
Changes in liabilities, as restated	503,307	19,598	522,905
Changes in deferred inflows of resources	29,542	29,500	59,042
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 631,376	\$ 324,607	\$ 955,983

See notes to financial statements.

TOWN OF ITHACA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2018

ASSETS:

Cash	\$ 314,090
TOTAL ASSETS	<u><u>\$ 314,090</u></u>

LIABILITIES:

Accounts payable and other liabilities	\$ 314,090
TOTAL LIABILITIES	<u>314,090</u>

NET POSITION	<u>-</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 314,090</u></u>
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See notes to financial statements.

TOWN OF ITHACA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Ithaca 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.

A. Financial Reporting Entity

The Town of Ithaca, which was established in 1821, is governed by the Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for the overall operation, the Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following principal services: fire protection, transportation (streets and highways), recreation, planning and zoning, general administration, and public improvements.

Street lighting is provided by the Town Board in nine separate areas of the Town called lighting districts. It is funded by means of a tax on the real property situated within each district. The Town provides for intersection street lighting from the General Fund appropriations.

Fire protection for certain areas of the Town outside the village is provided by the Town Board via the Ithaca Fire Protection District. This district is funded by means of a tax on the real property situated within the district. Services for fire protection are contracted out through the City of Ithaca and the Village of Cayuga Heights.

All governmental activities and functions performed for the Town of Ithaca are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

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

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

B. Excluded from the Reporting Entity

The following activities are jointly undertaken with other municipalities. These activities are excluded from the Town's financial statements.

1. Southern Cayuga Lake Intermunicipal Water Commission (SCLIWC) is a joint venture involving the Towns of Ithaca, Dryden, Lansing and the Villages of Cayuga Heights and Lansing. The joint venture operates under terms of an original agreement dated March 1, 1977. The agreement was restated on September 11, 2017.
 - SCLIWC's executive body consists of ten members, two members being appointed by each municipality. The Treasurer of SCLIWC is traditionally the Town of Ithaca's Supervisor.
 - The Town of Ithaca owns a majority (51.87%) of the Commission and must adopt its budget and any subsequent amendments.
 - The executive body has established charges at rates intending to be self-sustaining to cover all operating costs and debt service. Any shortfalls in revenues produced by such charges will ultimately be provided by contributions from participants.

A separate audited financial statement is available from the administrative offices of the Southern Cayuga Lake Intermunicipal Water Commission, 1402 East Shore Drive, Ithaca, New York 14850. For the year ended December 31, 2018, the audited financial statements of the Commission showed:

Total Assets	\$ 13,886,093
Deferred Outflows of Resources	\$ 690,456
Total Liabilities	\$ 6,401,468
Deferred Inflows of Resources	\$ 392,331
Net Position	\$ 7,782,750
Total Revenues	\$ 4,191,628
Total Expenses	\$ 3,577,238

2. The Ithaca Area Wastewater Treatment Plant (IAWTP) is a joint venture involving the Towns of Ithaca and Dryden, and the City of Ithaca. This joint venture was formed for the treatment of wastewater. The joint venture operates under terms of an original agreement dated December 22, 1981 and has been amended several times, the last of which is dated December 31, 2003. Construction of the treatment plant began in 1984 and was completed in 1986.
 - The Special Joint Committee (governing body) of the IAWTP consists of eight members; four from the City of Ithaca, three from the Town of Ithaca, and one from the Town of Dryden. The City of Ithaca operates the plant and has custody of the joint activity funds.
 - Capital costs allocated to the Town of Ithaca are 40.69% of the total.
 - The governing body has established charges at rates intending to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges is to be provided by equal share contributions from the participants.

The following information is from the separately issued financial statements of the IAWTP for the year ended December 31, 2017 (latest available):

Total Assets	\$ 31,604,628
Deferred Outflows of Resources	\$ 233,759
Total Liabilities	\$ 20,900,464
Deferred Inflows of Resources	\$ 55,752
Net Position	\$ 10,882,171
Total Revenues	\$ 4,055,202
Total Expenses	\$ 5,676,896

C. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental and Enterprise Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investments earnings, result from non-exchange transactions or ancillary activities.

The Town of Ithaca reports the following major Governmental Funds:

- **General Fund:** This is the Town's primary operating fund. It accounts for all financial transactions that are not required by law or other provision to be accounted for in other funds.
- **Highway Fund:** Used to account for revenues and expenditures for part town highway purposes.
- **Fire Protection District Fund:** Used to record transactions involving the Town Fire Protection District and the contracts for fire protection with the City of Ithaca and Village of Cayuga Heights.
- **Capital Projects Fund:** Used to account for capital improvements financed from current monies transferred from other funds, federal and state grants and proceeds of obligations.

The Town also reports the following non-major funds:

- **Lighting District Fund:** Used to record operation and maintenance transactions. Revenues derived from special districts' assessment.
- **Debt Service Fund:** Used to account for interest earned on proceeds of borrowing for capital projects. Interest earned is transferred to the Debt Service Fund from the Capital Projects Fund and then to the Operating Funds for payment of principal and interest. Annual principal and interest payments due on serial bonds are transferred from the Town's other funds. Payments are made directly from the Debt Service Fund to the respective paying agents.
- **Inlet Valley Cemetery Fund:** The Inlet Valley Cemetery Association was dissolved in 2010, upon which ownership of the cemetery devolved to the Town in accordance with state statutes. This account is used to account for funds used for maintenance of the cemetery.

The Town reports the following major enterprise funds:

- **Water Fund:** This enterprise fund is used to account for the activity of providing water service to residents of the Town of Ithaca. The Town is responsible for the collection of water revenues in the Town of Ithaca and contracts for delivery services with the Southern Cayuga Lake Intermunicipal Water Commission (SCLIWC) and Ithaca Area Wastewater Treatment Plant (IAWTP).
- **Sewer Fund:** This enterprise fund is used to account for the activity of providing sewer service to residents of the Town of Ithaca. The Town is responsible for the collection of sewer revenues in the Town of Ithaca and contracts for treatment services with the Southern Cayuga Lake Intermunicipal Water Commission (SCLIWC) and Ithaca Area Wastewater Treatment Plant (IAWTP).

The Town reports the following fiduciary funds:

- **Agency Fund:** Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

D. Measurement Focus and Basis of Accounting

The Government-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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town are charges to customers for sewer and water fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property Taxes

Town real property taxes are levied annually on January 1 and become a lien on that date. Property owners can elect to pay their taxes using one of two options. Taxpayers may elect to pay their bill in two installments equal to $\frac{1}{2}$ the total bill, plus a 2.5% processing fee. If the installment option is selected, the first payment is due between January 1 and January 14, without penalty, or between January 15, and January 20, with 1% interest (election to pay in installments ceases January 20). The second installment is due on or before July 1, payable to the County Division of Budget and Finance.

Taxpayers may elect to pay their tax bill in full. Using this method, taxes are collected during the period January 1 to January 31 at face value and from February 1 to May 31 with interest added. The Town Receiver of Taxes collects all real estate taxes for Town and County purposes. The Town Receiver

distributes the collected tax money to the Town Supervisor prior to distributing the balance collected to the County on June 1. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

F. Budgetary Data

1. Budget Policies – The budget policies are as follows:

- a. No later than October 5, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.
- d. Appropriations lapse at year-end.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. For the year ended December 31, 2018, no budgetary encumbrances were outstanding. In the interest of accurately monitoring, budgeting and maintaining an adequate operating fund balance in all funds, it is the Town's fiscal practice not to encumber unused appropriations into the ensuing year's budgeted operations.

G. Cash and Investments

The Town of Ithaca's investment policies are governed by State statutes. In addition, the Town of Ithaca has its own written investment policy. Town of Ithaca'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 not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

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

H. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

I. Due to/from Other Funds

Amounts due to and due from within the same fund type are eliminated in the Government-wide statements. Inter-fund receivables and payables are detailed in Note 4 on page 28.

J. Inventories and Prepaid Items

Purchases of inventorable items are recorded as expenditures in the Governmental Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

K. Capital Assets

Capital assets are reported at historical cost. The Town depreciates capital assets using the straight-line method over the estimated useful life of the assets. Capitalization thresholds (the dollar value above which capital asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Building and improvements	\$ 5,000	30-40 years
Non-building improvements	5,000	15-20 years
Equipment and machinery	5,000	5-15 years
Furniture and furnishings	5,000	10 years

L. Infrastructure

The Town includes long-lived improvements to roads, water and sewer systems as capital assets in the Government-wide statements. Infrastructures are reported at historical costs and are depreciated using the straight-line method over their estimated useful lives.

Capitalization thresholds and estimated useful lives for infrastructures are as follows:

	Capitalization Threshold	Estimated Useful Life
Road systems	\$ 10,000	20 years
Water and sewer systems	10,000	40 years

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category; the deferred outflow related to pensions and OPEB reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualifies for reporting in this category; the deferred inflow related to pensions reported in the Statement of Net Position and the deferred inflow related to prepaid property taxes reported in each applicable governmental fund.

N. Vested Employee Benefits

Employees accrue (earn) vacation leave based on the number of years employed up to a maximum of 20 days a year. Upon separation from service, employees are paid for unused vacation time. The liability for accrued vacation time is reflected in the Government-wide statements as a long-term liability.

Employees accrue (earn) sick leave at the rate of one day per month and may accumulate such credits up to a total of 120 days. Employees who retire apply any unused sick leave to pay for individual cost employee health insurance benefits and potentially add accumulated sick time to be credited to their service time in the New York State Retirement System.

In addition to providing pension benefits, the Town of Ithaca provides health insurance coverage for retired employees. Substantially all the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the community. These benefits are further discussed in Note 9.

O. Unemployment Insurance

As of January 1, 1978, Town employees are covered by unemployment insurance. The Town has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Town's account. The Town is exempt from federal unemployment insurance tax.

P. Deferred Compensation

The Town offers their employees a Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (100% of gross wages not to exceed \$18,500 or \$24,500 for employees over the age of 50 to allow for catch up contributions) until future

years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. Effective, January 1, 1998, all amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are the sole property of the employee. As required, the Town Supervisor is the Chairman of the Town's Deferred Compensation Committee and Trustee.

Q. Risk Retention

The Town of Ithaca is exposed to various risks of loss related to employee injury. During 1996 the Town established reservations of fund balance to finance certain uninsured risks of loss in the interest of lower annual insurance costs. Claims that will be paid from these reserves are for small employee medical claims. During the year ended December 31, 2018, \$17,645 was paid out on behalf of the employees.

R. Restricted Resources

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

S. Equity Classification

1. Government-wide Statements

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

- Invested in Capital Assets, Net of Related Debt

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

- Restricted Net Position

Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position

All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

2. Fund Financial Statements

Classification of fund balance reflects spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a governmental fund's net resources. Constraints are broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the

government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

Governmental fund equity is classified as fund balance. In the fund basis statements there are five classifications of fund balance:

- Non-spendable Fund Balance

Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments. The Town's non-spendable fund balance is comprised of prepaid expenses.

- Restricted Fund Balance

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town's restricted fund balance includes a general-purpose benefit reserve, a parks and open space plan reserve, a highway equipment reserve and a reserve for cemetery maintenance.

- Committed Fund Balance

Consists of amounts that are subject to a purpose constraint imposed by formal action of the Town's highest level of decision-making authority (the Town Board) before the end of the fiscal year and that require the same level of formal action to remove the constraint.

- Assigned Fund Balance

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority or by their designated body or official. In funds other than the General Fund, the Town's assigned fund balance represents the residual amount of fund balance. In the General Fund, assigned fund balance represents the portion of fund balance appropriated for the ensuing year's budget.

- Unassigned Fund Balance

Represents the residual classification of the government's general fund and could report a surplus or a deficit. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

3. Order of Use of Fund Balance

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all

funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as committed or assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

4. Fund Financial Statements - Restricted Fund Balance

- The General Town-Wide Fund equity includes reserve funds established for the purpose of future park development and purchasing rights as outlined in the Town's Open Space Plan. The balance at the end of 2018 was \$832,626. This Reserve Fund was designated by Board Resolution No. 170 of October 2, 1997. Interest earnings and additional funding for the year both increased the Reserve Fund.
- The General Part-Town Highway Fund equity includes reserve funds established for the replacement of highway machinery. The balance at the end of 2018 was \$283,905. This Highway Equipment Reserve Fund was designated by Board resolution No. 193 of November 8, 1984, and any unexpended appropriation for machinery at year end is to be transferred to the Reserve Fund. The Reserve Fund is also increased by interest earned for the year.
- The General Town-Wide Fund, the General-Part Town Fund, the General Part-Town Highway Fund, the Water Fund, and the Sewer Fund equity include funds established for fiscally managing annual economic increases and decreases in employee fringe benefits (e.g. NYS Retirement Costs, Health Insurance). The aggregate balance at the end of 2018 was \$350,392. This Reserve Fund was established at the June 13, 2005 Town Board meeting under Board Resolution No. 084. The reserve is funded on an annual basis as assessed by the Town Board. The reserve also is increased by interest earned for the year. The balance by fund is as follows:

General Town-Wide Fund	\$	165,628
General Part-Town Fund		69,468
General Part-Town Highway Fund		79,412
Water Fund		23,838
Sewer Fund		12,046
	\$	<u>350,392</u>

- The General Town-Wide Fund equity includes reserve funds designated for the maintenance of the Pine Tree Wildlife Preserve, donated to the Town by a local family in 2013. In conjunction with the donation of the land, the amount of \$40,000 was donated to provide for future maintenance of the preserve. As of December 31, 2018, the balance of the reserve totaled \$40,173.
- In 2014, the Town purchased development rights to Indian Creek Farm with financial assistance through a grant provided by New York State. The grant included \$10,000 to be held in reserve by the Town, designated for future stewardship of Indian Creek Farmlands. The reserve is reflected in the General Town-wide Fund and had a balance of \$9,752 at December 31, 2018.

- The Inlet Valley Cemetery Fund reserve includes funds provided for the maintenance of the cemetery. The balance at the end of 2018 was \$4,426 and was included within the General Town-Wide Fund.

T. Inter-fund Transfers

The operations of the Town give rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for inter-fund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

U. New Accounting Pronouncements

GASB Statement No. 75

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The statement replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Town adopted GASB Statement No. 75 for its 2018 financial statements (see Note 9).

GASB Statement No. 85

In March 2017, the GASB issued Statement No. 85, "Omnibus 2017". This Statement's objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and "negative" goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method of OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple employer defined benefit OPEB plans.

The Town adopted GASB Statement No. 85 for its 2018 financial statements. The adoption did not impact the Town's financial statements.

GASB Statement No. 86

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishment Issues". This Statement's primary objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Town adopted GASB Statement No. 86 for its 2018 financial statements. The adoption did not impact the Town's financial statements.

The GASB has issued the following new statements:

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2020.
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2021.
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which will be effective for the year ending December 31, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 90 *Majority Equity Interests* - an amendment of GASB Statements No. 14 and No. 61 which will be effective for the year ending December 31, 2020.
- Statement No. 91 *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2021.

The Town is currently reviewing these statements and plans on adoption, as required.

V. Non-Cash Capital and Related Financing Activities - Proprietary Funds

In 2018, the Water Fund acquired capital assets totaling \$1,767,289 with the proceeds of debt. Additionally, the Water Fund recorded debt and a receivable of \$1,669,500 related to the Town of Ithaca's proportionate share of bond liabilities related to the Southern Cayuga Intermunicipal Water Commission. This activity is not reflected in the Statement of Cash Flows for Proprietary Funds.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Governmental Funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent these differences as follows:

- Long-term revenue differences arise because Governmental Funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- Capital related differences include the difference between proceeds for the sale of capital assets reported on Governmental Fund Statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the Governmental Fund Statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of 1) the items creating the differences between fund balance reported in the Governmental Fund Statements and net position reported on the Statement of Net Position and 2) the items creating the differences between the change in fund balance reported in the Governmental Fund Statements and the change in net position reported in the Statement of Activities.

NOTE 3 – CASH

The Town of Ithaca's investment policies are governed by State statutes, as previously described in these Notes. Deposits are valued at cost- or cost-plus interest and are categorized as either:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized.

Total financial institution (bank) balances at December 31, 2018, per the bank, were \$19,738,643.

	1	2	3
Governmental funds	\$ 13,729,005	\$ -	\$ -
Enterprise funds	\$ 5,555,789	\$ -	\$ -
Agency funds	\$ 453,849	\$ -	\$ -

NOTE 4 – INTER-FUND ACTIVITY

Inter-fund receivables and payables at December 31, 2018, were as follows:

<u>Fund Type</u>	<u>Inter-Fund Receivables</u>	<u>Inter-Fund Payables</u>
General town-wide	\$ -	\$ 49,413
Highway	112,976	27,510
Water	-	11,578
Sewer	-	24,475
Capital projects	-	-
	<u>\$ 112,976</u>	<u>\$ 112,976</u>

Inter-fund revenues and expenditures at December 31, 2018, were as follows:

<u>Fund Type</u>	<u>Inter-Fund Revenues</u>	<u>Inter-Fund Expenditures</u>
General town-wide	\$ 593,200	\$ 310,058
General part-town	103	-
Highway	150,000	554,158
Water	-	2,439,084
Sewer	-	181,800
Capital projects	2,468,684	-
Risk retention	15,000	-
Non-major	258,113	-
	<u>\$ 3,485,100</u>	<u>\$ 3,485,100</u>

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2018, were as follows:

	Beginning Balance	Additions	Disposals & Reclassifications	Ending Balance
<u>Governmental Funds</u>				
CAPITAL ASSETS THAT ARE NOT DEPRECIATED:				
Land	\$ 599,780	\$ -	\$ -	\$ 599,780
Construction in progress	361,466	541,389	8,710	894,145
TOTAL NON-DEPRECIABLE HISTORICAL COST	961,246	541,389	8,710	1,493,925
 CAPITAL ASSETS THAT ARE DEPRECIATED:				
Buildings	5,048,915	-	-	5,048,915
Equipment and machinery	5,727,959	496,129	166,824	6,057,264
Furniture and furnishings	209,179	-	-	209,179
Non-building improvements	1,024,060	-	-	1,024,060
Infrastructures	5,855,464	191,322	-	6,046,786
TOTAL DEPRECIABLE HISTORICAL COST	17,865,577	687,451	166,824	18,386,204
 LESS ACCUMULATED DEPRECIATION:				
Buildings	1,929,563	150,188	-	2,079,751
Equipment and machinery	3,301,079	534,183	129,618	3,705,644
Furniture and furnishings	202,934	2,549	-	205,483
Non-building improvements	384,559	42,550	-	427,109
Infrastructures	1,157,039	262,744	-	1,419,783
TOTAL ACCUMULATED DEPRECIATION	6,975,174	992,214	129,618	7,837,770
 TOTAL HISTORICAL COST, net	<u>\$ 11,851,649</u>	<u>\$ 236,626</u>	<u>\$ 45,916</u>	<u>\$ 12,042,359</u>

Depreciation was charged to governmental functions as follows:

General government support	\$ 108,874
Transportation	623,398
Culture and recreation	87,383
Home and community services	172,559
	<u> </u>
 Total Depreciation Expense	<u>\$ 992,214</u>

	Beginning Balance	Additions	Disposals & Reclassifications	Ending Balance
<u>Enterprise Funds</u>				
CAPITAL ASSETS THAT ARE NOT DEPRECIATED:				
Construction in progress	\$ 622,473	\$ 1,917,768	\$ 156,853	\$ 2,383,388
CAPITAL ASSETS THAT ARE DEPRECIATED:				
Equipment and machinery	963,477	175,830	-	1,139,307
Infrastructures	17,416,911	394,273	-	17,811,184
TOTAL DEPRECIABLE HISTORICAL COST	18,380,388	570,103	-	18,950,491
LESS ACCUMULATED DEPRECIATION:				
Equipment and machinery	210,533	136,772	-	347,305
Infrastructures	2,879,595	439,343	-	3,318,938
TOTAL ACCUMULATED DEPRECIATION	3,090,128	576,115	-	3,666,243
TOTAL HISTORICAL COST, net	<u>\$ 15,912,733</u>	<u>\$ 1,911,756</u>	<u>\$ 156,853</u>	<u>\$ 17,667,636</u>

Depreciation was charged to enterprise funds as follows:

Sewer fund	\$ 148,872
Water fund	427,243
Total Depreciation Expense	<u>\$ 576,115</u>

NOTE 6 – LIABILITIES

A. Pension Plans

Plan Description

The Town of Ithaca participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. 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 NYSRSSL, the Comptroller of the State of New York (Comptroller) 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 State 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 for their first 10 years in the system, and employees who joined on or after January 1, 2010 who generally contribute 3% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. Chapter 126 adds Article 19 "Benefits Enhancements" of the New York State and Local Employees Retirement System. An Eligible Tier III or IV member with ten or more years of membership or ten years credited service will not be required to contribute to the Retirement System. Effective in 2000, the Town adopted Section 41j of the Retirement System. This allows a retiring municipal employee to add service credit by using accumulated sick time.

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

	ERS
2018	\$ 489,081
2017	\$ 459,827
2016	\$ 513,481
2015	\$ 548,769
2014	\$ 570,512

Town contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal years ended March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Town's total unpaid liability at the end of 2018 fiscal year was \$0.

a. Southern Cayuga Lake Intermunicipal Water Commission Pension Plan

The Southern Cayuga Lake Intermunicipal Water Commission's payroll is prepared through the Town of Ithaca, resulting in the New York State and Local Retirement Plan billings being a combination of the Town's and the Water Commission's. The Water Commission is remitted along with the Town's share.

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

At December 31, 2018, the Town reported the following liability for its proportionate share of the net pension liability for the Systems. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation.

Measurement date	March 31, 2018
Net pension liability	\$ 390,624
Town's portion of the Plan's total net pension liability	0.012103%
Change in proportionate share since prior measurement date	0.001074%

At year end December 31, 2018, the Town recognized pension expenses of \$499,470. The Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 139,324
Changes of assumptions	259,018
Net difference between projected and actual investment earnings on pension plan investments	567,353
Changes in proportion and differences between employer contributions and proportionate share of contributions	108,724
Employer contributions subsequent to the measurement date	489,081
Total	<u>\$ 1,563,500</u>

The Town reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,132
Changes of assumptions	-
Net difference between projected and actual investment earnings on pension plan investments	1,119,898
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,752
Total	<u>\$ 1,255,782</u>

The Town's contributions subsequent to the measurement date for the Plans amounted to \$489,081.

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

2018	\$ 115,729
2019	89,420
2020	(264,223)
2021	(122,291)
Total	<u>\$ (181,365)</u>

Actuarial Assumptions

The Town's total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2017, with updated procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5%
Investment rate of return	7.0%
Salary scale	3.8%
Projected COLAs	1.3%
Decrement tables	04/01/10-03/31/15 System's experience

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

The Town's long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentages and by adding expected inflation. Best estimate of the arithmetic real rates of return for each major asset class included in the target asset allocation at the valuation date of March 31, 2018 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.25%
	<u>100%</u>	

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 the contributions from plan members will be made at the current contributions rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension (asset)/liability	\$ 2,955,581	\$ 390,624	\$ (1,779,224)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of the employers as of March 31, 2018 were as follows:

Employers' total pension liability	\$ (183,400,590,000)
Fiduciary net position	180,173,145,000
Employers' net pension liability	<u>\$ (3,227,445,000)</u>
Ratio of Plan net position to the employers' total pension asset/(liability)	98.24%

B. Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12-month period thereafter. For short-term financing, the Town of Ithaca redeems (pays down) one-fifth (1/5) of the original BAN borrowing.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

As of December 31, 2018, temporary financing in outstanding bond anticipation notes totaled \$0.

C. Long-Term Debt

Bonds: The Town of Ithaca 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.

At December 31, 2018, the total principal indebtedness outstanding of the Town of Ithaca aggregated \$15,541,500. Of this amount, \$2,923,589 was subject to the Town's constitutional debt limit and represented 3.02% of the Town's debt limit. Further calculations disclosed that the Town of Ithaca meets the 7% indebtedness requirement and has not exhausted its borrowing and repayment abilities.

The following is a summary of the Town of Ithaca's outstanding serial bonds for the year ended December 31, 2018:

Description	Original Date of Issue	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/2018
GENERAL TOWNWIDE FUND					
2011 Public Improvement	9/1/11	\$ 300,000	2.50%	9/1/21	\$ 90,000
2013 Public Improvement	8/1/13	790,000	2.25%	8/1/23	448,000
WATER FUND					
2004 Public Improvement	2/12/04	1,000,000	3.88%	2/12/19	67,000
2009 Public Improvement	10/1/09	1,125,000	3.00%	10/1/24	510,000
2011 Public Improvement	9/1/11	2,000,000	2.50%	9/1/31	1,480,000
2013 Public Improvement	8/1/13	1,420,000	2.25%	8/1/23	945,000
2014 Public Improvement	12/30/14	950,000	2.00%	12/15/29	1,577,000
2014 Refunding Bond	12/30/14	910,000	2.00%	5/15/24	580,000
2015 Public Improvement	11/13/15	2,150,000	2.00%	10/15/30	1,774,000
2018 Public Improvement	12/6/18	4,150,000	2.99%	12/1/33	4,150,000
SCLIWC serial bonds	various	3,763,000	various	various	1,669,500
HIGHWAY FUND					
2011 Public Improvement	9/1/11	350,000	2.50%	9/1/21	105,000
2013 Public Improvement	8/1/13	1,240,000	2.25%	8/1/23	782,000
2014 Public Improvement	12/30/14	950,000	2.25%	12/15/29	703,000
2015 Public Improvement	11/13/15	\$ 800,000	2.00%	10/15/30	661,000
Total Serial Bonds Payable					<u>\$ 15,541,500</u>

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

Interest paid	\$ 288,643
Add interest accrued - current year	75,520
Less interest accrued - prior year	(72,445)
	<u>\$ 291,718</u>

Interest expense has been allocated to the following governmental functions:

General	\$ 8,821
Transportation	76,829
	<u>\$ 85,650</u>

Interest expense has been allocated to the following enterprise funds:

Water fund	<u>\$ 206,068</u>
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Long-term liability balances and activity for the year are summarized below:

<u>Governmental Funds</u>	Beginning Balance	Additions	Reductions	Ending Balance
Serial bonds	\$ 3,221,930	\$ -	\$ (298,341)	\$ 2,923,589
Total serial bonds and	<u>\$ 3,221,930</u>	<u>\$ -</u>	<u>\$ (298,341)</u>	<u>\$ 2,923,589</u>
Other liabilities:				
Compensated absences	\$ 154,776	\$ 10,823	\$ -	\$ 165,599
Net pension liability	953,622	-	(588,485)	365,137
Other post-employment benefits, as restated	6,318,344	745,317	-	7,063,661
Total long-term liabilities	<u>\$ 10,648,672</u>	<u>\$ 756,140</u>	<u>\$ (886,826)</u>	<u>\$ 10,517,986</u>
<u>Enterprise Funds</u>	Beginning Balance	Additions	Reductions	Ending Balance
Serial bonds	\$ 7,547,070	\$ 4,150,000	\$ (748,659)	\$ 10,948,411
SCLIWC serial bonds	2,053,750	-	(384,250)	1,669,500
Total serial bonds and	<u>\$ 9,600,820</u>	<u>\$ 4,150,000</u>	<u>\$ (1,132,909)</u>	<u>\$ 12,617,911</u>
bond anticipation notes				
Other liabilities:				
Compensated absences	\$ 17,799	\$ 2,655	\$ -	\$ 20,454
Net pension liability	82,703	-	(57,216)	25,487
Other post-employment benefits, as restated	726,609	92,026	-	818,635
Total long-term liabilities	<u>\$ 10,427,931</u>	<u>\$ 4,244,681</u>	<u>\$ (1,190,125)</u>	<u>\$ 13,482,487</u>

Activity for compensated absences is shown at net due to the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of total long-term indebtedness (excluding SCLIWC bonds):

Serial Bonds	Year	Principal	Interest	Total
	2019	\$ 1,302,000	\$ 382,930	\$ 1,684,930
	2020	1,250,000	354,126	1,604,126
	2021	1,275,000	323,399	1,598,399
	2022	1,230,000	287,150	1,517,150
	2023	1,260,000	254,428	1,514,428
	2024-2028	4,870,000	819,073	5,689,073
	2029-2033	2,685,000	198,141	2,883,141
Total Serial Bonds		<u>\$ 13,872,000</u>	<u>\$ 2,619,247</u>	<u>\$ 16,491,247</u>

There was no long-term debt that has been authorized and unissued at December 31, 2018.

NOTE 7 – DEBT: SOUTHERN CAYUGA LAKE INTERMUNICIPAL WATER COMMISSION (SCLIWC)

Per agreement, the Town of Ithaca is a joint obligor of debt used to fund the capital activities of the Southern Cayuga Lake Intermunicipal Water Commission (SCLIWC). The Town has recorded a liability for bonds payable in the Water Fund of \$1,669,500 representing the Town's approximate 53% share of the total outstanding serial bond debt associated with SCLIWC as of December 31, 2018. Historically, and consistent with the cooperative agreement of the SCLIWC participating municipalities, the repayment of SCLIWC debt and related interest has been funded through user fees charged by the Water Commission. Accordingly, the Water Fund reflects a receivable (due from other governments) of \$1,669,500 at December 31, 2018 which reflects the anticipated debt principal payments to be made by SCLIWC.

The following reflects information related to the total serial bond debt for SCLIWC at December 31, 2018:

Description	Date of Issue	Original Amount	I/R	Date of Final Maturity	Outstanding 12/31/2018
Joint Water Improvement 4	10/5/2012	2,600,000	2% - 3%	9/5/2032	\$ 1,940,000
Joint Water Improvement 5	6/12/2013	1,500,000	3%-3.25%	6/1/2033	1,210,000
Total Serial Bonds					<u>\$ 3,150,000</u>

The following is a summary of the maturity of total long-term indebtedness for SCLIWC debt:

	Year	Principal	Interest	Total
Serial Bonds	2019	\$ 185,000	\$ 85,688	\$ 270,688
	2020	190,000	81,288	271,288
	2021	190,000	76,788	266,788
	2022	195,000	72,288	267,288
	2023	205,000	67,456	272,456
	2024-2033	2,185,000	340,913	2,525,913
Total Serial Bonds		<u>\$ 3,150,000</u>	<u>\$ 724,421</u>	<u>\$ 3,874,421</u>

NOTE 8 – UNRESTRICTED BALANCES

Of the \$8,670,738 in unrestricted net position, \$1,321,222 has been appropriated by the Town for 2019 expenditures.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The Town of Ithaca administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. The Town pays a portion of retiree’s premiums for healthcare insurance based on the number of years of service to the Town at the time of retirement.

In addition, retiring employees can convert unused sick time to offset portions of healthcare premiums that are the retiree’s responsibility. The Town tracks the accumulated balances and makes premium payments on behalf of the retirees until the balances are exhausted.

The Retiree Health Plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms

At December 31, 2018 the following employees were covered by the benefit terms:

Inactive employees and beneficiaries	11
Active employees	<u>55</u>
Total	<u>66</u>

Funding Policy

The Town contributes a portion of the retiree's healthcare premium according to the following schedule. For employees whose most recent date of hire is prior to 1/1/2015, the following percentages apply:

<u>Years of Service</u>	<u>Town Contribution</u>
30 and over	75.0%
25-29	50.0%
15-24	35.0%
5-14	20.0%
less than 5	0.0%

For employees who were hired on or after 1/1/2015, the following percentages apply:

<u>Years of Service</u>	<u>Town Contribution</u>
30 and over	50.0%
25-29	35.0%
10-24	20.0%
less than 10	0.0%

The OPEB Liability

The Town's total OPEB Liability of \$7,882,296 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Methods and Assumptions

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Salary increase	3.5%
Discount rate	3.44%
Rate of inflation	2.4%
Premium trend	5% for 2019, 6.5% in 2020, with subsequent

The discount rate used was Bond Buyer Weekly 20-Bond index.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis. This assumption was based on a review of published mortality tables and the demographics of the Plan.

Changes in the total OPEB Liability

Service cost	\$	230,892
Interest		273,690
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		403,479
Benefit payments		(70,717)
Net change in total OPEB Liability		837,344
Total OPEB Liability - Beginning of year		7,044,952
Total OPEB Liability - End of year	\$	7,882,296

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect at the current measurement date is 3.44%.

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

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate:

	<u>1% Decrease (2.44%)</u>	<u>Current (3.44%)</u>	<u>1% Increase (4.44%)</u>
Total OPEB Liability \$	9,249,368	\$ 7,882,297	\$ 6,770,936

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5-2.94%) or 1 percentage point higher (7.5-4.94%) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability \$	6,596,686	\$ 7,882,297	\$ 9,515,042

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2018, the Town recognized OPEB expense of \$561,651. At December 31, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	346,430
Contributions made after measurement date (including implicit subsidy)	73,511
	<u>\$ 419,941</u>

The Commission's balances of deferred outflows resources related to pension will be recognized in OPEB expense as follows:

2019	\$ 57,069
2020	57,069
2021	57,069
2022	57,069
Thereafter	118,134
	<u>\$ 346,410</u>

NOTE 10 – POLLUTION REMEDIATION CONTINGENT OBLIGATION

In 2009, a site commonly known as the Ithaca Area Wastewater Treatment Plant (IAWTP), which is jointly owned and operated by the City of Ithaca and the Towns of Ithaca and Dryden, was listed as a site under CERCLA for hydrocarbon contamination (coal-tar). The City of Ithaca was sued by First Energy (parent company of New York State Electric & Gas) for \$750,000 in remediation costs. The Town of Ithaca and Dryden voluntarily joined in defense of this lawsuit. In 2010 an out-of-court settlement was reached in the amount of \$284,249, of which the Town of Ithaca is liable for \$80,000, payable over a ten-year period. At December 31, 2018, the remaining liability totaled \$16,000.

NOTE 11 – TAX ABATEMENTS

Town of Ithaca negotiates property tax abatement agreements on an individual basis. The Town of Ithaca has tax abatement agreements with five entities as of December 31, 2018:

<u>Purpose</u>	<u>Amount of Total Taxes due during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>
Acquire, construct and equip a new residential campus for student housing.	\$ 219,618	\$ 87,715	40%
Purchase of housing development fund company and continuation to conform to requirements for low income housing.	23,083	862	4%
Acquiring title to acres of vacant land and maintain and operate solely as a housing project for persons of low income.	16,818	526	3%
Construction of new brewing facility, welcome center and brew pub.	26,381	11,727	44%

Each agreement was negotiated under the Real Property Tax Law of the State of New York allowing localities to abate property taxes for a variety of purposes, including acquiring and constructing a new residential campus for student housing, maintaining and operating housing for persons of low income, construction of a new brewing facility, and maintaining and operating a facility to benefit the citizens of Tompkins County, New York. The taxes were originally based on the assessed value of the property and through PILOT Agreements have been reduced to an agreed upon value for the given year. If each individual agreement is met based on the conditions set, taxes will continue to be abated each year.

The Town of Ithaca has not made any commitments as part of the agreements other than to reduce taxes. The Town of Ithaca is not subject to any tax abatement agreements entered by other governmental agencies. The Town of Ithaca has chosen to disclose information about its tax abatement agreements individually. There was no established quantitative threshold of the total dollar amount of taxes abated during the year.

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARD

For the fiscal year ended December 31, 2018 the Town adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the Statement No. 75 resulted in adjustments to the beginning OPEB liability, deferred outflows, accrued liabilities, and net position, as follows:

Government-Wide

	As originally presented	After Adoption of GASB 75
OPEB liability	\$ 5,357,091	\$ 6,318,344
Accrued liabilities	526,110	515,668
Long-term liabilities	516,612	16,604
Deferred outflows of resources - OPEB	-	63,423
Net position	11,298,793	10,911,412

Water Fund

	As originally presented	After Adoption of GASB 75
OPEB liability	\$ 370,663	\$ 437,163
Deferred outflows of resources - OPEB	-	4,388
Net position	8,067,197	8,005,085

Sewer Fund

	As originally presented	After Adoption of GASB 75
OPEB liability	\$ 245,394	\$ 289,446
Deferred outflows of resources - OPEB	-	2,907
Net position	5,408,416	5,367,270

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 18, 2019, which is the date the financial statements were available to be issued.

TOWN OF ITHACA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
December 31, 2018

	2018
Service cost	\$ 230,892
Interest	273,690
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	403,479
Benefit payments	(70,717)
Net change in total OPEB Liability	837,344
Total OPEB Liability - Beginning of year	7,044,952
Total OPEB Liability - End of year	\$ 7,882,296
Covered payroll over measurement period	3,358,129
Total OPEB liability as a percentage of covered payroll	235%

Notes to schedule:

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect at the current measurement date is 3.44%.

TOWN OF ITHACA
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
MAJOR FUNDS
For the Year Ended December 31, 2018

	GENERAL		HIGHWAY	
	Original Budget	Actual	Original Budget	Actual
REVENUES:				
Real property taxes	\$ 2,750,000	\$ 2,750,189	\$ 2,200,000	\$ 2,200,000
Real property tax items	58,000	58,929	-	10,579
Nonproperty tax items	1,468,000	1,645,296	1,650,000	1,800,000
Departmental income	223,100	335,952	-	-
Intergovernmental charges	99,631	101,342	10,000	22,111
Interest income	6,500	10,968	2,500	5,493
Rental income	30,350	29,151	-	-
Licenses and permits	12,500	23,488	-	-
Fines and forfeitures	280,000	219,329	-	-
Sale of property and compensation for loss	-	5,614	25,000	46,216
Local sources	111,000	145,956	-	19,058
State and federal sources	471,650	400,302	95,000	132,646
TOTAL REVENUES	5,510,731	5,726,516	3,982,500	4,236,103
OTHER SOURCES:				
Interfund transfers	608,200	608,303	-	150,000
Proceeds of obligations	-	-	-	-
Appropriated fund balance	793,906	-	280,998	-
TOTAL REVENUES AND OTHER SOURCES	6,912,837	6,334,819	4,263,498	4,386,103
EXPENDITURES:				
General governmental support	1,914,087	1,637,813	78,545	75,825
Public safety	92,884	71,284	-	-
Transportation	512,360	439,562	3,217,170	2,591,439
Culture and recreation	1,154,876	1,055,573	-	-
Home and community services	1,454,550	1,114,681	-	-
Employee benefits	1,474,125	1,292,072	563,625	518,738
TOTAL EXPENDITURES	6,602,882	5,610,985	3,859,340	3,186,002
OTHER USES:				
Interfund transfers	309,955	310,058	404,158	554,158
TOTAL EXPENDITURES AND OTHER USES	6,912,837	5,921,043	4,263,498	3,740,160
EXCESS OF REVENUES OVER EXPENDITURES	-	413,776	-	645,943
FUND BALANCE, beginning of year	5,221,475	5,221,475	2,267,511	2,267,511
FUND BALANCE, end of year	\$ 4,427,569	\$ 5,635,251	\$ 1,986,513	\$ 2,913,454

See independent auditor's report.

FIRE

Original Budget	Actual
\$ 3,250,000	\$ 3,250,000
-	-
-	-
-	-
-	-
4,000	7,074
-	-
-	-
-	-
-	-
20,000	23,456
3,274,000	3,280,530
-	-
-	-
108,500	-
3,382,500	3,280,530
5,000	1,950
3,377,500	3,347,056
-	-
-	-
-	-
-	-
3,382,500	3,349,006
-	-
3,382,500	3,349,006
-	(68,476)
2,078,828	2,078,828
\$ 1,970,328	\$ 2,010,352

TOWN OF ITHACA
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability (asset)	0.012%	0.011%
Proportionate share of the net pension liability (asset)	\$ 390,624	\$ 1,036,325
Covered-employee payroll	\$ 3,773,421	\$ 3,444,677
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.35%	30.08%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.2%	94.7%

See independent auditor's report.

<u>2016</u>	<u>2015</u>
0.011%	0.015%
\$ 1,834,200	\$ 387,122
\$ 3,256,757	\$ 3,310,664
56.32%	11.69%
90.7%	97.9%

See independent auditor's report.

TOWN OF ITHACA
SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 489,081	\$ 459,827
Contributions in relation to the contractually required contribution	<u>489,081</u>	<u>459,827</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 4,000,148	 \$ 3,670,571
Contributions as a percentage of covered-employee payroll	12.23%	12.53%

See independent auditor's report.

<u>2016</u>	<u>2015</u>
\$ 513,481	\$ 548,770
<u>513,481</u>	<u>548,770</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 3,397,458	\$ 3,381,971
15.11%	16.23%

See independent auditor's report.

**TOWN OF ITHACA
CAPITAL PROJECTS FUND
DETAILED BALANCE SHEET
December 31, 2018**

ASSETS

	Active Projects				
	State Route 96B Sidewalk	Gateway Trail	Sand Bank Road Reconstr.	Park Lane Water Main	Christopher Circle Water Main
ASSETS:					
Cash in savings	\$ 120,820	\$ 72,502	\$ 360,866	\$ 37,398	\$ 6,395
Due from other gov't	60,765	126	-	-	-
	<u>181,585</u>	<u>72,628</u>	<u>360,866</u>	<u>37,398</u>	<u>6,395</u>
TOTAL ASSETS	<u>\$ 181,585</u>	<u>\$ 72,628</u>	<u>\$ 360,866</u>	<u>\$ 37,398</u>	<u>\$ 6,395</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:					
Accrued liabilities	\$ 1,136	\$ -	\$ -	\$ 1,445	\$ 1,070
Due to other funds	-	-	-	-	-
Retainage	-	-	-	8,361	-
TOTAL LIABILITIES	<u>1,136</u>	<u>-</u>	<u>-</u>	<u>9,806</u>	<u>1,070</u>
FUND BALANCE:					
Committed fund balance	180,449	72,628	360,866	27,592	5,325
Unassigned fund balance	-	-	-	-	-
TOTAL FUND BALANCE	<u>180,449</u>	<u>72,628</u>	<u>360,866</u>	<u>27,592</u>	<u>5,325</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 181,585</u>	<u>\$ 72,628</u>	<u>\$ 360,866</u>	<u>\$ 37,398</u>	<u>\$ 6,395</u>

See independent auditor's report.

Active Projects			Closed Projects		Total
Sapsucker Water Main	Trumansburg Water Tank	Ellis Hollow Water Tank			
\$ 9,082	\$ 7,982	\$ 427,359	\$ -	\$ -	\$ 1,042,404
-	-	-			60,891
<u>9,082</u>	<u>7,982</u>	<u>427,359</u>	<u>-</u>	<u>-</u>	<u>1,103,295</u>
<u>\$ 9,082</u>	<u>\$ 7,982</u>	<u>\$ 427,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103,295</u>
\$ 1,355	\$ 2,055	\$ 6,226	\$ -	\$ -	\$ 13,287
-	-	81,771	-	-	81,771
-	-	-	-	-	8,361
<u>1,355</u>	<u>2,055</u>	<u>87,997</u>	<u>-</u>	<u>-</u>	<u>103,419</u>
7,727	5,927	339,362	-	-	999,876
-	-	-	-	-	-
<u>7,727</u>	<u>5,927</u>	<u>339,362</u>	<u>-</u>	<u>-</u>	<u>999,876</u>
<u>\$ 9,082</u>	<u>\$ 7,982</u>	<u>\$ 427,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103,295</u>

TOWN OF ITHACA
CAPITAL PROJECTS FUND
DETAILED REVENUES AND EXPENDITURES
For the Year Ended December 31, 2018

	Active Projects				
	State Route 96B Sidewalk	Gateway Trail	Sand Bank Road Reconstruction	Park Lane Water Main	Christopher Circle Water Main
REVENUE:					
Interest earnings	\$ 136	\$ 81	\$ 404	\$ 17	\$ 6
Interfund transfers	100,000	-	-	493,195	367,718
State and federal grants	60,765	-	-	-	-
TOTAL REVENUE	<u>\$ 160,901</u>	<u>\$ 81</u>	<u>\$ 404</u>	<u>\$ 493,212</u>	<u>\$ 367,724</u>
EXPENDITURES:					
Design	\$ 75,957	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ 75,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* The active projects Park Lane, Christopher Circle, Sapsucker, Trumansburg, and Ellis Hollow were included on a 2018 public improvement (serial) bond of \$4,150,000. Each project was associated with the water fund and thus moved via interfund transfers to the water fund. Each project's applicable % of interfund transfer is the current year % bonded for each project less expenditures.

See independent auditor's report.

Active Projects			Closed Projects	
Sapsucker Water Main	Trumansburg Water Tank	Ellis Hollow Water Tank	Total for all Closed Projects	Total
\$ 9	\$ 9	\$ 147	\$ -	\$ 809
463,852	704,704	339,215	-	2,468,684 *
-	-	-	-	60,765
<u>\$ 463,861</u>	<u>\$ 704,713</u>	<u>\$ 339,362</u>	<u>\$ -</u>	<u>\$ 2,530,258</u>
\$ -	\$ -	-	\$ -	\$ 75,957
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,957</u>

TOWN OF ITHACA

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

YEAR ENDED DECEMBER 31, 2018

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

Supervisor and Town Board
Town of Ithaca
Ithaca, New York 14850

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ithaca, 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, and have issued our report thereon dated October 18, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Sciarabba Walker & Co., LLP

Ithaca, New York
October 18, 2019

**TOWN OF ITHACA
TOMPKINS COUNTY, NEW YORK**

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT (UNAUDITED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019***
(The “AUD”)

The AUD can be accessed on the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board (“MSRB”) at the following link:

<https://emma.msrb.org/RE1359855-RE1057233-RE1466661.pdf>

The AUD referenced above are hereby incorporated into the attached Official Statement.

*** Such AUD, which is required to be filed with New York State, is unaudited and not prepared in accordance with GAAP. The AUD is intended to be representative only as of the date thereof. Audited results for the fiscal year ended December 31, 2019 may differ from the results set forth in the AUD.**