

PRELIMINARY OFFICIAL STATEMENT DATED MAY 27, 2020

NEW ISSUES

BOND RATING: Moody's: "Aa2"

SERIAL BONDS

See "RATINGS" 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 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.



\$4,190,000
TOWN OF UNION
BROOME COUNTY, NEW YORK
GENERAL OBLIGATIONS

\$4,190,000 Public Improvement (Serial) Bonds, 2020
(referred to herein as the "Bonds")

Dated: June 17, 2020

Due: October 15, 2020-2034

The Bonds are general obligations of the Town of Union, Broome County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "NATURE OF THE OBLIGATIONS" and "TAX LEVY LIMITATION LAW" herein.

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

Proposals for the Bonds shall be for not less than \$4,190,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 15, 2020 and semi-annually thereafter on April 15 and October 15 in each year until maturity. 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. If the Bonds are issued in registered certificated form, principal and interest will be payable at the offices of the Town or, at the option of the purchaser, at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinions as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey, or as may be agreed upon, on or about June 17, 2020.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on June 3, 2020 until 11:00 A.M., Eastern Time, pursuant to the Notice of Private Competitive Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Private Competitive Bond Sale.

June __, 2020

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "APPENDIX-C, CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

\$4,190,000 Public Improvement (Serial) Bonds, 2020

(referred to herein as the "Bonds")

Dated: June 17, 2020

Due: October 15, 2020-2034

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>
2020	\$ 255,000				2028	\$ 485,000 *			
2021	420,000				2029	80,000 *			
2022	425,000				2030	50,000 *			
2023	435,000				2031	50,000 *			
2024	440,000				2032	55,000 *			
2025	450,000				2033	55,000 *			
2026	465,000				2034	55,000 *			
2027	470,000								

* Subject to change pursuant to the accompanying Notice of Bond Private Competitive Sale in order to achieve substantially level or declining annual debt service, and to comply with Federal tax law provisions relating to over issuance.

** The Bonds maturing in the years 2028-2034 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption" herein.

TOWN OF UNION

BROOME COUNTY, NEW YORK



TOWN OFFICIALS

RICHARD A. MATERESE
Supervisor

THOMAS AUGOSTINI
Deputy Supervisor

TOWN BOARD

RICHARD A. MATERESE
THOMAS R. AUGOSTINI
FRANK J. BERTONI
SANDRA C. BAUMAN
HEATHER R. STALEY

ADMINISTRATION

LEONARD J. PERFETTI
Town Clerk

LAURA J. LINDSLEY
Comptroller

GRETCHEN UHLER
Deputy Comptroller

ALAN J. POPE, ESQ.
Coughlin & Gerhart, LLP
Attorney to the Town

ROSEMARIE POPE, ESQ.
Coughlin & Gerhart, LLP
Deputy Attorney to the Town



ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
TOWN OF UNION
BROOME COUNTY, NEW YORK

Relating To
\$4,190,000 Public Improvement (Serial) Bonds, 2020

This Official Statement, which includes the cover page, inside cover page, and appendices, has been prepared by the Town of Union, Broome County, New York (the “Town”, “County”, and “State”, respectively), in connection with the sale by the Town of the principal amount of \$4,190,000 Public Improvement (Serial) Bonds, 2020 (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 tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

THE BONDS

Description of the Bonds

The Bonds are general obligations of the Town, and will contain a pledge of its faith and credit 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 2; Local Finance Law, Section 100.00). All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See “NATURE OF THE OBLIGATIONS” and “TAX LEVY LIMITATION LAW” herein.

The Bonds will be dated June 17, 2020 and will mature in the principal amounts and on the dates as set forth on the inside cover page. The Bonds are subject to redemption prior to maturity as described herein under “THE BONDS – Optional Redemption. The record date for the Bonds will be the last business day of the calendar month preceding such interest payment. Interest on the Bonds will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and, when issued, if issued in book-entry only form, will be registered in the name of Cede & Co., as nominee of 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 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 15, 2020 and semi-annually thereafter on April 15 and October 15 in each year until maturity. 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, as described herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before October 15, 2027 shall not be subject to redemption prior to maturity. The Bonds maturing on or after October 15, 2028 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 October 15, 2027 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.

Purposes of Issue

The 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	Amount	Bond Amount
	Date	Authorized	
LED Exterior Lighting	04/01/20	\$ 3,250,000	\$ 3,190,000
Infrastructure Improvements	04/01/20	700,000	700,000
Town Buildings Improvements	04/01/20	300,000	300,000
	Total:		\$ 4,190,000

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

NATURE OF THE OBLIGATIONS

Each of the Bonds 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, if so selected by the purchaser. As such, 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.

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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

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

Principal and interest payments on the 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 in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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 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 OR REDEMPTION PREMIUM 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 OR REDEMPTION PREMIUM 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 reasonable notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. 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. 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 bank to be named by the Town upon termination of the book-entry-only system. Interest on the Bonds will remain payable October 15, 2020 and semi-annually thereafter on April 15 and October 15 in each year to maturity. Such interest will be payable by check drawn by the fiscal agent and mailed to the registered owner 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. 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 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 business day of the calendar month preceding an interest payment date and such interest payment date.

THE TOWN

General Information

The Town of Union was established in 1791 and is classified as a Suburban Town. There are two incorporated Villages located within the Town both of whom have an independent form of government. There are three independent school districts, all of whom have properties in neighboring towns as well as the Town of Union. These school districts utilize the Town's assessment roll as the basis for taxation of the apportioned levy in the Town.

The Town is located in Upstate New York in the geographical location known as the Southern Tier. Located in Broome County, adjacent to and west of the City of Binghamton, the Town encompasses 35.1 square miles. It makes up approximately one-third of the County of Broome, based on real property valuations. The Villages of Endicott and Johnson City are located within the Town. Their 2010 populations are 13,392 and 15,174 respectively.

Major expressways in and around the Town include State highway #17, and Interstate highways #86, #88, and #81, which extends from Canada to Tennessee and connects to the national Interstate System at various locations. The major highways provide easy access to Scranton, PA. Albany, NY, Rochester, NY, Syracuse, NY, New York City and Buffalo, NY.

Air transportation through the Binghamton Regional Airport is provided by Delta Airlines. The Town is also served by the Tri-Cities Airport, located in nearby Endicott. Railroads providing freight service to the Town include Conrail, the Canadian Pacific Railroad, New York Susquehanna Railroad and Western Railroad.

The following basic services are provided: public safety, transportation (streets and highway), culture and recreation, home and community services, public improvements, and general administration. Town parks are operated and maintained in a separate tax district known as the Town of Union Park District, which encompasses that area of the Town outside the villages. The Town has two full-town districts for ambulance and library services. The Ambulance District funds a relatively small amount of the operating budgets for the Union Volunteer Emergency Squad. The Library District funds the operating budgets for the George F. Johnson and Your Home libraries located in the Villages of Endicott and Johnson City, respectively. Water and sewer service in the area of the Town outside the villages is provided in district funds or as a part-town function.

Source: Town officials.

Recent Economic Developments

Regan Development Corporation completed The Century Sunrise Redevelopment project consisting of 104 mixed-income residential units and mixed-use space. The facility is fully operational and being occupied by residents. The site is located in close proximity to UHS Hospital, one of the area's largest employers, and the site of the Binghamton University Health Sciences Campus.

The Town is within the borders of the Southern Tier Regional Economic Development Council (the "Southern Tier REDC"), which was awarded in 2015 an Upstate Revitalization Initiative investment of \$500 million over the next five years from the State. As part of the \$500 million Upstate Revitalization Initiative fund, \$20 million is set aside for the Greater Binghamton Fund for investment in public and private sector projects in designated Innovation Districts (iDistricts). In 2018, the Town (i.e. Villages of Endicott & Johnson City) was awarded over \$15,223,000 in Greater Binghamton grant funding for a number of both public and private sector projects, ranging from street scape & gateway improvements, to redevelopment of exterior and interior space of mixed use commercial buildings, new proposed construction of mixed use market rate housing project, and affordable housing projects, in the designated iDistricts. The public and private sector projects in the Town will be leveraging more than \$50,571,742 in additional private and other public sector funding. The Southern Tier REDC remained a top performer receiving REDC 2019 awards of \$88.9 million.

Binghamton University's new School of Pharmacy and Pharmaceutical Sciences is operational with staff occupying offices and students taking classes at the Johnson City campus. Hundreds of students will relocate in early 2021 to the new building across the street accommodating the Decker School of Nursing. Occupancy is expected in 2020 of the Pharmacy R&D facility, which will be adjacent and connected to the School of Pharmacy and Pharmaceutical Sciences. Binghamton University's plans for the Ford Family Wellness Center in Johnson City, which will provide primary healthcare and wellness services, is scheduled for completion by the end of 2020.

Visions Federal Credit Union corporate headquarters new construction and renovation of the adjoining structure is complete. It is expected with the \$20 million expansion that between 150 and 250 employees will be added over the next 10 years in retail services, the contact center, information technology, training services and a wide array in lending.

National Pipe and Plastics, Inc. began construction of its world headquarters in 2019 at on the site of the former Endicott-Johnson Fair Play factory in the Village of Endicott. The \$5 million project, which is expected to be completed in 2021, will create a new 23,000 square foot corporate headquarters that will house 35 employees with space to grow to 50.

Housing Visions of Syracuse is about to begin construction to transform the former Henry B. Endicott School building into a 61-unit residential apartment complex with the estimated total cost of the project at \$22 million. The Endicott Square project is expected to be completed by August 2021.

A \$5 million modern apartment complex, The LOFTS@JC, is under construction on a formerly abandoned Dollar Store site in the Village of Johnson City. Upon its expected completion in July of 2020, there will be 24 residential units comprised of twelve 3-bedroom, six 2-bedroom, and six 1-bedroom. The project will help with the revitalization of the Village of Johnson City within the Town by providing necessary housing in close proximity to UHS Hospital and Binghamton University's Johnson City campus.

The Agency, Broome County IDA/LDC, received and together with the Town is reviewing proposals on the redevelopment of the 20+ acre site formally occupied by BAE Systems in the Town of Union.

New York State Department of Transportation is undertaking a resurface and restriping project to improve the ride ability and appearance of Main Street, Endwell, NY.

A proposed \$12 million investment could change the future of Oakdale Mall in the Village of Johnson City. Broome County, Lourdes Hospital, and Beer Tree Brew Co. are looking to occupy space left vacant over the past few years.

The Town anticipates in May of 2020 the sale of 17 parcels acquired through Community Development Block Grant – Disaster Recovery funding, which will be developed by Two Plus Four Construction into 34 units of affordable housing. Construction is anticipated to begin in May of 2020 with completion expected in May of 2021. Two Plus Four Construction has partnered with The S.E.P.P. Group, who currently owns/manages five affordable housing developments within the Town out of their eleven property portfolio.

Source: Town officials.

Banking Facilities

The following banks are located in the Town:

M&T Bank	KeyBank, N.A.
NBT Bank, N.A.	Tioga State Bank
Bank of America, N.A.	RBS Citizens, N.A.
Chemung Canal Trust Company	Visions Federal Credit Union
UHS Employees Federal Credit Union	Horizons Federal Credit Union
Community Bank, N.A.	

Source: Town officials.

Population Trends

	<u>Town of Union</u>	<u>Broome County</u>	<u>New York State</u>
1970	64,490	221,815	18,236,882
1980	61,179	213,648	17,558,072
1990	59,786	212,160	17,990,455
2000	56,298	200,536	18,976,457
2010	56,346	200,600	19,378,102
2018 (Estimated)	54,250	194,402	19,618,453

Source: U.S. Census Bureau; 2014-2018 American Community Survey 5-Year Estimates

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 census and the 2006-2010 and 2014-2018 American Community Survey 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:						
Union	\$ 20,077	\$ 25,732	\$ 29,032	\$ 46,170	\$ 57,913	\$ 66,866
County of:						
Broome	19,168	24,314	27,744	45,422	57,545	67,342
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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.

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

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Broome County	7.8%	6.6%	6.0%	5.4%	5.5%	4.9%	4.7%
Binghamton, NY MSA	7.6%	6.5%	5.9%	5.4%	5.5%	4.8%	4.6%
New York State	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

	<u>2019-20 Monthly Figures</u>											
	<u>2019</u>						<u>2020</u>					
	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Broome County	4.0%	4.5%	4.5%	4.8%	4.3%	4.3%	4.4%	5.0%	5.7%	5.4%	5.6%	N/A
Binghamton, NY MSA	3.9%	4.4%	4.8%	4.6%	4.2%	4.2%	4.2%	4.9%	5.6%	5.3%	5.6%	N/A
New York State	3.6%	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.1%	3.9%	4.2%	15.0%

Note: Certain unemployment rates for the months of April 2020 are not available 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.

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

Larger Employers

Many residents of the Town find employment with major employers located within Broome County and surrounding areas.

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

Binghamton University	Vestal	5,943	Education
United Health Services	Binghamton	5,428	Healthcare
Lockheed Martin	Owego	2,700	Systems Integration
Broome County Government	Binghamton	2,500	Government
Lourdes Hospital	Binghamton	2,311	Healthcare
New York State	Binghamton	2,034	Government
Raymond Corp.	Greene	1,500	Electric Products
Amphenol Aerospace	Sidney	1,000	Electronic Devices
BAE Systems	Endicott	1,300	Mission Systems
Chobani	Norwich	1,300	Food Products
IBM Corp.	Endicott	1,000	Technology
Maines Paper & Food Service	Conklin	1,100	Food Distribution
Broome-Tioga BOCES	Binghamton	1,049	Education
NBT Bank	Binghamton	1,039	Financial Institution
Weis Markets	Binghamton	1,000	Food Products
MeadWestvaco	Sidney	900	Office Products
NYSEG	Binghamton	800	Electricity & Natural Gas
United Methodist Homes	Binghamton	621	Senior Living
Frito-Lay	Kirkwood	540	Food Distribution
Spectrum	Vestal	500	Communications
Wegmans	Johnson City	774	Food Products
SUNY Broome	Binghamton	454	Education
Visions Federal Credit Union	Endwell	250	Credit Union
Dicks Sporting Goods Distribution	Conklin	200	Retail Distribution

* Maines Paper & Food Service filed an amended Worker Adjustment and Retraining Notification (WARN) notice on May 11, 2020 with New York State Department of Labor announcing 297 temporary and 119 permanent plant layoffs due to unforeseeable business circumstances prompted by COVID-19 and the sales of their Broadline operations not occurring.

Source: Town officials and Broome County Industrial Development Agency. (www.bcida.com) Reference to this website implies no warranty of accuracy of information therein.

Post-Secondary Education

Binghamton University. Binghamton University began as a Triple Cities College in 1946, joining the State University System in 1950 as Harpur College. In 1965, the campus was formally designated the State University of New York at Binghamton. Today, the University consists of the Harpur College of Arts & Sciences, the School of Education & Human Development, the School of Management, the Decker School of Nursing, the College of Community and Public Affairs, the Thomas J. Watson School of Engineering & Applied Science and the School of Pharmacy and Pharmaceutical Sciences. Binghamton University had an enrollment of 14,021 undergraduates and 3,747 graduate students for the 2019 Fall semester.

Nationally recognized as a world-class institution, and one of the most elite research institutions in the nation, Binghamton University offers students a broad, interdisciplinary education with an international perspective. For 16 straight years, U.S. News & World Report has ranked Binghamton as one of the nation's top 50 public universities. Kiplinger's Personal Finance Magazine rated Binghamton University sixth among the Nations Public Universities for out-of-state students and eighteenth overall in its 2017-2018 ranking of the 100 Best Values in Public Colleges.

Binghamton University created a new School of Pharmacy and Pharmaceutical Sciences located in a newly constructed building on the 11-acre health sciences campus in the Town. The new pharmacy building welcomed students in fall 2018. The 84,000 square-foot, four-story building includes state-of-the-art research labs, offices for faculty and staff, a lecture hall, classrooms and teaching labs. It houses 36 new faculty and staff and 240 students. Occupancy is expected in 2020 of the Pharmacy R&D facility, which will be adjacent and connected to the School of Pharmacy and Pharmaceutical Sciences. The health sciences campus will also house the University's Decker School of Nursing, which will open in 2021, and other healthcare-based organizations and high-tech businesses.

SUNY Broome. Broome County Community College, renamed SUNY Broome, is a comprehensive academic institution supervised by the State University of New York, sponsored by Broome County, and accredited by both professional and educational organizations. The college was chartered as the New York State Institute of Applied Arts and Sciences at Binghamton in 1946. It became Broome Community College in 1971 and, in September 2013, it underwent its final name change to SUNY Broome Community College to highlight its long history as a State University of New York Institution.

SUNY Broome had an enrollment of 3,771 full-time and 2,736 part-time students for the 2018-2019 academic year. The college offers 50 degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.

Form of Town Government

The Town is governed by the provisions of the Town Law.

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

The Town Board appoints its Assessor to a six-year term. The Town Board appoints the Comptroller and the Town Attorney whose terms are fixed by Town Law. The Town Clerk is elected to four-year terms. The Town Board appoints a Zoning Board, Planning Board, Assessment Board of Review, Ethics Committee, Citizens Advisory Council for Community Development, Wellhead Advisory Protection Committee, Street Lighting Commission, Wetlands Advisory Commission, Industrial Commercial Advisory Board, Constables, and Conservation Advisory Council.

Financial Organization

Pursuant to Local Law No. 2 of 1972, certain of the financial functions of the Town are the responsibility of the Comptroller. The Supervisor is, however, the chief fiscal officer of the Town.

The Comptroller, who is responsible to the Town Board, also is head of the Department of Audit and Control. Besides controlling all appropriation expenses, countersigning checks and auditing all claims against the Town, the Comptroller assists the Supervisor in the preparation of the annual budget and is the Accounting officer of the Town.

The duties of the Comptroller include administrative control of the following divisions: Accounting, Accounts Payable, Accounts Receivable, Payroll, Audit and Control, Data Processing, Insurance, IT and Personnel.

Budgetary Procedures and Recent Budget Votes

The Supervisor, with the assistance of the Comptroller, prepares a tentative budget each year. Pursuant to various laws of the State of New York, the Town Board receives, amends, and holds a public hearing on a preliminary budget. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum.

Recent Budget Results

The Town's adopted 2019 budget included a 0.49% decrease in tax the levy, which was under the maximum allowable statutory tax cap.

The Town's adopted 2020 budget included a 2.16% increase in tax the levy, which was under the maximum allowable statutory tax cap.

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.

In addition, the Town has its own written investment policy. The Town's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit equal to all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

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

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes. GASB Statement Number 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

State Aid

The Town receives financial assistance from the State. In its budget for the 2020 fiscal year, approximately 3.0% of the Part-Town General Fund revenues of the Town are estimated to be received in the form of State aid.

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

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

Town Employees

The Town currently employs approximately 118 full-time and 43 part-time employees.

The following are the bargaining units representing employees of the Town:

<u>Unit</u>	<u>Number of Members</u>	<u>Expiration Date</u>
CSEA (40-hour)	72	December 31, 2020
CSEA (35-hour)	21	December 31, 2021

Source: Town officials.

Status and Financing of Employee Pension Benefits

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

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

For ERS, Tier 5 provides for:

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

For ERS, Tier 6 provides for:

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

The Town's contributions to ERS for the past five years and the budgeted amount for the 2020 fiscal year are as follows:

<u>Year</u>	<u>ERS</u>
2015	\$ 775,756
2016	646,603
2017	636,626
2018	613,013
2019	601,747
2020 (Budgeted)	726,653

Source: Town officials.

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

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

A chart of average ERS rates (2017 to 2020) 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 PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. For 2016 the ERS rate is 12.5% and for 2017 the ERS rate is 13.0%. 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 participating in this program at this time nor does it intend to do so in the foreseeable future.

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

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

Other Post-Employment Benefits

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

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

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

Summary of Actuarial Valuations

The following outlines the changes to the Total Net OPEB Liability for the fiscal years ending December 31, 2018 and 2019:

Total OPEB Liability for County:

Beginning balance at January 1:	2018	2019
	<u>\$ 42,313,649</u>	<u>\$ 39,028,010</u>
Changes in Net OPEB Liability:		
Service cost	812,228	481,217
Interest	1,457,712	1,082,827
Differences between expected and actual experience	-	(13,502,975)
Changes in assumptions or other inputs	(4,041,711)	5,958,646
Changes of benefit terms	-	-
Benefit payments	<u>(1,513,868)</u>	<u>(1,151,172)</u>
Net Changes	<u>\$ (3,285,639)</u>	<u>\$ (7,131,457)</u>
Balance ending at December 31:	2018	2019
	<u><u>\$ 39,028,010</u></u>	<u><u>\$ 31,896,553</u></u>

Source: GASB 75 Actuarial Valuations of the Town. The above tables are not audited.

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

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.

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.

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. While it was not enacted into law in the last two legislative sessions, it is not possible to predict whether the Comptroller's proposed legislation will be reintroduced and enacted into law in the future.

Financial Statements

The Town retains independent auditors EFPR Group, LLP to audit its financial statements. The audited financial report for fiscal year ended December 31, 2018 is available and is attached hereto as "APPENDIX - E". The Annual Financial Report Update Document (Unaudited) for the fiscal year ended December 31, 2019 is available and has been filed to the Electronic Municipal Market Access Website ("EMMA"). The audit for the fiscal year ended December 31, 2019 is not available as of the date of this official statement. Certain summary financial information can also be found in "APPENDIX - A, A1, A2 & A3" attached hereto.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles 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 is required to issue its 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 in compliance with Statement No. 34.

Unaudited Results of Operations for Fiscal Year Ending December 31, 2019

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

Projected Revenues:	\$ 13,831,265
Projected Expenditures:	10,246,570
Projected Other Sources and Uses:	<u>(2,765,327)</u>
Projected Excess (Deficit) Revenues Over Expenditures:	<u>\$ 819,368</u>
Total General Fund Balance December 31, 2018:	\$ 8,994,956
Total Projected General Fund Balance December 31, 2019:	\$ 9,814,324

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

New York State Comptroller Reports of Examination

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

The most recent audit conducted by the State Comptroller was released on August 12, 2016. The purpose of the audit was to evaluate the Town's financial condition for the period January 1, 2014 through December 31, 2015. A summary of key findings and State Comptroller recommendations are outlined below:

Key Findings:

- 157 of 187 water meters the Town is billed for are older than five years, and Village officials found that the old meters they tested failed to record 50-70 percent of water flows.
- By not replacing the old inaccurate meters, users with accurate meters have to pay higher rates for water to help subsidize residents with meters that only register half of their use. Additionally, rates are too low to allow the fund to break even, which results in taxpayer inequity, as the water fund is subsidized by the part-town general fund.
- At the end of 2015, the water and sewer funds owed a combined \$730,000 to the part-town general fund.

Key Recommendations:

- Create a schedule for replacing old or inaccurate meters or both.
- Ensure that the Town bills for all water and sewer services based on accurate meter flows and set rates sufficient to cover operating expenditures.
- Develop a plan to repay amounts borrowed from the part-town general fund.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office has just completed an ethics oversight audit of the Town as part of a Statewide initiative. An exit interview with the Town was conducted on January 18, 2019 with a published report still pending release at this time.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, nor incorporation herein.

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 2014 through 2018 fiscal years of the Town are as follows:

<u>Fiscal Year Ended</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	0.0%
2017	No Designation	3.3%
2016	No Designation	6.7%
2015	No Designation	16.3%
2014	No Designation	12.9%

The Fiscal Score for fiscal year ending December 31, 2019 has not been calculated as of the date of this Official Statement.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, nor incorporation herein.

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 validation of the Bonds provided for in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the Town is the calendar year.

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

TAX INFORMATION

Valuations

<u>Year of Town Tax Roll:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Assessment Roll Year:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Valuation	\$ 117,511,910	\$ 117,367,791	\$ 117,255,920	\$ 116,015,574	\$ 115,986,283
State Equalization Rate	4.27%	4.38%	4.32%	4.32%	4.25%
Full Valuation	\$2,752,035,363	\$2,679,629,932	\$2,714,257,407	\$2,685,545,694	\$2,729,089,012

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>
<u>Assessment Roll Year:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Inside Villages	\$ 43.538	\$ 44.557	\$ 45.329	\$ 45.4971	\$ 46.051
Outside Villages	108.630	109.082	110.190	110.969	114.553
Fire District Contracts:					
Westover Fire	41.557	34.741	34.799	44.105	37.094
Union Center Fire	26.011	26.587	28.181	31.035	34.065
Choconut Fire	62.562	65.004	61.771	62.520	63.208
East Maine Fire	25.260	58.665	52.140	57.562	60.808

Tax Collection Procedure

Town real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1, to January 31, at face value and from February 1, to April 1, with interest added. The Town utilizes Broome County Real Property Tax Service for the collection of all real estate taxes for Town purposes. The County distributes the collected tax money to the Town Supervisor. The final payment from the County reconciles to the Town tax warrant to assure the Town of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

Tax Levy and Tax Collection Record

<u>Years Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 10,200,385	\$ 10,267,994	\$ 10,389,451	\$ 10,344,969	\$ 10,725,171
Uncollected ⁽¹⁾	0	0	0	0	0
% Collected	100%	100%	100%	100%	100%

⁽¹⁾ The Town receives any unpaid taxes from the County; see "Tax Collection Procedure" herein.

Source: Town officials.

Ten Largest Taxpayers – 2019 Assessment Roll for 2020 Town Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
NYSEG	Public Utility	\$ 135,942,494
Oakdale Mall II, LLC	Shopping Mall	66,718,988 ⁽¹⁾
Huron Real Estate, Assoc, LLC	Manufacturing	47,844,706
Glencott Realty Corp	Manufacturing	28,901,106 ⁽²⁾
Feinberg Ridge Assoc & Jeffery Feinberg	Apartment Complexes	20,656,471
Wegman's Enterprizes & Food Markets	Retail Grocer	10,390,588
602 Partners LLC	Apartment Complexes	10,117,929
JMI	Office/Light Industrial	9,971,059
JCTC Holdings	Neighborhood Shopping Center	9,970,824 ⁽³⁾
Norfolk Southern Corporation	Railroad	9,898,376

The ten taxpayers, listed above, have a total full valuation of \$346,367,779, which represents 12.9% of the taxable full market value of the Town.

- (1) Oakdale Mall II filed a tax certiorari claim in 2016, which is pending.
- (2) Glencott Realty filed a tax certiorari claim in 2015, which is pending.
- (3) JCTC Holdings filed a tax certiorari claim in 2016, which is pending.

Source: Town officials.

Sales Tax Revenue

A 4% sales tax is levied in the County of Broome, under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% sales tax. Of the first 3% collected, the County retained 50% of 2019 total collections and the remaining 50% was divided among the towns, villages, and the City of Binghamton on the basis of population. The Town's share is divided and allocated between incorporated villages (located wholly or partially within the Town) and the area of the Town outside said villages, on the basis of population.

Sales tax revenues for the fiscal years ended 2015 through 2019 and budgeted for 2020 is outlined in the table below:

<u>Fiscal Year Ending</u> <u>December 31st</u>	<u>Total General Fund</u> <u>Revenues</u>	<u>Sales Tax</u>	<u>Percentage of Total</u> <u>Revenues Consisting</u> <u>of Sales Tax</u>
2015	\$ 11,740,986	\$ 5,938,279	50.58%
2016	12,120,918	6,080,316	50.16
2017	12,722,778	6,562,406	51.58
2018	13,395,638	7,022,117	52.42
2019 (Unaudited)	13,829,413	7,277,178	52.62
2020 (Budgeted)	12,947,360	7,000,000	54.07

New York State Chapter 59 of the Laws of 2019 is anticipated to affect the sales tax revenue of the Town as the State Comptroller is required to withhold sales tax revenue to make Aid and Incentives for Municipalities (AIM) related payments, which may affect the amount of sales tax revenue available for distribution by Broome County.

The impacts of COVID-19 on the Town and the economy is also expected to impact sales future tax collections. See also "MARKET AND RISK FACTORS" herein.

Additional Tax Information

Real property in the Town is assessed by the Town.

Veterans' and Senior Citizens' exemptions are offered to those who qualify.

The assessment roll of the Town is constituted approximately as follows: 90% Residential and 10% Industrial/Commercial.

The total property tax bill of a \$100,000 fair market value residential property located in the Town is approximately \$4,254 including County, Town, Fire and School District taxes as follows:

<u>Municipality</u>	<u>Tax Rate per Assessment</u>	<u>Total Tax</u>	<u>% of Total</u>
Broome County	\$ 171.02/\$1,000	\$ 727	17.09%
Town of Union	114.55/\$1,000	487	11.45%
Endwell Fire District #1	38.37/\$1,000	160	3.76%
Union-Endicott S.D.	658.98/\$1,000	2,880	67.70%

TAX LEVY LIMITATION LAW

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

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

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

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 New York State Constitution limits the power of the Town (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the Town and the 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 debt service is utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 3,521,693	\$ 2,760,000	\$ 4,399,480	\$ 3,755,000	\$ 5,560,355
Bond Anticipation Notes	2,890,797	4,532,632	4,159,472	5,458,779	4,492,275
NYPA Installment Obligation	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,673,075</u>	<u>3,340,944</u>
Total Debt Outstanding	<u>\$ 6,412,490</u>	<u>\$ 7,292,632</u>	<u>\$ 8,558,952</u>	<u>\$ 12,886,854</u>	<u>\$ 13,393,574</u>

Details of Outstanding Indebtedness

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

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2020-2030	\$ 4,725,000
<u>Bond Anticipation Notes</u>		
Various Purposes	February 26, 2021	<u>5,999,779</u>
Total Debt Outstanding		<u>\$ 10,724,779</u>

Debt Statement Summary

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

Five-Year Average Full Valuation of Taxable Real Property	<u>\$ 2,712,111,482</u>
Debt Limit 7% thereof.....	189,847,804

Inclusions:

Bonds.....	\$ 4,725,000	
Bond Anticipation Notes	<u>5,999,779</u>	
Total Inclusions.....		\$ 10,724,779

Exclusions:

Water Debt ⁽¹⁾	\$ 142,460	
Sewer Indebtedness ⁽²⁾	0	
Appropriations ⁽³⁾	<u>0</u>	
Total Exclusions.....		<u>\$ 142,460</u>

Total Net Indebtedness	<u>\$ 10,582,319</u>
Net Debt-Contracting Margin.....	<u>\$ 179,265,485</u>
The percent of debt contracting power exhausted is	5.57%

Note: The issuance of the Bonds will increase the Total Net-Indebtedness of the Town by \$1,000,000. The above table does not include installment purchase obligations, which do not count toward the debt limit of the Town.

- (1) Excluded pursuant to Section 124.10 of the Local Finance Law.
- (2) Excluded pursuant to Section 136 of the Local Finance Law.
- (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 the Appendices to this Official Statement.

Cash Flow Borrowings

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

Installment Purchase Obligations

The New York Power Authority (“NYPA”) has been working with municipalities throughout the State to improve energy efficiency in connection with the State’s BuildSmart NY initiative. The Town had asked the NYPA to assist with financing an energy efficiency project at its facilities. The project included the replacement of existing high-pressure sodium, mercury vapor, and metal halide fixtures and installation of new energy efficient LED fixtures. In June 2017 the Town had entered into a Customer Installation Commitment (installment purchase contract) with the NYPA for the project which was completed September 2018 at a final cost of \$3,673,075. The project is expected to generate annual energy savings of \$189,001, maintenance savings of \$155,394, and annual CO2 savings of 1,355 tons. The installment purchase contract is amortized over 10 years with 120 monthly payments of \$35,011 at a variable interest rate for a total interest cost of \$516,674. The payments began on January 1, 2019 with a repayment end date of December 31, 2028. The remaining principal balance outstanding as of May 15, 2020 is \$3,203,523. The Town Board has determined that at this time it would be advantageous to refinance this installment purchase contract with a portion of the proceeds from the current issuance of the Bonds.

Authorized but Unissued Items

The Town of Union new refuse garage project has not been formally closed. The total project cost is \$3,452,448 with an estimated \$100,000 of allowance remaining. Funding sources expected to cover the costs will be from Community Development Block Grant Disaster Recovery Funds (CDBG-DR), NYS Governor’s Office of Storm Recovery (GOSR), with a local share source to be determined by the Town Board.

The Town Board has authorized the Fairmont Park Water Main Improvements project at an estimated cost of \$535,070. Funding sources expected to cover the costs with be from Community Development Block Grant funds, Broome County, builder connection fees, and a local share source to be determined by the Town Board.

The Town will evaluate its capital needs for 2021 in late 2020. Authorizations will be approved late 2020 and financing will take place with serial bonds and/or bond anticipation notes in early 2021

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Estimated Overlapping Indebtedness

In addition to the Town, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the Town.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Broome	11/12/2019 ⁽⁴⁾	\$ 136,679,000	\$ -	\$ 136,679,000	27.69%	\$ 37,846,415
Village:						
Endicott	8/7/2019 ⁽⁴⁾	8,907,000	662,000 ⁽²⁾	8,245,000	100.00%	8,245,000
Johnson City	9/11/2019 ⁽⁴⁾	122,055,653	106,669,866 ⁽²⁾	15,385,787	100.00%	15,385,787
Fire District:						
Endwell	6/27/2019 ⁽⁴⁾	2,520,000	30,000 ⁽²⁾	2,490,000	100.00%	2,490,000
West Corners	12/31/2018 ⁽⁵⁾	151,900	151,900 ⁽²⁾	-	100.00%	-
West Endicott	12/31/2018 ⁽⁵⁾	95,500	- ⁽²⁾	95,500	100.00%	95,500
School District:						
Maine-Endwell CSD	12/16/2019 ⁽⁴⁾	39,954,530	35,959,077 ⁽³⁾	3,995,453	71.82%	2,869,534
Union-Endicott CSD	12/9/2019 ⁽⁴⁾	48,343,360	41,962,036 ⁽³⁾	6,381,324	87.63%	5,591,954
Johnson City CSD	12/27/2019 ⁽⁴⁾	49,272,290	43,852,338 ⁽³⁾	5,419,952	88.19%	4,779,856
					Total:	<u>\$ 77,304,046</u>

Notes:

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

⁽²⁾ Water and sewer debt and appropriations.

⁽³⁾ Estimated State building aid based on current aid ratio.

Sources of information:

⁽⁴⁾ Most recent available official statement of the municipality obtained from EMMA.

⁽⁵⁾ Most recent available State Comptroller's Special Report for the respective fiscal year end.

Debt Ratios

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

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness (see "Debt Statement Summary")	\$ 10,582,319	\$ 195.07	0.39%
Net Indebtedness Plus Net Overlapping Indebtedness ^(c)	87,886,365	1,620.03	3.22%

^(a) The 2018 estimated population of the Town is 54,250. (See "Population Trends" herein.)

^(b) The Town's total full valuation of taxable real property for the 2020 Town tax roll is \$2,729,089,012. (See "TAX INFORMATION" herein.)

^(c) The Town's estimated applicable share of net underlying indebtedness is \$77,304,046. (See "Estimated Overlapping Indebtedness" herein.)

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 City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the 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. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

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, a description of which is attached hereto as “APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING”

Historical Continuing Disclosure Compliance

Prior to fiscal year ending December 31, 2014, the Town has historically been an under \$10,000,000 small issuer. The Town has availed itself of the exemptions and exceptions permitted by the Rule in those years.

The Town has complied with all previous Undertakings in all material respects pursuant to the Rule within the past five years.

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 investment risk.

The financial and economic 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, 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 its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both

the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the 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 any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE TOWN - State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the 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 Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the 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 MATTERS" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence 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. The Town of Union declared a state of emergency and issued orders related to COVID-19 on March 20, 2020. Following the procedures in the Executive Law Section 24, the Town's state of emergency was extended on April 20, 2020 and is expected to be extended on May 20, 2020 for another thirty (30) days.

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 will 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 form of opinion of Bond Counsel is set forth in "APPENDIX – D".

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 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

The legality of the authorization and issuance of the Bonds is covered by the approving legal opinion of Bond Counsel. The proposed form of Bond Counsel's opinion is attached hereto at "APPENDIX – D".

LITIGATION

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

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

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.

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

Moody's Investors Service ("Moody's") has assigned their rating of "Aa2" 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.

MISCELLANEOUS

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

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

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

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

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

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

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

The Town's contact information is as follows: Ms. Laura J. Lindsley, Town Comptroller, Town Hall, 3111 E. Main St., Endwell, NY 13760, Phone: (607) 786-2931, Telefax: (607) 786-2998, email: llindsley@townofunion.com

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 UNION

Dated: May 27, 2020

RICHARD A. MATERESE
Town Supervisor

GENERAL FUND - FULL AND PART TOWN

Balance Sheets

Fiscal Years Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> (unaudited)
<u>ASSETS</u>					
Cash and Investments - Unrestricted	\$ 4,198,891	\$ 4,393,685	\$ 3,059,506	\$ 3,436,143	\$ 4,631,248
Cash and Investments - Restricted	1,201,984	1,167,797	1,189,431	1,355,841	1,432,259
Investments - Unrestricted	-	-	1,556,000	1,540,526	1,575,696
Temporary Investments	-	-	-	-	-
Due from Other Funds	883,949	761,448	1,345,568	1,259,732	1,042,770
Due from State and Federal Governments	122,074	106,717	106,717	106,717	6,885
Due from Other Governments	1,571,401	1,582,176	1,766,150	1,889,221	1,893,004
Other Receivables, net	178,571	226,350	241,215	500,951	440,113
Prepaid Expenses	278,636	306,513	350,259	335,055	456,584
TOTAL ASSETS	<u>\$ 8,435,506</u>	<u>\$ 8,544,686</u>	<u>\$ 9,614,846</u>	<u>\$ 10,424,186</u>	<u>\$ 11,478,559</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 214,258	\$ 243,725	\$ 311,390	\$ 230,371	\$ 539,591
Accrued Liabilities	42,266	49,269	81,738	68,208	123,983
Due to Other Funds	675,292	671,450	922,383	793,956	727,373
Compensated Absences	131,301	144,125	138,235	129,445	150,837
Due to Other Governments	1,069	427	19,549	20,422	20,241
Other Liabilities	96,443	79,624	83,040	80,705	80,955
Overpayments	99	-	-	-	-
Deferred Inflows	96,577	96,577	97,860	106,123	21,255
TOTAL LIABILITIES	<u>1,257,305</u>	<u>1,285,197</u>	<u>1,654,195</u>	<u>1,429,230</u>	<u>1,664,235</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 278,636	\$ 306,513	\$ 350,259	\$ 335,055	\$ 456,584
Restricted	1,201,984	1,167,796	1,189,431	1,355,841	1,432,259
Assigned	1,043,808	934,315	921,166	961,187	1,915,094
Unassigned	4,653,773	4,850,865	5,499,795	6,342,873	6,010,387
TOTAL FUND EQUITY	<u>7,178,201</u>	<u>7,259,489</u>	<u>7,960,651</u>	<u>8,994,956</u>	<u>9,814,324</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 8,435,506</u>	<u>\$ 8,544,686</u>	<u>\$ 9,614,846</u>	<u>\$ 10,424,186</u>	<u>\$ 11,478,559</u>

Source: 2015-2018 audited financial reports and 2019 annual financial report update document (unaudited) of the Town.
This Appendix is not itself audited.

GENERAL FUND - FULL AND PART TOWN

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 3,606,036	\$ 3,717,208	\$ 4,079,725	\$ 4,113,397	\$ 4,118,512
Real Property Tax Items	50,245	57,693	48,300	54,601	60,422
Non Property Tax Items	6,325,430	6,380,434	6,528,263	7,013,617	7,470,200
Departmental Income	157,149	182,508	175,387	171,259	277,823
Intergovernmental Charges	218,237	251,250	236,929	242,136	244,701
Use of Money & Property	48,121	53,752	52,586	66,250	55,132
Licenses and Permits	84,472	122,412	82,433	130,422	79,314
Fines and Forfeitures	184,826	156,369	141,062	167,088	221,997
Sale of Property and Compensation for Loss	69,148	63,271	9,877	38,381	167,158
Miscellaneous	21,424	8,621	10,909	1,334	1,787
Interfund Revenues	51,710	46,766	42,878	42,211	36,683
Revenues from State Sources	712,726	700,702	707,257	682,082	661,909
Revenues from Federal Sources	-	-	5,312	-	-
Total Revenues	<u>\$ 11,529,524</u>	<u>\$ 11,740,986</u>	<u>\$ 12,120,918</u>	<u>\$ 12,722,778</u>	<u>\$ 13,395,638</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 2,058,728	\$ 2,171,552	\$ 2,135,725	\$ 2,073,258	\$ 2,225,130
Public Safety	522,864	498,263	526,486	508,562	503,151
Health	3,500	3,567	3,500	2,087	-
Transportation	794,499	804,485	802,067	705,801	466,492
Economic Assistance and Opportunity	1,850	2,049	3,640	2,567	2,725
Culture and Recreation	269,169	268,175	250,196	248,712	255,270
Home and Community Services	1,794,119	1,978,062	1,782,603	1,831,515	2,156,010
Employee Benefits	3,266,170	3,669,390	3,733,304	3,673,483	3,538,177
Debt Service	482,081	460,331	491,589	433,594	480,149
Total Expenditures	<u>\$ 9,192,980</u>	<u>\$ 9,855,874</u>	<u>\$ 9,729,110</u>	<u>\$ 9,479,579</u>	<u>\$ 9,627,104</u>
Excess of Revenues Over (Under) Expenditures	<u>2,336,544</u>	<u>1,885,112</u>	<u>2,391,808</u>	<u>3,243,199</u>	<u>3,768,534</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Appropriated Reserve	-	-	-	-	-
Operating Transfers Out	(2,238,337)	(2,256,546)	(2,310,520)	(2,542,037)	(2,734,229)
Other Budgetary Purposes	-	-	-	-	-
Total Other Financing	<u>(2,238,337)</u>	<u>(2,256,546)</u>	<u>(2,310,520)</u>	<u>(2,542,037)</u>	<u>(2,734,229)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>98,207</u>	<u>(371,434)</u>	<u>81,288</u>	<u>701,162</u>	<u>1,034,305</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	7,451,428	7,549,635	7,178,201	7,259,489	7,960,651
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 7,549,635</u>	<u>\$ 7,178,201</u>	<u>\$ 7,259,489</u>	<u>\$ 7,960,651</u>	<u>\$ 8,994,956</u>

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

GENERAL FUND - FULL AND PART TOWN

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

Fiscal Years Ending December 31:

	2019		2020
	Adopted Budget	Unaudited Actual	Adopted Budget
REVENUES			
Real Property Taxes	\$ 4,282,231	\$ 4,013,794	\$ 3,885,936
Real Property Tax Items	57,800	58,167	62,000
Non-Property Tax Items	6,920,000	7,719,586	7,445,000
Departmental Income	158,000	182,943	155,760
Intergovernmental Charges	250,213	346,012	331,417
Use of Money & Property	65,800	124,927	98,580
Licenses and Permits	75,150	101,228	85,150
Fines and Forfeitures	175,000	191,280	175,000
Sale of Property and Compensation for Loss	5,000	15,272	18,517
Miscellaneous	-	328,889	-
Interfund Revenues	26,852	43,121	25,000
Revenues from State Sources	655,000	669,326	665,000
Revenues from Federal Sources	10,000	36,720	-
Total Revenues	<u>\$ 12,681,046</u>	<u>\$ 13,831,265</u>	<u>\$ 12,947,360</u>
EXPENDITURES			
General Government Support	\$ 2,612,258	\$ 2,147,242	\$ 2,762,757
Public Safety	573,373	591,846	629,165
Health	-	-	-
Transportation	670,954	492,397	636,482
Economic Assistance and Opportunity	2,600	2,076	2,700
Culture and Recreation	344,193	244,222	306,466
Home and Community Services	2,197,851	2,733,649	3,048,896
Employee Benefits	3,813,080	3,139,921	3,542,318
Debt Service	939,181	895,217	956,776
Total Expenditures	<u>\$ 11,153,490</u>	<u>\$ 10,246,570</u>	<u>\$ 11,885,560</u>
Excess of Revenues Over (Under) Expenditures	<u>1,527,556</u>	<u>3,584,695</u>	<u>1,061,800</u>
Other Financing Sources (Uses):			
Operating Transfers In	43,157	-	-
Appropriated Reserve	-	-	-
Operating Transfers Out	(2,470,713)	(2,765,327)	(2,660,000)
Other budgetary purposes	-	-	-
Total Other Financing	<u>(2,427,556)</u>	<u>(2,765,327)</u>	<u>(2,660,000)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(900,000)</u>	<u>819,368</u>	<u>(1,598,200)</u>
FUND BALANCE			
Fund Balance - Beginning of Year	-	8,994,956	-
Appropriated Reserves	900,000	-	1,598,200
Prior Period Adjustments (net)	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 9,814,324</u>	<u>\$ -</u>

Source: 2019 annual financial report update document (unaudited) of the Town. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Excluding this issuance			Principal of this issuance	Principal all issues
	Principal	Interest	Total		
2020	\$ 835,355	\$ 166,454	\$ 1,001,809	\$ 255,000	\$ 1,090,355
2021	590,000	114,406	704,406	420,000	1,010,000
2022	530,000	101,181	631,181	425,000	955,000
2023	485,000	88,881	573,881	435,000	920,000
2024	480,000	77,181	557,181	440,000	920,000
2025	465,000	65,606	530,606	450,000	915,000
2026	445,000	54,144	499,144	465,000	910,000
2027	420,000	42,863	462,863	470,000	890,000
2028	420,000	31,453	451,453	485,000	905,000
2029	350,000	20,788	370,788	80,000	430,000
2030	270,000	12,019	282,019	50,000	320,000
2031	160,000	5,700	165,700	50,000	210,000
2032	80,000	2,100	82,100	55,000	135,000
2033	15,000	675	15,675	55,000	70,000
2034	15,000	225	15,225	55,000	70,000
TOTALS	\$ 5,560,355	\$ 783,676	\$ 6,344,031	\$ 4,190,000	\$ 9,750,355

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2005			2010		
	Refunding of 1996 Bonds			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 170,000	\$ 3,188	\$ 173,188	\$ 65,000	\$ 1,138	\$ 66,138
TOTALS	\$ 170,000	\$ 3,188	\$ 173,188	\$ 65,000	\$ 1,138	\$ 66,138

Fiscal Year Ending Dec 31st	2015			2017		
	Various Purposes			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 175,000	\$ 23,175	\$ 198,175	\$ 190,000	\$ 35,769	\$ 225,769
2021	180,000	19,625	199,625	180,000	32,531	212,531
2022	135,000	16,475	151,475	175,000	29,206	204,206
2023	100,000	14,125	114,125	175,000	25,706	200,706
2024	100,000	12,125	112,125	180,000	22,156	202,156
2025	100,000	10,000	110,000	165,000	18,706	183,706
2026	95,000	7,688	102,688	150,000	15,556	165,556
2027	100,000	5,125	105,125	155,000	12,313	167,313
2028	100,000	2,250	102,250	155,000	8,728	163,728
2029	25,000	375	25,375	160,000	4,888	164,888
2030	-	-	-	105,000	1,444	106,444
TOTALS	\$ 1,110,000	\$ 110,963	\$ 1,220,963	\$ 1,790,000	\$ 207,003	\$ 1,997,003

Fiscal Year Ending Dec 31st	2019		
	Public Improvements		
	Principal	Interest	Total
2020	\$ 235,355	\$ 103,185	\$ 338,540
2021	230,000	62,250	292,250
2022	220,000	55,500	275,500
2023	210,000	49,050	259,050
2024	200,000	42,900	242,900
2025	200,000	36,900	236,900
2026	200,000	30,900	230,900
2027	165,000	25,425	190,425
2028	165,000	20,475	185,475
2029	165,000	15,525	180,525
2030	165,000	10,575	175,575
2031	160,000	5,700	165,700
2032	80,000	2,100	82,100
2033	15,000	675	15,675
2034	15,000	225	15,225
TOTALS	\$ 2,425,355	\$ 461,385	\$ 2,886,740

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,

- (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 June 3, 2020 of the Town relating to the Bonds under the headings “THE TOWN”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than “Appendix – C & D” and any 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, 2019, 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, 2019; 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

June 17, 2020

Town of Union,
County of Broome,
State of New York

Re: Town of Union, Broome County, New York
\$4,190,000 Public Improvement (Serial) Bonds, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$4,190,000 Public Improvement (Serial) Bonds, 2020 (the "Obligations"), of the Town of Union, Broome County, New York (the "Obligor"), dated June 17, 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 October 15, 2020 and semi-annually thereafter on April 15 and October 15, and maturing in the amount of \$ ____ on October 15, 2020, \$ ____ on October 15, 2021, \$ ____ on October 15, 2022, \$ ____ on October 15, 2023, \$ ____ on October 15, 2024, \$ ____ on October 15, 2025, \$ ____ on October 15, 2026, \$ ____ on October 15, 2027, \$ ____ on October 15, 2028, \$ ____ on October 15, 2029, \$ ____ on October 15, 2030, \$ ____ on October 15, 2031, \$ ____ on October 15, 2032, \$ ____ on October 15, 2033 and \$ ____ on October 15, 2034.

The Obligations maturing on or before October 15, 2027 shall not be subject to redemption prior to maturity. The Obligations maturing on or after October 15, 2028 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 October 15, 2027 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 UNION

AUDITED FINANCIAL REPORT

Fiscal Year Ended December 31, 2018

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

EFPR Group, CPA's, the District'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. EFPR Group also has not performed any procedures relating to this Official Statement.

TOWN OF UNION, NEW YORK

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INDEPENDENT AUDITORS' REPORT

Town Board and Supervisor
Town of Union
Endwell, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Union, New York (the Town), as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Town of Union Local Development Corporation, which is 100% of the assets, net position and revenue of the discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Union Local Development Corporation. The Town of Union Local Development Corporation represents 100% of the assets, net position and revenue of the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Union Local Development Corporation, is based solely on the report of the other auditors. 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Union, New York as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 1(o) to the financial statements, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during the year ended December 31, 2018. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Union, New York's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2019, on our consideration of the Town of Union, New York'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 solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 14, 2019

**TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Our discussion and analysis of the Town of Union's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

General Overview

- Total governmental fund assets of \$21.3 million were comparable to \$20.9 million in the prior year. Total liabilities and deferred inflows decreased by \$2.5 million to \$11.9 million. Operating results were a positive \$2.8 million compared to a negative \$1.7 million one year ago. Included in the operating results are proceeds from obligations of \$3.7 million for the current year compared to \$2.2 million for the prior year. (The operating results for property tax supported funds controlled by the Town realized a \$1.2 million current year excess compared to a prior year \$1.3 million increase). The operating results for the Town's two general funds were an excess of \$758 thousand in the full-town and a \$276 thousand operating excess in the part-town.

Governmental Funds - Fund Balance

- At December 31, 2018, the total combined fund balance for the Town's governmental funds was \$9.5 million - an increase of \$2.8 million, which includes \$3.7 million of proceeds from obligations.
- The Town's fund balance classifications are non-spendable, restricted, assigned and unassigned. At year-end 2018, non-spendable decreased \$53 thousand to \$543 thousand, restricted decreased by \$0.1 million to \$2.5 million, assigned increased by \$0.2 million to \$4.8 million and unassigned increased \$2.8 million to \$1.7 million, of which \$4.0 deficit will be eliminated in the capital fund when short-term borrowing is converted to long-term financing.
- At year-end 2018, "capital reserves" in the operating funds increased to \$1.9 million. A \$10 thousand sewer maintenance fee from Broome County for future maintenance expenditures and \$184 thousand of auction proceeds for future expenditures were added to the reserve. During the year, the Town earned \$2 thousand in interest. These reserves, which are fiscally responsible, have been established based on perceived future needs.

Governmental Funds - Revenue & Expenditures

- Revenues increased by \$1.4 million or 5.7% to \$26.5 million in 2018 and was influenced by sales tax and non-recurring sources such as state and federal grants.
- Expenditures decreased by \$1.7 million or 5.8% to \$27.7 million in 2018. The decrease reflects expenditures relating to state and federal grants, and capital outlays.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Debt Obligations and Other Long-term Liabilities

- The Town's debt obligations increased \$1.1 million to \$12.9 million in 2018. Additional other long-term liabilities totaled \$40.1 million in Compensated Absences, Other Post Employment Benefit, and NYS Retirement System Liabilities. The adoption of GASB Statement No. 75 was a factor increasing the debt of Other Post Employment Benefit liabilities.

Statements of Net Position & Activities

- On a *governmental wide basis*, the liabilities and deferred inflows of resources of the primary government of the Town exceeded assets and deferred outflows of resources at the close of 2018 resulting in a (deficit) (\$16.2) million (net position). The adoption of GASB Statement No. 75, which accelerated the recognition of other postemployment benefits, was a factor in the deficit net position.
- On a *governmental wide basis*, the Town's primary government total net position increased by \$1.6 million in 2018.

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the Town as a whole and present a longer-term view of the Town's finances.

The Governmental Fund financial statements tell how government activities were financed in the short-term, as well as what remains for future spending. Governmental Fund financial statements also report the Town's operations in greater detail than the Government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the Government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of Budgetary Comparison Schedules for major budgeted funds (including the general fund, and part-town highway fund), the Schedule of Changes in Total OPEB Liability and Related Ratios for other postemployment benefits, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions – NYSLRS.

Reporting the Town as a Whole

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

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

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Reporting the Town's Most Significant Funds

Governmental Fund Financial Statements

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

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

The Town as Trustee: The Town is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position.

We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring assets reported in this fund are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's *combined* net position for the fiscal year ended December 31, 2017 was restated with the adoption of GASB Statement No. 75 generating a net position (deficit) of \$(17.8) million, in which the deficit increased by \$1.6 million to a net position (deficit) of \$(16.2) million for the year ended December 31, 2018.

A portion of the Town's net position, which total \$10.9 million reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, totaling \$4.0 million, represents resources that are subject to external restrictions on how they may be used, and are reported as restricted net position. This restricted portion of net position includes Community Development Block Grant (CDBG) and Section 8 programs. The remaining category is unrestricted net position (deficit) of \$(31.0) million.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Figure 1
Net Position

	Government Activities		Dollar Change	Percent Change
	2017*	2018	2017-2018	2017-2018
Current assets	\$ 14,853,490	\$ 12,868,313	\$ (1,985,177)	-13.37%
Noncurrent assets	3,856,995	6,146,077	2,289,082	59.35%
Capital assets, net	21,091,558	22,317,251	1,225,693	5.81%
Total Assets	\$ 39,802,043	\$ 41,331,641	\$ 1,529,598	3.84%
Total Deferred Outflows of Resources	\$ 1,379,201	\$ 1,733,712	\$ 354,511	25.70%
Current liabilities	\$ 10,521,467	\$ 8,119,664	\$ (2,401,803)	-22.83%
Noncurrent liabilities	47,940,557	46,405,378	(1,535,179)	-3.20%
Total Liabilities	\$ 58,462,024	\$ 54,525,042	\$ (3,936,982)	-6.73%
Total Deferred Inflows of Resources	\$ 298,066	\$ 4,726,788	\$ 4,428,722	1485.82%
Net investment in capital assets	\$ 13,484,272	\$ 10,859,240	\$ (2,625,032)	-19.47%
Restricted	5,111,160	3,978,814	(1,132,346)	-22.15%
Unrestricted	(36,408,539)	(31,024,531)	5,384,008	-14.79%
Total Net Position	\$ (17,813,107)	\$ (16,186,477)	\$ 1,626,630	-9.13%

* Restated with the adoption of GASB Statement No. 75

Total assets increased \$1.8 million to \$41.3 million at year-end 2018. Capital assets are reported net of depreciation in the Statement of Net Position and were valued at \$22.3 million at year-end.

Total liabilities decreased \$3.9 million to \$54.5 million. Accounts payable decreased \$494 thousand to \$1.0 million. A portion of the liability decrease was attributable to a \$3.3 million decrease in other postemployment benefits liability, \$3.0 million increase in debt payable, a \$.09 million decrease in the net pension liability, and a \$251 thousand decrease in other liabilities.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Figure 2
Changes in Net Position

	Governmental Activities and Total Government		Dollar Change	Percent Change
	2017	2018	2017-2018	2017-2018
REVENUES				
<u>Program revenues:</u>				
Charges for services	\$ 1,294,880	\$ 1,559,520	\$ 264,640	20.44%
Operating grants	2,579,314	2,633,404	54,090	2.10%
Capital grants	2,951,215	4,392,168	1,440,953	48.83%
<u>General revenues:</u>				
Property taxes and tax items	10,425,194	10,550,309	125,115	1.20%
Non-property taxes	7,013,617	7,470,200	456,583	6.51%
State sources	677,681	-	(677,681)	-100.00%
Use of money and property	81,922	79,421	(2,501)	-3.05%
Other general revenues	(212,800)	302,158	514,958	-241.99%
Total Revenues	\$ 24,811,023	\$ 26,987,180	\$ 2,176,157	8.77%
PROGRAM EXPENSES				
General Government	\$ 3,930,543	\$ 3,702,684	\$ (227,859)	-5.80%
Public safety	1,719,779	1,575,366	(144,413)	-8.40%
Public health	273,043	266,397	(6,646)	-2.43%
Transportation	6,785,434	6,673,089	(112,345)	-1.66%
Economic assistance and opportunity	90,114	116,776	26,662	29.59%
Culture and recreation	3,672,447	3,212,861	(459,586)	-12.51%
Home and community services	8,875,256	9,601,045	725,789	8.18%
Interest on debt	175,982	212,332	36,350	20.66%
Total Expenses	\$ 25,522,598	\$ 25,360,550	\$ (162,048)	-0.63%
INCREASE (DECREASE) IN NET POSITION	\$ (711,575)	\$ 1,626,630	\$ 2,338,205	328.60%

The change in net position for fiscal year 2018 amounted to an increase of \$1.6 million. In reconciling the net change in fund balance for governmental funds to the change in net position of governmental activities, the Town recognizes various revenues and expenditures differently in the Statement of Activities. The recognition of these differences reconciles an increase in fund balance on a governmental basis of \$2.8 million to an increase of \$1.6 million reported in the Statement of Net Position. The major revenue or expenditure recognition reconciling adjustments are summarized as follows:

- Capital Outlay - \$4.4 million is recognized as an "expense" in the Governmental Funds; a "capital asset" in the Statement of Activities, thus resulting in an "increase" in net position,
- Depreciation - \$2.9 million is recognized as an "expense" in the Statement of Activities; not recognized in the Governmental Funds, thus resulting in a "decrease" in net position,

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

- Principal Payments on Indebtedness - \$0.6 million is recognized as an "expense" within the Governmental Funds; reduces the "debt liability" in the Statement of Net Position, thus resulting in an "increase" in net position,
- Proceeds of obligations - \$3.7 million is recognized as "revenue" in the Governmental Funds, but increases the "debt liability" in the Statement of Net Position,
- Repayment and/or Amortization of Loans Receivables - \$221 thousand is recognized as an "increase" in net position, due to the timing of repayment of loans in the Special Grant Fund,
- Deferred Inflows and Outflows of Resources, and Net Pension Liability - \$44 thousand is recognized as an "decrease" in net position, due to timing of payments,
- Other Postemployment Benefits - \$3.3 million is recognized as an "increase" in net position, due to timing of payments.

A schedule pertaining to these and other reconciling adjustments are found in the financial report section.

A review of significant revenue/expense categories of the Changes in Net Position are explained as follows:

Revenues

- Charges for Services - increase of \$265 thousand or 20.44% to \$1.6 million related primarily to changes in participation and fees.
- Operating Grants - increase of \$54 thousand or 2.10% to \$2.6 million due to increased home and community grants and transportation grants.
- Capital Grants - increase of \$1.4 million or 48.83% to \$4.4 million due to increase in state and federal grants.
- Non-property Taxes - increase of \$456 thousand or 6.51% to \$7.5 million due to an increase in sales tax.

Expenditures

- General Government - decrease of \$1.1 million or 22.62% to \$3.7 million related to decrease street lighting expenditures, personnel and benefits.
- Transportation - decrease of \$515 thousand or 7.16% to \$6.7 million due to decreased personnel expenditures.
- Home and Community Services - increase of \$1.2 million or 13.71% to \$9.6 million related to capital expenditures.
- State Sources - decrease of \$678 thousand or 100% to \$0 due to reallocation to operating and capital grants.

**TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The cost of all Governmental Activities this year was \$25.4 million. However, as shown in the Statement of Activities, the amount that was ultimately financed for these activities through Town property and payments in lieu of taxes was \$10.6 million, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the Town's governmental program revenues, including fees for services and grants, were \$8.6 million. The Town paid for the remaining "public benefit" portion of Governmental Activities with \$7.9 million in non-property taxes and other revenues, such as interest and general entitlements. Property taxes and non-property tax items represent \$10.6 million (39.26%) and \$7.5 million (27.80%), respectively.

The total cost and revenue comparison of the Governmental Activities for each of the Town's largest programs follows. Note that the Town's home and community service activities, which provide water and sewer services, include debt service costs in their fee structures. Because debt service costs are not expenses of this function, the excess revenue generated by these activities is used to make debt principal and interest payments. The difference between the cost and revenue shows the financial burden that was placed on the Town's taxpayers by each of these functions.

THE TOWN'S FUNDS

The Town's Governmental Funds reported a combined fund balance of \$9.5 million at December 31, 2018, a fiscal year increase of \$2.8 million which includes \$3.7 million proceeds from obligations. Fund balances showing increases include a \$1 million increase in the General, \$25 thousand in the Special Grant, and \$2 million in the Capital Projects Fund. The funds experiencing decreases in fund balance include the Part-town Highway Fund, which decreased \$162 thousand and a \$79 thousand decrease in the Non-Major Funds. A summary of the major funds fund balances and total of Non-Major Funds fund balances are shown below:

***Governmental Funds
Fund Balances at Year Ending***

	Governmental Activities		Dollar Change	Percent Change
	2017	2018	2017-2018	2017-2018
<u>Major Funds</u>				
General Fund	\$ 7,960,651	\$ 8,994,956	\$ 1,034,305	12.99%
Special Revenue Funds:				
Part-town Highway Fund	3,218,338	3,056,464	(161,874)	-5.03%
Special Grant Fund	308,757	334,378	25,621	8.30%
Capital Projects Fund	(6,004,454)	(3,990,500)	2,013,954	33.54%
Non-Major Funds	1,159,280	1,080,237	(79,043)	-6.82%
Totals	\$ 6,642,572	9,475,535	\$ 2,832,963	42.65%

A summary of the Major Funds results are as follows:

General Fund - Full-town and Part-town

Balance Sheet

Total assets for these funds increased \$809 thousand to \$10.4 million at fiscal year-end December 31, 2018. The fund's cash and investment balances increased \$528 thousand to \$6.3 million. The fund's primary "source" of cash resulted from revenues and other financing sources exceeding expenditures and other financing uses by \$1.0 million.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The \$1.0 million surplus increased fund equity to \$9.0 million. The segments of fund balance are - non-spendable, restricted, assigned and unassigned. The change in each of the segments is as follows:

- Non-spendable - decreased \$15 thousand to \$335 thousand,
- Restricted - increased of \$166 thousand holding at \$1.4 million,
- Assigned - increased \$40 thousand to \$0.9 million, and
- Unassigned - increase of \$843 thousand to \$6.3 million.

Operations - Revenue and Expenditures

The General Fund Full-town and Part-town revenues exceeded expenditures by \$1.0 million, which was \$333 thousand above the fund's prior year surplus of \$701 thousand.

The fund's revenues in 2018 were \$13.4 million - \$673 thousand or 5.29% above the prior year. The major changes in revenues are reported as follows:

- \$457 thousand increase in non-property tax items,
- \$107 thousand increase in departmental income, and
- \$129 thousand increase in sale of property and compensation.

Total expenditures in the funds increased \$148 thousand to \$9.6 million. The major changes in expenditures are reported as follows:

- \$152 thousand increase in general government,
- \$239 thousand decrease in transportation,
- \$324 thousand increase in home and community, and
- \$136 thousand decrease in benefits.

Debt Outstanding & Debt Payments

Total debt applicable to the fund amounted to \$6.6 million at year-end – an increase of \$179 thousand compared to prior year. New debt amounted to \$696 thousand in 2018. The annual debt service requirement in the fund increased \$47 thousand to \$480 thousand.

Highway Fund

Balance Sheet

The fund's total assets increased \$409 thousand or 11.30% to \$4.0 million at year-end 2018. The fund's cash and investment balances remained consistent at \$2.8 million.

The fund balance totaled \$3.1 million in each of the following segments:

- Non-spendable - a decrease of \$11 thousand to \$152 thousand,
- Restricted - \$999 thousand consisting of \$893 thousand in capital reserves and \$106 thousand in employee benefit reserves, and
- Assigned - \$1.9 million, which includes \$1.3 million in appropriated and \$0.6 million in unused fund balance.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Operations - Revenue and Expenditures

The fund expenditures exceeded revenues by \$162 thousand, which was \$606 thousand below the funds prior year surplus of \$444 thousand.

Total fund revenues in 2018 increased \$109 thousand to \$2.9 million. The major changes in revenue are as follows:

- \$83 thousand increase in real property taxes/tax items, and
- \$175 thousand increase in inter-fund revenue, which is a transfer of 38% of sales tax receipts from the General Fund that amounted to \$2.7 million in 2018.

Total expenditures at year end increased \$890 thousand to \$5.7 million. The major changes in expenditures are as follows:

- \$892 thousand increase in equipment and capital outlay.

Debt Outstanding & Debt Payments

Total debt applicable to the fund was \$5.3 million at year-end - an increase of \$782 thousand compared to prior year. Additional debt amounted to \$1.2 million in 2018. The fund's annual debt service requirement increased \$91 thousand to \$547 thousand.

Special Grants Fund

Description

The Special Grants Fund includes the Town's programs associated with the Community Development Block Grant (CDBG) including the disaster recovery program (CDBG-DR) and Section 8 Housing Choice Voucher Program (Rental Assistance). These programs are under the Department of Housing and Urban Development (HUD), but guided under sections of the Code of Federal Regulations. In order to control and manage spendable resources of these two programs, the Town maintains two separate operating funds.

Balance Sheet

Total assets remained consistent at \$2.1 million at fiscal year-end 2018. The fund's year-end cash balance increased by \$19 thousand to \$393 thousand at fiscal year-end - Housing Voucher fund increased \$23 thousand and Community Development fund decreased \$4 thousand. Loans receivable were \$1.5 million - non-cash deferred loan amortization amounted to \$99 thousand, principal cash payments totaled \$46 thousand and new loans amounted to \$94 thousand. The change in loans receivable caused a corresponding change in the deferred revenue liability.

The Special Grant's fund balance ended the year at \$334 thousand, a \$26 thousand increase. The change by program is as follows:

- Housing Voucher Program increased by \$22 thousand to \$46 thousand, and
- CDBG Program increased by \$4 thousand to \$289 thousand.

**TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Operations Revenue and Expenditures

The operating results for the Housing Voucher and CDBG were a \$22 thousand and \$4 thousand surplus, respectively. The Special Grant fund's revenue is nearly 100% centered in Federal Aid, which is provided to the Town based on the HUD specified spending programs. The Special Grant Fund revenues were at \$5.2 million, which was \$1.3 million increase from the prior year. The major changes in revenues were as followed:

- Housing Voucher Program increased by \$85 thousand to \$1.6 million, and
- CDBG Program increased by \$1.2 million to \$3.6 million, which includes an increase of \$491 thousand of disaster recovery funding to \$1.8 million.

In 2018, the Special Grant Fund expenditures increased \$1.2 million to \$5.2 million. The Housing Voucher fund total expenditures remained consistent with the prior year. The Community Development Fund expenditures increased \$1.2 million to \$2.5 million for the year. The CDBG major changes were in the following:

- capital improvements - increase of \$737 thousand to \$1.4 million (\$922 thousand "increase" for village & town parks and other public works improvements, and \$185 thousand "decrease" in non-public capital improvements, which includes first time home buyer and home improvements), and
- emergency disaster - increase of \$478 thousand to \$1.8 million for flood recovery.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the Town reported \$22,317,251 invested in a broad range of capital assets, which include buildings, machinery, equipment, roads and other infrastructure improvements reported net of accumulated depreciation totaling \$30,065,286. This represents a net increase of \$1.2 million including additions of \$4,358,276, depreciation expense of \$2,876,892, and the book value of disposed assets of \$255,691.

Capital Assets at Year Ending December 31,

	Governmental Activities		Dollar Change	Percent Change
	2017	2018	2017-2018	2017-2018
Land	\$ 1,006,094	\$ 1,006,103	\$ 9	0.00%
Construction in Progress	3,995,565	41,206	(3,954,359)	-98.97%
Buildings	1,140,294	996,597	(143,697)	-12.60%
Improvements	1,444,795	5,620,138	4,175,343	288.99%
Equipment	2,526,344	3,244,315	717,971	28.42%
Infrastructure	10,978,465	11,408,892	430,427	3.92%
Totals	\$ 21,091,557	\$ 22,317,251	\$ 1,225,694	5.81%

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Total Indebtedness

Debt (bonds, notes, and installment purchase debt), which is considered a liability of Governmental Activities, increased by \$1.1 million thousand to \$12.9 million. The Town borrows funds for the acquisition of land, equipment, and construction of buildings and improvements enabling the costs to be borne by the present and future taxpayers receiving the benefit of the capital assets. The \$12.9 million of bonds and notes is subject to the constitutional debt limit and represents 4.19% of the Town's statutory debt limit.

Total Indebtedness at Year Ending December 31,

	Governmental Activities		Dollar Change	Percent Change
	2017	2018	2017-2018	2017-2018
Serial bonds	\$ 4,399,480	\$ 3,755,000	\$ (644,480)	-14.65%
Bond anticipation notes	4,159,472	5,458,779	1,299,307	31.24%
NYPA anticipated debt	3,257,825	-	(3,257,825)	-100.00%
NYPA Loan	-	3,673,075	3,673,075	100.00%
Totals	\$ 11,816,777	\$ 12,886,854	\$ 1,070,077	16.59%

Other Long-term Liabilities

Accrued compensated absences decreased \$24 thousand to \$629 thousand. The adoption of GASB Statement No. 75 accelerated the recognition of other postemployment benefits thus required the restatement of the 2017 liability. Other postemployment benefits decreased by \$3.3 million to \$39.0 million and are provided for reporting purposes only as they are not funded. The net pension liability proportionate share provided by NYS Local Retirement System decreased \$950 thousand to \$471 thousand.

Other Long-term Liabilities at Year Ending December 31,

	Governmental Activities		Dollar Change	Percent Change
	2017	2018	2017-2018	2017-2018
Compensated absences	\$ 653,214	\$ 629,310	\$ (23,904)	-3.66%
Other postemployment benefits*	42,313,649	39,028,010	(3,285,639)	-7.76%
Net pension liability	1,420,718	470,873	(949,845)	-66.86%
Totals	\$ 44,387,581	\$ 40,128,193	\$ (4,259,388)	-9.60%

*Restated for GASB Statement No. 75

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

THE 2019 BUDGET

The total budgeted tax rate (excluding individual fire districts) was \$109.9550 per thousand of assessed value. This tax rate results in a 0.0% increase from the prior year; the four preceding years were 3.6%, 1.5%, 0.3%, and 1.0% respectively. Taxable assessments for the 2019 budget year decreased 1.06% for the year. Assessment change over the four prior years was -0.30%, -0.42%, -0.12%, and -0.10% respectively.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The 2019 budget continued to be structurally dependent upon appropriating fund balance. The level of fund balance appropriated in the 2019 budget was \$2.2 million. An additional \$1.9 million of fund balance was reserved to the 2019 budget by Board resolution for equipment and capital expenditures. One major revenue source is non-property tax items (sales tax and franchise fees) with a budgeted increase of \$275 thousand at \$6.9 million.

Total appropriations in the 2019 budget amounted to \$20.7 million, which was \$365 thousand above the prior year. A breakdown of appropriation categories are as follows:

- salaries - \$5.4 million; increase of \$424 thousand,
- equipment & capital - \$683 thousand; increase of \$15 thousand,
- operating - \$7.7 million; increase of \$187 thousand,
- contingency - \$132 thousand - no change,
- employee benefits - \$5.2 million; decrease of \$619 thousand, and
- debt payments - \$1.6 million; increase of \$357 thousand.

FUTURE CONSIDERATIONS AND EXPECTATIONS

The 2018 financial results will continue to be reviewed as to operating results and the resulting impact on fund balances. The Governmental fund balances, which are still considered favorable, need to be managed over the next three to four years. As to appropriating fund balance into future annual budgets, management recognizes the concern in the fund balance being salvageable without future and higher than normal tax rate increases.

The Town of Union's financial position, which historically has been favorable, is challenged by economic conditions, lack of taxable assessment growth, mandates and regulations. Despite the continued financial economic pressures, the Town of Union has complied with the Tax Levy Limitation Law since its inception from 2012. This law restricts, among other things, the amount of real property taxes that may be levied in a particular year to no more than the lesser of two (2%) or the annual increase in the consumer price index (CPI) over the amount of the prior year's tax levy.

The New York State Comptroller developed a Fiscal Stress Monitoring System (FSMS) to provide independent, objectively measured and quantified information regarding the various levels of fiscal stress under which school districts and municipalities operate. Entities that do not accumulate the number of points to place them in a stress category are classified as "no designation". The Town of Union has received the category of "no designation" for the past five years; however, the Town is expected to receive continued financial economic pressures from fluctuations in revenues and increasing expenses.

2019 and thereafter

There is a conflicting dilemma in meeting taxpayer expectations for services and tax rates. Although the Town's fund balance remains comparably favorable, the trend and the deficit results are a growing concern. Although the 2019 results can't presently be ascertained, there is the potential for deficits. Management's intention is to manage fund balance levels, thus, maintaining fiscally responsible levels into the future.

TOWN OF UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

As to the level of capital expenditures, the Town annually reviews departmental capital expenditures and makes a decision relative to appropriating or financing. Additions to fixed assets totaled \$4.64 million in 2018. However, the additions do not completely address the continued concern as to future requirements to repair and replace aging infra-structure. These infra-structure concerns include curbs & gutters, sidewalks, highway improvements, storm drainage, sanitary sewers and culverts. In the last four years, the Town has either budgeted or financed infra-structure improvements totaling \$2.0 million, \$2.4 million, \$2.5 million, and \$2.0 million. The Town recognizes additional resources will have to be devoted to infra-structure preventive maintenance and capital improvements in the future.

Request for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Comptroller, Town of Union, 3111 East Main Street, Endwell, New York 13760.

TOWN OF UNION, NEW YORK
Statement of Net Position
December 31, 2018

<u>Assets</u>	Governmental Activities	Local Development Corporation
Current assets:		
Cash and cash equivalents - unrestricted	\$ 8,536,235	1,523,462
Other receivables, net	842,337	-
Due from other governments	1,892,335	2,297
Due from state and federal governments	856,937	-
Loans receivable, net	197,362	2,588
Prepaid expenses	543,107	185,061
Total current assets	<u>12,868,313</u>	<u>1,713,408</u>
Noncurrent assets:		
Cash and cash equivalents - restricted	2,471,618	-
Investments	2,364,625	-
Loans receivable, net of current portion	1,309,834	786,535
Capital assets, nondepreciable	1,047,309	-
Capital assets, depreciable, net of accumulated depreciation	21,269,942	-
Total noncurrent assets	<u>28,463,328</u>	<u>786,535</u>
Total assets	<u>41,331,641</u>	<u>2,499,943</u>
<u>Deferred Outflows of Resources</u>		
Deferred charges on defeased debt	15,000	-
Pensions	1,718,712	-
Total deferred outflows of resources	<u>1,733,712</u>	<u>-</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	1,013,229	380
Accrued liabilities	120,202	1,916
Due to other governments	32,212	-
Other liabilities	237,547	-
Interest payable	106,805	-
Bond anticipation notes payable	5,458,779	-
Bonds payable	620,000	-
Installment purchase obligations	332,131	-
Compensated absences	198,759	2,767
Total current liabilities	<u>8,119,664</u>	<u>5,063</u>
Noncurrent liabilities:		
Bonds payable	3,135,000	-
Installment purchase obligations	3,340,944	-
Compensated absences	430,551	29,569
Other postemployment benefits liability	39,028,010	-
Net pension liability - proportionate share	470,873	-
Total noncurrent liabilities	<u>46,405,378</u>	<u>29,569</u>
Total liabilities	<u>54,525,042</u>	<u>34,632</u>
<u>Deferred Inflows of Resources</u>		
Other postemployment benefits liability	3,161,161	-
Pensions	1,565,627	-
Total deferred inflows of resources	<u>4,726,788</u>	<u>-</u>
<u>Net Position</u>		
Net investment in capital assets	10,859,240	-
Restricted	3,978,814	2,462,995
Unrestricted	(31,024,531)	2,316
Total net position	<u>\$ (16,186,477)</u>	<u>2,465,311</u>

See accompanying notes to financial statements.

TOWN OF UNION, NEW YORK
Statement of Activities
Year ended December 31, 2018

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Government	Local Development Corporation
Primary government:						
Governmental activities:						
General government support	\$ 3,702,684	345,272	661,909	-	(2,695,503)	-
Public safety	1,575,366	91,657	-	-	(1,483,709)	-
Health	266,397	-	-	-	(266,397)	-
Transportation	6,673,089	18,750	91,651	493,415	(6,069,273)	-
Economic assistance and opportunity	116,776	-	-	-	(116,776)	-
Culture and recreation	3,212,861	182,078	-	19,949	(3,010,834)	-
Home and community services	9,601,045	921,763	1,879,844	3,878,804	(2,920,634)	-
Interest on long-term debt	212,332	-	-	-	(212,332)	-
Total governmental activities	<u>\$25,360,550</u>	<u>1,559,520</u>	<u>2,633,404</u>	<u>4,392,168</u>	<u>(16,775,458)</u>	<u>-</u>
Component unit - Local Development Corporation	<u>\$ 118,456</u>	<u>-</u>	<u>108,927</u>	<u>-</u>	<u>-</u>	<u>(9,529)</u>
General revenue:						
Property taxes					10,389,450	-
Real property tax items					160,859	-
Nonproperty tax items					7,470,200	-
Use of money and property					79,421	-
Sale of property and compensation for loss					223,754	28,656
Miscellaneous					78,404	3,655
Total general revenue					<u>18,402,088</u>	<u>32,311</u>
Change in net position					<u>1,626,630</u>	<u>22,782</u>
Net position at beginning of year, before restatement					10,206,737	2,442,529
Cumulative effect of change in accounting principle (note 11)					<u>(28,019,844)</u>	<u>-</u>
Net position (deficit) at beginning of year, as restated					<u>(17,813,107)</u>	<u>2,442,529</u>
Net position (deficit) at end of year					<u><u>\$(16,186,477)</u></u>	<u><u>2,465,311</u></u>
See accompanying notes to financial statements.						

TOWN OF UNION, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2018

	Major Funds				Total	
	Special Revenue Funds				Nonmajor	Total
	General	Part-town Highway	Special Grant	Capital Projects	Governmental Funds	Governmental Funds
<u>Assets</u>						
Cash and cash equivalents - unrestricted	\$ 3,436,143	1,295,992	343,446	1,967,817	1,492,837	8,536,235
Cash and cash equivalents - restricted	1,355,841	998,913	50,032	-	66,832	2,471,618
Investments	1,540,526	463,787	-	55,370	304,942	2,364,625
Receivables:						
Other receivables, net	500,951	58,584	56	1,943	280,803	842,337
Due from other funds	1,259,732	708,589	58,643	267,580	19,493	2,314,037
Due from other governments	1,889,221	-	-	-	3,114	1,892,335
Due from state and federal governments	106,717	346,263	87,583	310,421	5,953	856,937
Loans receivable, net	-	-	1,507,196	-	-	1,507,196
Prepaid expenditures	335,055	152,222	9,503	-	46,327	543,107
Total assets	<u>\$ 10,424,186</u>	<u>4,024,350</u>	<u>2,056,459</u>	<u>2,603,131</u>	<u>2,220,301</u>	<u>21,328,427</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	230,371	154,207	80,061	483,908	64,682	1,013,229
Accrued liabilities	68,208	30,270	6,539	-	15,185	120,202
Due to other governments	20,422	-	11,790	-	-	32,212
Due to other funds	793,956	244,216	100,934	337,660	837,271	2,314,037
Compensated absences	129,445	41,648	7,931	-	19,735	198,759
Other liabilities	80,705	131,864	2,630	16,435	5,913	237,547
Bond anticipation notes payable	-	-	-	5,458,779	-	5,458,779
Interest payable	-	-	-	-	1,510	1,510
Total liabilities	<u>1,323,107</u>	<u>602,205</u>	<u>209,885</u>	<u>6,296,782</u>	<u>944,296</u>	<u>9,376,275</u>
Deferred inflows of resources - unavailable revenue	106,123	365,681	1,512,196	296,849	195,768	2,476,617
Fund balances:						
Nonspendable	335,055	152,222	9,503	-	46,327	543,107
Restricted	1,355,841	998,913	50,032	-	66,832	2,471,618
Assigned	961,187	1,905,329	274,843	-	1,633,213	4,774,572
Unassigned	6,342,873	-	-	(3,990,500)	(666,135)	1,686,238
Total fund balance (deficit)	<u>8,994,956</u>	<u>3,056,464</u>	<u>334,378</u>	<u>(3,990,500)</u>	<u>1,080,237</u>	<u>9,475,535</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,424,186</u>	<u>4,024,350</u>	<u>2,056,459</u>	<u>2,603,131</u>	<u>2,220,301</u>	<u>21,328,427</u>

See accompanying notes to financial statements.

TOWN OF UNION, NEW YORK
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2018

Total Governmental Fund Balances \$ 9,475,535

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

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

Capital assets at historical cost	\$ 52,382,537	
Less accumulated depreciation	<u>(30,065,286)</u>	22,317,251

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

Net pension liability - proportionate share	(470,873)
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Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

Deferred inflows of resources - pensions	(1,565,627)	
Deferred inflows of resources - OPEB	(3,161,161)	
Deferred outflows of resources - pensions	<u>1,718,712</u>	(3,008,076)

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental

Accrued interest payable	(105,295)	
Bonds payable	(3,755,000)	
Installment purchase obligations	(3,673,075)	
Other postemployment benefits liability	(39,028,010)	
Compensated absences	(430,551)	
Deferred charges on defeased debt	<u>15,000</u>	(46,976,931)

Deferred inflows of resources in the Balance Sheet is comprised of loan balances and other receivables not deferred in the Statement of Net Position.

	<u>2,476,617</u>	
Net Position of Governmental Activities		<u><u>\$ (16,186,477)</u></u>

See accompanying notes to financial statements.

TOWN OF UNION, NEW YORK
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds
Year ended December 31, 2018

	Major Funds				Total Nonmajor Governmental Funds	Total Governmental Funds
	General	Special Revenue Funds Part-town Highway	Special Grant	Capital Projects		
Revenue:						
Real property taxes	\$ 4,118,512	2,362,967	-	-	3,907,971	10,389,450
Real property tax items	60,422	35,898	-	-	64,539	160,859
Nonproperty tax items	7,470,200	-	-	-	-	7,470,200
Departmental income	277,823	-	-	-	526,946	804,769
Intergovernmental charges	244,701	-	-	-	-	244,701
Use of money and property	55,132	12,878	248	3,833	7,330	79,421
Licenses and permits	79,314	18,750	-	-	-	98,064
Fines and forfeitures	221,997	-	-	-	-	221,997
Sale of property and compensation for loss	167,158	36,951	2,300	-	17,345	223,754
Miscellaneous local sources	1,787	-	132	-	44,885	46,804
Interfund revenues	36,683	-	-	-	-	36,683
State sources	661,909	370,401	-	-	19,949	1,052,259
Federal sources	-	78,558	5,216,429	399,956	-	5,694,943
Total revenue	13,395,638	2,916,403	5,219,109	403,789	4,588,965	26,523,904
Expenditures:						
General government support	2,225,130	-	-	-	-	2,225,130
Public safety	503,151	-	-	-	722,463	1,225,614
Public health	-	-	-	-	260,000	260,000
Transportation	466,492	4,350,913	-	-	-	4,817,405
Economic assistance and opportunity	2,725	-	93,021	-	-	95,746
Culture and recreation	255,270	-	-	-	2,573,822	2,829,092
Home and community services	2,156,010	-	4,943,207	-	614,712	7,713,929
Employee benefits	3,538,177	848,142	157,260	-	371,492	4,915,071
Debt service:						
Principal	417,177	459,572	-	-	108,281	985,030
Interest	62,972	88,054	-	-	17,228	168,254
Capital outlay	-	-	-	2,469,295	-	2,469,295
Total expenditures	9,627,104	5,746,681	5,193,488	2,469,295	4,667,998	27,704,566
Excess (deficiency) of revenue over expenditures	3,768,534	(2,830,278)	25,621	(2,065,506)	(79,033)	(1,180,662)
Other financing sources (uses):						
Proceeds from installment purchase obligation (NYPA)	-	-	-	3,673,075	-	3,673,075
BANs redeemed from appropriations	-	-	-	340,550	-	340,550
Interfund transfers in	-	2,668,404	-	65,835	-	2,734,239
Interfund transfers (out)	(2,734,229)	-	-	-	(10)	(2,734,239)
Total other financing sources (uses)	(2,734,229)	2,668,404	-	4,079,460	(10)	4,013,625
Net change in fund balance	1,034,305	(161,874)	25,621	2,013,954	(79,043)	2,832,963
Fund balances (deficit) at beginning of year	7,960,651	3,218,338	308,757	(6,004,454)	1,159,280	6,642,572
Fund balances (deficit) at end of year	\$ 8,994,956	3,056,464	334,378	(3,990,500)	1,080,237	9,475,535

See accompanying notes to financial statements.

TOWN OF UNION, NEW YORK
Reconciliation of Statement of Revenue, Expenditures and Changes in
Fund Balances - Governmental Fund - to the Statement of Activities
December 31, 2018

Net change in fund balances - Total Governmental Funds \$2,832,963

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

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

Capital outlay	\$4,358,276	
Depreciation expense	(2,876,892)	
Disposal of capital assets	<u>(255,691)</u>	1,225,693

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

Deferred outflows of resources - pensions	362,011	
Deferred inflows of resources - OPEB	(3,161,161)	
Deferred inflows of resources - pensions	<u>(1,267,561)</u>	(4,066,711)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is excess of bond principal paid during the year over new debt issued:

Bond principal payments	644,480	
New debt issuances	<u>(3,673,075)</u>	(3,028,595)

Revenues deferred in the funds for loan payments are not deferred in the Statement of Activities. This is the change in deferred revenues for the year. 221,589

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the change in the following:

Accrued interest payable	(36,578)	
Retainage payable	229,646	
Compensated absences	20,639	
Deferred charges on refunding of debt	(7,500)	
Other postemployment benefits liability	3,285,639	
Net pension liability - proportionate share	<u>949,845</u>	<u>4,441,691</u>

Change in Net Position of Governmental Activities \$1,626,630

See accompanying notes to financial statements.

TOWN OF UNION, NEW YORK
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	<u>Agency</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 39,000
Other assets	<u>1,079</u>
Total assets	<u><u>\$ 40,079</u></u>
 <u>Liabilities</u>	
Agency	<u>40,079</u>
Total liabilities	<u><u>\$ 40,079</u></u>

See accompanying notes to financial statements.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The Town of Union is located in the County of Broome, New York (the County), and, as of the 2000 Federal census, had a population of 56,298 including 28,573 in the Villages of Johnson City and Endicott, both located wholly within the Town.

The Town is classified as a suburban Town and is governed by Town Law, other general laws of the State, a code of ordinances, and various local laws. The legislative body is the Town Board, which consists of a Supervisor and four Councilpersons. The Supervisor, as Chief Executive Officer, provides for the enforcement of all general laws, local laws, and rules and regulations. The Supervisor, as Chief Fiscal Officer, is responsible for receiving, disbursing, and having custody of all Town moneys. The Town Comptroller heads the Department of Audit and Control and is the chief auditing and accounting officer. The Town Clerk, as Chief Recording Officer, is custodian of all Town papers and records.

The Town provides the following principal services: public safety, transportation (streets and highways), culture-recreation, home and community services, public improvements, and general administration. Town parks are operated and maintained in a separate tax district known as the Town of Union Park District, which encompasses that area of the Town outside the villages. The Town has two full-town districts for ambulance and library services. The library district funds the operating budgets for the George F. Johnson and Your Home libraries located in the Village of Endicott and Johnson City, respectively. Water and sewer service in the area of the Town outside the villages are provided as a part-town function.

In four areas of the Town outside the villages (Westover, Union Center, Choconut Center, and East Maine), the Town Board is responsible for providing fire protection. These areas are separate tax districts, called fire protection districts. Contracts entered into for providing fire protection within the fire protection districts are funded by means of a special ad valorem tax on the real property situated within each district. There are three other fire protection districts in areas of the Town outside the villages (Endwell, West Corners, and West Endicott), which are excluded from the Town's reporting entity. Fire protection within the Villages is the responsibility of the respective Village boards.

Summary of Significant Accounting Policies

The accounting and reporting policies of the Town relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting policies and practices used in the preparation of these financial statements.

The following is a summary of the more significant accounting policies:

(a) Financial Reporting Entity

The Town defines its reporting entity in accordance with GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61, which defines the primary government and potential component units and establishes the criteria for which potential component units are included in the reporting entity. Based on the criteria under these Statements, the Town has one component unit required to be included in the reporting entity.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Town of Union Local Development Corporation (LDC) is included in the financial statements as a discretely presented component unit. The LDC is a nonprofit corporation that provides economic development services to the Town. The LDC is fiscally dependent on the Town for its allocation of funds under the Federal Community Development Block Grant. Complete financial statements may be obtained from the LDC's Executive Director, Town of Union LDC, 3111 East Main Street, Endwell NY 13760.

(b) Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the Town as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the chargeback of services of the accounting department and other minor central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenues include: (1) charges to customers for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

Fund Accounting

Fund financial statements of the Town are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the Town are described below:

Governmental Funds

General Fund - The General fund is the general operating fund of the Town and is used to account for all financial resources, except those required to be accounted for in another fund. The General fund is always classified as a major fund. The Town's general fund includes:

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Town-wide - Used to account for the operations and transactions, which are a charge against the entire area of the Town. The total fund equity is \$1,923,221 as of December 31, 2018.

Town Outside Village - Used to account for transactions, which are required by state statute to be a charge on the area of the Town outside the villages. The total fund equity is \$7,071,735 at December 31, 2018.

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

Highway Town-wide Fund - Used to account for revenues and expenditures for highway purposes, which are a charge against the entire area of the Town, in accordance with Section 141 of the Highway Law. The total fund equity of this "town-wide" fund is \$373,796 at December 31, 2018.

Part-Town Highway Fund - Used to account for revenues and expenditures for highway purposes, which are required by state statute to be a charge on the area of the Town outside the villages, in accordance with Section 141 of the Highway Law. The total fund equity of this "part-town" fund is \$3,056,464 at December 31, 2018.

Special District Funds - Used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The total fund equity of these "full-town" and "part-town" funds is \$10,091 and \$696,350 respectively, at December 31, 2018. The "full-town" funds consist of the Ambulance fund and the Library fund. The "part-town" funds consists of the Sewer, Water, Fire and Park funds.

Special Grant Funds - Used to account for funds received from the U.S. Department of Housing and Urban Development for Community Development Block Grants, Rental Housing Rehabilitation Grants, Home Investment in Affordable Housing Programs, and Section 8 Housing Programs. The total fund equity of this fund is \$334,378 at December 31, 2018.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The total fund deficit of this fund is \$3,990,500 at December 31, 2018.

Fiduciary Fund (Not included in government-wide statements)

Agency Funds - Agency funds are set up for the purpose of accounting for money and property received and held by the Town in the capacity of custodian or agent for individuals, other municipalities and nonpublic organizations.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General	See previous page for description
Special Revenue Fund:	
Special Grants	
Part-Town Highway	
Capital Projects Fund	
Non-major:	
Special Revenue Fund:	See previous page for description
Highway Town-wide	
Special District Funds:	
Fire District	
Parks District	
Water District	
Sewer District	
Ambulance District	
Library District	

(c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus is used. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. In applying the susceptible-to-accrual concept to state aid (other than per capita state revenue sharing aid) and Federal aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt, if within the 60-day availability period used for recognition of governmental fund revenues; otherwise these revenues are deferred to the next year.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Cash, Cash Equivalents and Investments

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the Town's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC 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 Districts. See Note 6 for further discussion.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments are stated at fair value

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the assets or liabilities; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2018.

The Town assess the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

(e) Receivables

In the government-wide statements, receivables consist of revenues earned at year-end and not yet received and are shown at 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 an allowance would not be material. The major receivable balance for the governmental activities is the loan programs in the Special Grants fund.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise tax, grants, and other similar intergovernmental revenues since they are usually both measurable and available and are shown at 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 an allowance would not be material. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

(f) Prepaid Items

Prepaid items represent payments made by the Town for which benefits extend beyond year-end. The prepaid items for the year ended December 31, 2018 represent both payments to vendors and to the New York State Retirement system to reflect costs applicable to future accounting periods and is recorded as prepaid expenses in both the government-wide and fund financial statements. The prepaid expense is reported as assets on the statement of net position or balance sheet using the consumption method.

(g) Deferred Outflows/Inflows of Resources

GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that applies to future periods, and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net position that applies to future periods, and as such, will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows related to pensions and deferred charges on defeased debt. The deferred charge on defeased debt results from the difference in the carrying value of the refunded debt and its recognized price. The amount is deferred and amortized over the life of the refunded or refunding debt.

The Town reports deferred inflows related to pensions and OPEB. In addition the Town has unavailable revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category and is reported only in the governmental fund Balance Sheet. The governmental funds report unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(h) Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental funds operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The Town does not have any proprietary funds as of December 31, 2018.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Town defines capital assets as assets with an individual cost of more than \$5,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings	30 years
- Improvements	10 - 20 years
- Machinery, Equipment, and Vehicles	3 - 10 years
- Infrastructure	10 - 20 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

(i) Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The Town does not have any proprietary funds as of December 31, 2018.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

(j) Compensated Absences

Full-time employees earn from ten to twenty days of vacation leave per year depending upon length of employment. Employees may carry, to the next year, a maximum of fifteen days of unused vacation leave. Sick leave is earned at the rate of one day per month and may be accumulated to a maximum of two hundred twenty-five days. Bereavement leave of up to three days may also be granted.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Upon separation from Town employment, employees are compensated for any unused vacation leave. Employees are entitled to a cash settlement equal to a maximum of 135 days of accrued sick leave at a salary rate ranging from 50% to 100% depending upon length of service. Employees with fewer than five years of service are not entitled to any accrued sick leave payment upon separation.

The dollar value of the above leave credits at December 31, 2018, is \$629,310. The current portion at December 31, 2018, amounting to \$198,759 is recorded in the governmental fund types.

(k) Equity Classifications

Government-wide Statements

In the government-wide statement there are three classes of net position:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, 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 do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned.

The Governmental Funds report the following fund balance classifications:

Non-Spendable - Includes amounts which cannot be spent because they are either not in spendable form or legally or contractually required to maintained intact.

Restricted - Amounts restricted to specific purposes which are not non-spendable. Constraints on the use of resources which are externally imposed or imposed by law through constitutional provisions or enabling legislation restrict fund balance.

Committed - Amounts which can only be used for specific purpose pursuant to constraints imposed by formal action of the Town Board via a Board Resolution.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Assigned - Amounts constrained by the Town's intent to be used for specific purposes, which are neither restricted nor committed, are reported as assigned fund balance. The Town Board has the authority to assign these funds; these funds are assigned to appropriate Funds for a subsequent budget or for Special revenue funds.

Unassigned - Amounts which cannot be applied to any of the above categories are reported as unassigned fund balance.

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or related to resources not available for general use or appropriation. The following reserve funds are available under New York State General Municipal Law (GML) and are utilized by the Town.

Capital Reserve - This reserve is established under GML sections 6-c and 6-g and is used to finance all or part of the cost of construction, reconstruction or acquisition of a specific item or type of capital improvement or acquisition of a specific item or type of equipment.

Employee Benefit Reserve - As established under GML section 6-p the Town utilizes the employee benefit reserve to accrue for vacation and sick leave benefits payable upon separation from the Town.

Workers' Compensation Reserve - This reserve is established under GML section 6-j for the payment of compensation benefits, medical, hospital and other expenses as authorized by Article 2 of the Workers' Compensation Law.

Debt Service Reserve - This reserve is established under GML section 6-h and is used for payment or purchase of one or more issues of bonds of the Town.

Miscellaneous Reserve - This reserve is used to account for money required to be segregated for specific purpose or to indicate that fund balance is not appropriated.

Encumbrances - Assignment for encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year.

Appropriated fund balance - Assignment for fund balance represents the amount budgeted to give back to tax payers in the following years.

(l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditure during the reporting period. Actual results could differ from those estimates. Significant estimates made by the Town in the determination of recorded assets and liabilities include, but are not limited to, allowances for uncollectible receivables, OPEB and pension amounts.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(m) Net Position

Net Position is an element of proprietary fund financial statements, and is measured by the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The Town does not report proprietary funds in its financial statements.

(n) Encumbrances

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes, is employed in the general and special revenue funds. Encumbrances are reported as restrictions, commitments, or assignments 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.

Encumbrances at December 31, 2018 were included in the reporting of fund balance for the following:

General Fund - Town Wide	\$ 3,687
General Fund - Outside Villages	\$ 7,500
Part Town Highway Fund	\$ 294,926
Water Fund	\$ 1,964
Special Grant Fund	\$ 274,842

(o) Newly Adopted Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2018 the Town implemented the following new standards issued by GASB:

- GASB Statement No. 74, *Financial Reporting for Postretirement Benefit Plans Other than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans, effective for the year ending December 31, 2018.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements Nos. 45 and 57.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No.67, No. 68, and No.73*, effective for the year ending December 31, 2018.
- GASB Statement No. 85, *Omnibus 2017*, effective for the year ending December 31, 2018.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018.

**TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The Town's procedures for establishing the budgetary data reflected in the financial statements are as follows:

- (i) No later than September 30th, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Town, except for the Capital Projects Fund.
- (ii) Revisions that alter appropriations of any department or fund must be approved by the Town Board.
- (iii) Budgetary controls are established for the capital projects funds through resolutions authorizing individual projects, which remain in effect for the life of the project. The capital projects accounted for in the capital project funds are short-term (less than one year) "turnkey" projects. In accordance with NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, it is management's opinion that formal budgetary account integration does not serve a useful purpose in the capital projects funds.
- (iv) Budgetary controls for the Special Grant Funds are established in accordance with applicable grant agreements, which cover a period other than the Town's fiscal year.
- (v) Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the general and special revenue funds. Open encumbrances at year-end are reported as assignments of fund balances since the commitments do not constitute expenditures or liabilities.

Fund Deficits

The Sewer District reflects a \$246,702 fund balance "deficit" at December 31, 2018. The Town anticipates receiving \$141,251 in deferred revenue at December 31, 2018. The deficit will continue to be reviewed, including charges from the wastewater treatment plant and customer rates.

The Water District reflects a \$419,433 fund balance "deficit" at December 31, 2018. The Town anticipates receiving \$51,881 in deferred revenue at December 31, 2018. In response to the deficit, the Town Board resolved on December 19, 2018 an increase in customer rates and the establishment of a capital charge to fund a residential water meter replacement project.

The Capital Projects Fund reflects a \$3,990,500 fund balance "deficit" at December 31, 2018. This deficit will be eliminated as short-term borrowing is converted to long-term financing.

NOTE 3 - PROPERTY TAXES

Town real property taxes are levied and become a tax lien on January 1. The Town's taxes are collected during the period January 1 to the expiration of the warrant, which is April 1. Delinquent taxes are returned by the Town to the County for the enforcement of the collection of the delinquent tax.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 - PROPERTY TAXES (Continued)

Taxes for the Town and special district purposes are levied together with taxes for the County as a single tax bill. The Town and special districts receive the full amount of the levies annually out of the first amounts collected on the combined tax bill. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

NOTE 4 - SALES TAX REVENUE

A 4% sales tax is levied in the County of Broome, New York, under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% sales tax. Of the first 3% collected, the County retained 50% of 2018 total collections and the remaining 50% was divided among the Towns, Villages, and the City of Binghamton on the basis of population. The Town's share is divided and allocated between incorporated villages (located wholly or partially within the Town) and the area of the Town outside said villages, on the basis of population. In 2018, sales taxes apportioned to the Town from the County was \$7,022,117, all of which was paid in cash.

NOTE 5 - RECEIVABLES

Receivables 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 an allowance would not be material.

Accounts Receivables

In the financial statements, the accounts receivable amount is \$840,827 and is represented in various funds for purposes of recording receipts resulting from operations. It is anticipated that a significant amount of the balance will be collected within one year of the financial statement date. The accrued interest receivable amount is \$1,510 and is recognized in various funds for purposes of recording the interest earned and not received until payment. These amounts total to \$842,337.

Loan Receivables

In the financial statements, the loan receivable amount is \$1,507,196 and is represented in the Special Grants Fund for purposes of economic development and housing loans made from federal funds received by this fund. It is not anticipated that a significant amount of the balance will be collected within one year of the financial statement date.

State and Federal Receivable

In the financial statements, the federal and state receivable amount is \$856,937. The Town participates in a number of grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations. Expenditures disallowed by completed audits relating to operating programs have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable, since such amounts have been immaterial in nature.

**TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 - RECEIVABLES (Continued)

Due from Other Governments

The amount due from other governments is \$1,892,335. Of this amount, \$1,813,609 is due from the County for the Town's share of the 4th quarter sales tax (Note 4), and the remaining consist of various amounts due from local Villages or the County.

NOTE 6 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

Primary Government

Cash

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these Notes. At December 31, 2018, the entire balance of the Town's deposits were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or in the Town's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Investments

If the Town purchases investments, these investments are not typically for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The Town does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

At December 31, 2018, the Town had \$2,292,000 invested with the US Treasury with the following maturities from 30 to 180 days:

Fund	30 Days	90 Days	180 Days
General Fund	\$ -	\$ -	\$ 1,467,901
Highway Part-Town	-	-	463,787
Highway Full-Town	-	-	60,585
Parks	-	-	244,357
Capital	<u>-</u>	<u>-</u>	<u>55,370</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,292,000</u>

At December 31, 2018, the Town had \$72,625 invested in a certificate of deposit. This investment matures on August 26, 2030. Decrease in this investment was \$27,375 for the year ended December 31, 2018. Original amount invested was \$100,000.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS (Continued)

Concentration of Credit Risk

For investments, this is the risk of loss attributable to the quantity of the Town's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At December 31, 2018, the Town held 97% of its investment balance in U.S. Treasury Notes.

Component Unit

Town of Union Local Development Corporation (LDC) - At December 31, 2018, the entire balance of the LDC's deposits was covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the LDC's name.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018:

	Balance January 1, <u>2018</u>	<u>Additions</u>	Disposals/ <u>Transfers</u>	Balance December 31, <u>2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,006,094	\$ 9	\$ -	\$ 1,006,103
Construction in Progress	<u>3,995,565</u>	<u>556,700</u>	<u>(4,511,059)</u>	<u>41,206</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 5,001,659</u>	<u>\$ 556,709</u>	<u>\$ (4,511,059)</u>	<u>\$ 1,047,309</u>
Capital Assets, Being Depreciated				
Buildings	\$ 6,883,753	\$ -	\$ -	\$ 6,883,753
Other Improvements	3,461,889	-	4,511,059	7,972,948
Infrastructure	22,814,775	2,038,499	-	24,853,274
Machinery, Equipment and Vehicles	<u>11,103,244</u>	<u>1,763,068</u>	<u>(1,241,059)</u>	<u>11,625,253</u>
Total Capital Assets, Being Depreciated	<u>\$ 44,263,661</u>	<u>\$ 3,801,567</u>	<u>\$ 3,270,000</u>	<u>\$ 51,335,228</u>
Less Accumulated Depreciation				
Buildings	\$ (5,743,458)	\$ (143,698)	\$ -	\$ (5,887,156)
Other Improvements	(2,017,094)	(335,716)	-	(2,352,810)
Infrastructure	(11,836,311)	(1,608,071)	-	(13,444,382)
Machinery, Equipment and Vehicles	<u>(8,576,899)</u>	<u>(789,407)</u>	<u>985,368</u>	<u>(8,380,938)</u>
Total Accumulated Depreciation	<u>\$ (28,173,762)</u>	<u>\$ (2,876,892)</u>	<u>\$ 985,368</u>	<u>(30,065,286)</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,091,558</u>	<u>\$ 1,481,384</u>	<u>\$ (255,691)</u>	<u>\$ 22,317,251</u>

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 - CAPITAL ASSETS (Continued)

Depreciation Expense was Charged to Governmental Activities as Follows:

General Government Support	\$ 53,383
Public Safety	-
Health	5,086
Transportation	2,134,579
Economic Assistance and Opportunity	-
Culture and Recreation	222,714
Home and Community Services	<u>461,130</u>
Total Depreciation Expense	<u>\$ 2,876,892</u>

NOTE 8 - INDEBTEDNESS

The Town generally borrows funds on a long-term basis for the purpose of financing the acquisition of land and equipment, and construction of buildings and improvements. This policy enables the costs of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. At December 31, 2018, the Town had utilized approximately 4.19% of its statutory debt limit.

(a) Interest on Indebtedness for the Year was Composed of:

Interest and Other Charges Paid - includes	
fund level accrued interest	\$ 168,254
Less: Interest Accrued in the Prior Year	(68,717)
Plus: Deferred Charges and Other	7,500
Plus: Interest Accrued in the Current Year	
on bonds and BANS	<u>105,295</u>
	<u>\$ 212,332</u>

(b) Bonds Payable

The following is a summary of general obligation (serial) bond transactions for the year ended December 31, 2018:

Bonds Payable at January 1, 2018	\$ 4,399,480
2018 Bond Issued	-
2018 Bond Repayments	<u>(644,480)</u>
Bonds Payable at December 31, 2018	<u>\$ 3,755,000</u>

Details relating to general obligation (serial) bonds outstanding at December 31, 2018, are summarized as follows:

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 - INDEBTEDNESS (Continued)

<u>Description of Issue</u>	<u>Year Of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
Public Improvements	1996	2,600,000	2.25-3.75%	\$ 335,000
Public Improvements	2010	762,000	2.75-3.50%	125,000
Public Improvements	2013	660,440	1.25-2.00%	20,000
Public Improvements	2015	2,026,693	2.19%	1,290,000
Public Improvements	2017	2,174,480	2.15%	<u>1,985,000</u>
Total Bonds Payable				<u>\$ 3,755,000</u>

(c) Bond Anticipation Note(s)

The Town issued \$5,458,779 in new and renewed Bond Anticipation Notes in 2018 for the purposes of financing improvements, equipment and vehicle acquisitions, and infrastructure improvements. In 2018, \$441,081 of principal payments were applied against the \$4,159,472 balance outstanding at December 31, 2017. There was \$1,740,388 in new Bond Anticipation Notes financed in with the renewal in 2017 with a maturity of February 28, 2019 (see Note 18).

(d) New York Power Authority

In 2018 the LED Street Lighting Project through the New York Power Authority (NYPA) was completed with \$3,673,075 converted to long-term debt with monthly payments of \$34,351, interest at 2.35%, through December 2028.

(e) Changes in Long-Term Liabilities and Related Deferrals

During the year ended December 31, 2018, the following is a summary of changes in long-term debt:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2018</u>	<u>Due within</u>
					<u>One Year</u>
Compensated Absences	\$ 653,214	\$ 15,661	\$ 39,565	\$ 629,310	\$ 198,759
Other Post Employment Benefits*	42,313,649	-	3,285,639	39,028,010	-
Deferred Inflows - OPEB*	-	3,161,161	-	3,161,161	-
Bonds Payable	4,399,480	-	644,480	3,755,000	620,000
NYPA Installment Obligation					
Payable	-	3,673,075	-	3,673,075	332,131
Net Pension Liability**	1,420,718	-	949,845	470,873	-
Deferred Inflows - Pension**	298,066	1,267,561	-	1,565,627	-
Deferred Outflows - Pension **	(1,356,701)	-	362,011	(1,718,712)	-
Deferred Charges on Debt					
Refunding	(22,500)	-	(7,500)	(15,000)	(7,500)
	<u>\$ 47,705,926</u>	<u>\$ 8,117,458</u>	<u>\$ 5,274,040</u>	<u>\$ 50,549,344</u>	<u>\$ 1,143,390</u>

* 1/1/18 Restated for GASB Statement 75

** See Note 10

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 - INDEBTEDNESS (Continued)

Governmental accrued compensated absences and the amount due to NYSERS will be liquidated by the general fund and special revenue funds as appropriate using the employee's department to determine the fund to be charged. The governmental installment purchase obligations will be paid by the general fund and the special revenue funds - water, part-town highway and parks.

(f) Maturities of long-term bond and NYPA indebtedness:

Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 952,131	\$ 155,750	\$ 1,107,881
2020	937,322	138,163	1,075,485
2021	705,335	119,037	824,372
2022	663,539	104,359	767,898
2023	636,937	90,111	727,048
2024-2028	3,242,811	232,921	3,475,732
2029-2030	<u>290,000</u>	<u>6,706</u>	<u>296,706</u>
	<u>\$ 7,428,075</u>	<u>\$ 847,047</u>	<u>\$ 8,275,122</u>

In a prior year, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

Town's financial statements. The outstanding principal of the defeased bonds was \$335,000 and the outstanding unamortized deferred charges on defeased debt was \$15,000 at December 31, 2018.

NOTE 9 - INTER-FUND TRANSACTIONS

The following is a summary of inter-fund transactions for the year ended December 31, 2018:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,259,732	\$ 793,956	\$ -	\$ 2,734,229
Special Revenue Fund - Part-Town Highway	708,589	244,216	2,668,404	-
Special Revenue Fund - Special Grants	58,643	100,934	-	-
Special Revenue Fund - Capital Fund	267,580	337,660	65,835	-
Nonmajor Governmental Funds - Parks District	2,527	-	-	-
Nonmajor Governmental Funds - Sewer District	43	374,040	-	-
Nonmajor Governmental Funds - Fire District	12,521	31,600	-	-
Nonmajor Governmental Funds - Water District	<u>4,402</u>	<u>431,631</u>	<u>-</u>	<u>10</u>
Total	<u>\$ 2,314,037</u>	<u>\$ 2,314,037</u>	<u>\$ 2,734,239</u>	<u>\$ 2,734,239</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION PLANS

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS), referred to as the New York State and Local Retirement System (the System). This is a cost sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION PLANS (Continued)

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION PLANS (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Contributions

The System is 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 the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year, which include \$38,654 of employee contributions, and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>ERS</u>
2018	\$ 603,502
2017	\$ 645,247
2016	\$ 799,008

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

At December 31, 2018 the Town reported a liability of \$470,873 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2018, the Town's proportion was 0.0145897%, which was a decrease of 0.0005304 from its proportion measured as December 31, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$568,352. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,945	\$ 138,784
Changes of Assumptions	312,228	-
Net difference between projected and actual investment earnings on pension plan investments	683,906	1,349,962
Changes in proportion and differences between Town's contributions and proportionate share of contributions	101,142	76,881
Town's contributions subsequent to the measurement date	<u>453,491</u>	<u>-</u>
Total	<u>\$ 1,718,712</u>	<u>\$ 1,565,627</u>

\$453,491 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending:

2019	\$ 99,890
2020	88,234
2021	(336,326)
2022	<u>(152,204)</u>
	<u>\$ (300,406)</u>

Actuarial Assumptions

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

	<u>ERS</u>
Inflation	2.5%
Salary increases	3.8%
Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of living adjustments	1.3%

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

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 – PENSION PLANS (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Asset type:	Long-term expected real rate of return*	Target allocation
Domestic equity	4.55%	36.00%
International equity	6.35%	14.00%
Private equity	7.50%	10.00%
Real estate	5.55%	10.00%
Absolute return strategies	3.75%	2.00%
Opportunistic portfolio	5.68%	3.00%
Real assets	5.29%	3.00%
Bonds and mortgages	1.31%	17.00%
Cash	(0.25%)	1.00%
Inflation - indexed bonds	1.25%	4.00%

* The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension (liability) asset	(\$3,562,753)	(\$ 470,873)	\$2,144,734

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION PLANS (Continued)

Pension plan fiduciary net position

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

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

Contributions to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through March 31, 2019 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2018 resulted in the following effect on net position:

	<u>Beginning</u> <u>Balance</u>	<u>Change</u>	<u>Ending</u> <u>Balance</u>
Net pension liability	\$ (1,420,718)	\$ 949,845	\$ (470,873)
Deferred outflows of resources	1,356,701	362,011	1,718,712
Deferered inflows of resources	<u>(298,066)</u>	<u>(1,267,561)</u>	<u>(1,565,627)</u>
Total	<u>\$ (362,083)</u>	<u>\$ 44,295</u>	<u>\$ (317,788)</u>

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The Town Healthcare Plan (the Plan) is a single-employer defined benefit Healthcare Plan administered by the Town. The Plan provides medical benefits to eligible retirees and their spouses. The Town assigns the authority to establish and amend benefit provisions to the Town Board. The Plan does not issue a stand-alone financial report. The Plan accumulates no assets in a trust that meets the criteria in paragraph 4 of Statement 75.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits Provided

The Town provides postretirement health care benefits to all employees who retire from the Town on or after attaining normal retirement age, as defined, with at least 5-10 years of service. Currently, 111 retirees and 109 actives meet those eligibility requirements. The Town's insurance carrier reimburses an amount of validated claims for medical and hospitalization costs incurred by the retirees and their dependents. Expenditures for postretirement health care benefits are recognized as the Town pays the monthly health premiums to the insurance carrier. During the year, expenditures of \$1,389,390 were recognized for postretirement health care premiums.

Total OPEB Liability

The Town's total OPEB liability of \$39,028,010 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017. The results for fiscal year ending December 31, 2018 are developed to comply with Statement of Governmental Accounting Standards Number 75 (GASB 75), which replaces GASB 45 for fiscal years beginning after June 15, 2017. The results have been updated as of December 31, 2018 to reflect appropriate assumptions.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest Rate	4.00%
Salary increases	3.50%, average, including inflation
Discount rate	4.10%
Healthcare cost trend rates	8.00% for 2018, decreasing 1.00% per year to an ultimate rate of 5.00% for 2021 and later years
Retirees' share of benefit Related costs	50% of projected health insurance premiums for employees hired after December 31, 1997. 75% of projected health insurance premiums for employees hired after December 31, 2014. Retirees upon reaching age 65 and obtaining Medicare Part B coverage also receive a partial Medicare Part B premium reimbursement according to a fixed schedule.

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset mortality table projected fully generationally using projection scale MP-2017.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of a biennial valuation for the period January 1, 2017 - December 31, 2017.

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate

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

1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
<u>\$45,414,996</u>	<u>\$39,028,010</u>	<u>\$33,965,245</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates:

1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
<u>\$33,666,081</u>	<u>\$39,028,010</u>	<u>\$45,824,496</u>

Changes to the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/17	\$ 42,313,649
Changes for the year:	
Service Cost	812,228
Interest	1,457,712
Changes in Benefit Terms	-
Differences between expected and and actual experience	-
Changes in assumptions and other inputs	(4,041,711)
Benefit Payments	<u>(1,513,868)</u>
Net Changes	\$ <u>(3,285,639)</u>
Balance at 12/31/18	\$ <u>39,028,010</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44% used as of January 1, 2018 to 4.10% used in the final calculation for the fiscal year December 31, 2018.

The OPEB expense for the fiscal year ended December 31, 2018 was \$1,389,390.

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

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 0	\$ 3,161,161
Total	<u>\$ 0</u>	<u>\$ 3,161,161</u>

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

<u>Year ending</u>	
2019	\$ (880,550)
2020	(880,550)
2021	(880,550)
2022	<u>(519,511)</u>
	<u>\$ (3,161,161)</u>

Effect on Net Position

The 2017 net assets were restated with the implementation of GASB Statement 75 as follows:

	<u>Balance 12/31/2017</u>	<u>Restated GASB 75</u>	<u>Restated 12/31/2017</u>
Total Net Position 12/31/17	\$ 10,206,737		
Restatement of:			
OPEB Liability	\$ (14,293,805)	\$ (28,019,844)	\$ (42,313,649)
Deferred outflows of resources	-	-	-
Deferered inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position		\$ (28,019,844)	
Restated Net Position 12/31/17			<u>\$ (17,813,107)</u>

Changes in the net OPEB liability and deferred outflows and inflows of resources for the year ended December 31, 2018 resulted in the following effect on net position:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Net OPEB liability	\$ (42,313,649)	\$ 3,285,639	\$ (39,028,010)
Deferered inflows of resources	<u>-</u>	<u>(3,161,161)</u>	<u>(3,161,161)</u>
Total	<u>\$ (42,313,649)</u>	<u>\$ 124,478</u>	<u>\$ (42,189,171)</u>

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – DEFERRED REVENUE

The deferred revenue in the general fund in the accompanying fund financial statements is comprised of revenues not received within the 60-day revenue recognition policy of the Town. The deferred revenue in the special revenue funds is comprised primarily of outstanding community development revolving loans and sewer and water rents not received within the 60-day revenue recognition policy.

NOTE 13 – INSURANCE AND RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

NOTE 15 – FUND BALANCE DETAIL

At December 31, 2018, non-spendable, restricted, assigned, and unassigned fund balance in the governmental funds were as follows:

	General Fund	Part-town Highway Fund	Special Grant Fund	Capital Projects Fund	Non-Major Funds
Nonspendable:					
Prepaid expenses	\$ 335,055	\$ 152,222	\$ 9,503	\$ -	\$ 46,327
Total nonspendable fund balance	<u>\$ 335,055</u>	<u>\$ 152,222</u>	<u>\$ 9,503</u>	<u>\$ -</u>	<u>\$ 46,327</u>
Restricted:					
Capital reserve	\$ 984,096	\$ 893,394	\$ -	\$ -	\$ 22,183
Workers compensation reserve	41,142	53,692	-	-	15,544
Employee benefits reserve	299,589	51,827	50,032	-	29,105
Home and community services - capital	<u>31,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted fund balance	<u>1,355,841</u>	<u>998,913</u>	<u>50,032</u>	<u>-</u>	<u>66,832</u>
Assigned:					
Appropriated for next years budget	\$ 950,000	\$ 975,000	\$ -	\$ -	\$ 305,490
Encumbered for:					
Public safety	2,900	-	-	-	-
Transportation	602	294,926	-	-	-
Culture and recreation	3,085	-	-	-	-
Home and community services	4,600	-	274,842	-	1,964
Remaining fund balance	<u>-</u>	<u>635,403</u>	<u>-</u>	<u>-</u>	<u>1,325,759</u>
Total assigned fund balance	<u>\$ 961,187</u>	<u>\$ 1,905,329</u>	<u>\$ 274,842</u>	<u>\$ -</u>	<u>\$ 1,633,213</u>
Unassigned	<u>\$ 6,342,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,990,500)</u>	<u>\$ (666,135)</u>
Total fund balances (deficit)	<u>\$ 8,994,956</u>	<u>\$ 3,056,464</u>	<u>\$ 334,377</u>	<u>\$ (3,990,500)</u>	<u>\$ 1,080,237</u>

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15 - FUND BALANCE DETAIL (Continued)

Restricted fund balances and restricted net position differ because loan balances in the Special Grant Fund are reported as unavailable revenue in the fund financial statements and as a portion of restricted net position, in the Statement of Net Position.

Restricted fund balance in the fund financial statements	\$ 2,471,618
Plus loans receivable balances	<u>1,507,196</u>
Restricted net position in the government-wide financial statements	\$ <u>3,978,814</u>

NOTE 16 - TAX ABATEMENTS

For the year ended December 31, 2018, property in the Town was subject to property tax abatements negotiated by The Agency: Broome County IDA/LDC (BCIDA), the Town of Union (the Town), and the Village of Johnson City and the Village of Endicott (the Villages).

BCIDA enters into payment in lieu of tax (PILOT) agreements with businesses within Broome County under New York State General Municipal Law 858. Economic development agreements entered into by BCIDA can include the abatement of county, local, and school district taxes, which BCIDA administers as a temporary reduction in the assess value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

The Town and the Villages enter into a property tax abatement agreement with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town or Villages.

Information relevant to disclosure of the program for the year ended December 31, 2018 is as follows:

	Taxable Assessed Value	Combined Tax Rates	Tax Value	PILOT Received	Taxes Abated
The Agency:					
Broome County IDA/LDC					
Clover Communities	\$ 273,000	\$ 45.33	\$ 12,375	\$ 7,979	\$ 4,396
Good Shepard Village	1,940,600	146.57	284,430	123,200	161,230
JHR Realty, Inc.	22,900	45.33	1,038	1,038	-
Millennium Pipeline Company, LLC	322,457	163.17	52,617	39,879	12,738
Gannett Satellite Information Network, Inc.	213,600	45.33	9,682	8,119	1,563
Village of Johnson City					
SEPP Harry L. Apartments	76,860	45.33	3,484	1,980	1,504
Village of Endicott					
American Horizons Group, LLC	<u>240,192</u>	45.33	<u>10,888</u>	<u>5,362</u>	<u>5,526</u>
Total PILOT Agreements	<u>\$ 3,089,609</u>		<u>\$ 374,514</u>	<u>\$ 187,557</u>	<u>\$ 186,957</u>

TOWN OF UNION, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 17 - EMERGENCY SERVICES AGREEMENT WITH UNION VOLUNTEER EMERGENCY SQUAD, INC.

The Town of Union Volunteer Emergency Squad, Inc. (UVES) entered into an agreement by virtue of Section 122 (B) of the General Municipal Law for the State of New York to provide general ambulance service for the purpose of treating and transporting sick and injured persons within its boundaries to an acute care hospital. UVES is designated by the Town as the primary 911 ambulance service to its licensed area. The Town authorizes and expects UVES, pursuant to law including State Comptroller Opinion 91-20 and the authority contained in General Municipal Law Section 122(b), to impose the fees or charges set forth by the Town Board upon recommendation by UVES.

NOTE 18 - SUBSEQUENT EVENT

Subsequent to year-end on February 27, 2019, the Town Board issued bonds in the amount of \$2,425,355 paying off BANs payable at December 31, 2018. The bonds mature on February 15, 2034. Stated interest rate is 3.00%.

On February 27, 2019, the Town Board re-issued BANs in the amount of \$4,492,275, after principal reductions of \$549,365 and providing new monies of \$2,008,216 for capital improvements, public works improvements, street reconstruction, highway vehicles and improvements, parks improvements and various vehicles and equipment. The BANs mature on February 27, 2020. Stated interest rate is 3.00%.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF UNION
REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund
- Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget to Actual - Special Revenue Fund - Part-Town Highway Fund
- Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
- Schedule of Town's Proportionate Share of the Net Pension Liability
- Schedule of Town's Pension Contributions

The budgetary comparison schedule for major fund, Special Grants, is not included because there is no requirement to have a legally adopted budget.

TOWN OF UNION, NEW YORK
Required Supplementary Information
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund
Year ended December 31, 2018

	<u>Budget Amounts</u>		<u>Actual</u>		<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Encumbrances</u>	<u>Favorable (Unfavorable)</u>
Revenue:					
Real property taxes	\$ 4,118,030	4,118,030	4,118,512	-	482
Real property tax items	60,000	60,000	60,422	-	422
Nonproperty tax items	6,645,000	7,232,420	7,470,200	-	237,780
Departmental income	177,500	177,500	277,823	-	100,323
Intergovernmental charges	250,000	250,000	244,701	-	(5,299)
Use of money and property	54,400	54,400	55,132	-	732
Licenses and permits	75,150	75,150	79,314	-	4,164
Fines and forfeitures	150,000	150,000	221,997	-	71,997
Sale of property and compensation for loss	25,000	25,000	167,158	-	142,158
Miscellaneous local sources	-	-	1,787	-	1,787
Interfund revenues	30,000	30,000	36,683	-	6,683
State sources	<u>655,000</u>	<u>655,000</u>	<u>661,909</u>	<u>-</u>	<u>6,909</u>
Total revenue	<u>12,240,080</u>	<u>12,827,500</u>	<u>13,395,638</u>	<u>-</u>	<u>568,138</u>
Expenditures:					
General government support	2,526,130	2,557,336	2,225,130	-	332,206
Public safety	563,052	577,094	503,151	2,900	71,043
Transportation	825,648	838,898	466,492	602	371,804
Economic assistance and opportunity	2,600	2,736	2,725	-	11
Culture and recreation	311,963	311,038	255,270	3,085	52,683
Home and community services	2,067,360	2,309,216	2,156,010	4,600	148,606
Employee benefits	3,884,078	3,838,710	3,538,177	-	300,533
Debt service	<u>621,863</u>	<u>621,863</u>	<u>480,149</u>	<u>-</u>	<u>141,714</u>
Total expenditures	<u>10,802,694</u>	<u>11,056,891</u>	<u>9,627,104</u>	<u>11,187</u>	<u>1,418,600</u>
Excess of revenue over expenditures	<u>1,437,386</u>	<u>1,770,609</u>	<u>3,768,534</u>	<u>(11,187)</u>	<u>1,986,738</u>
Other financing sources uses - transfers out	<u>(2,337,386)</u>	<u>(2,738,709)</u>	<u>(2,734,229)</u>	<u>-</u>	<u>4,480</u>
Net change in fund balance	<u>\$ (900,000)</u>	<u>(968,100)</u>	<u>1,034,305</u>	<u>(11,187)</u>	<u>1,991,218</u>
Fund balance at beginning of year			<u>7,960,651</u>		
Fund balance at end of year			<u>\$8,994,956</u>		

TOWN OF UNION, NEW YORK
Required Supplementary Information
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Budget to Actual - Special Revenue Fund
Part-Town Highway Fund
Year ended December 31, 2018

	<u>Budget Amounts</u>		<u>Actual</u>		Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Encumbrances</u>	<u>Favorable (Unfavorable)</u>
Revenue:					
Real property taxes	\$2,362,965	2,362,965	2,362,967	-	2
Real property tax items	34,000	34,000	35,898	-	1,898
Use of money and property	2,500	2,500	12,878	-	10,378
Licenses and permits	12,000	12,000	18,750		6,750
Sale of property and compensation for loss	20,000	24,650	36,951	-	12,301
State sources	250,000	609,356	370,401	-	(238,955)
Federal sources	-	78,558	78,558	-	-
Total revenue	<u>2,681,465</u>	<u>3,124,029</u>	<u>2,916,403</u>	<u>-</u>	<u>(207,626)</u>
Expenditures:					
Transportation	3,935,617	4,960,935	4,350,913	294,296	315,726
Employee benefits	1,426,973	1,004,092	848,142	-	155,950
Debt service	<u>549,875</u>	<u>549,875</u>	<u>547,626</u>	<u>-</u>	<u>2,249</u>
Total expenditures	<u>5,912,465</u>	<u>6,514,902</u>	<u>5,746,681</u>	<u>294,296</u>	<u>473,925</u>
Excess of expenditures over revenue	<u>(3,231,000)</u>	<u>(3,390,873)</u>	<u>(2,830,278)</u>	<u>(294,296)</u>	<u>266,299</u>
Other financing sources - transfers in	<u>2,356,000</u>	<u>2,356,000</u>	<u>2,668,404</u>	<u>-</u>	<u>312,404</u>
Net change in fund balance	<u>\$ (875,000)</u>	<u>(1,034,873)</u>	<u>(161,874)</u>	<u>(294,296)</u>	<u>578,703</u>
Fund balance at beginning of year			<u>3,218,338</u>		
Fund balance at end of year			<u>\$3,056,464</u>		

TOWN OF UNION, NEW YORK
Required Supplementary Information
Schedule of Changes in the Town's
Total OPEB Liability and Related Ratios
Year ended December 31, 2018

Total OPEB liability	
Service cost	\$ 812,228
Interest	1,457,712
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(4,041,711)
Benefit payments	<u>(1,513,868)</u>
Net change in total OPEB liability	(3,285,639)
Total OPEB liability - beginning	<u>42,313,649</u>
Total OPEB liability- ending	<u><u>\$39,028,010</u></u>
Covered payroll	\$ 4,187,077
Total OPEB liability as a percentage of covered payroll	932.11%

Notes to schedule:

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

2018	4.00%
------	-------

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Town is presenting information for those years for which information is available.

TOWN OF UNION, NEW YORK
Required Supplementary Information
Schedule of Town's Proportionate Share of the Net Pension Liability
December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.0145897%	0.0151210%	0.0160760%	0.0731900%
Town's proportionate share of the net pension liability	\$ 470,873	1,420,718	2,617,372	585,078
Town's covered payroll	\$4,194,796	4,259,434	4,327,432	4,367,828
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	11.2%	33.4%	60.5%	13.4%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%

** This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

TOWN OF UNION, NEW YORK
Required Supplementary Information
Schedule of Town's Pension Contributions
December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 603,502	645,247	799,008	808,892	876,113	923,835	683,730	511,124	286,457	379,882
Contributions in relation to the contractually required contribution	<u>603,502</u>	<u>645,247</u>	<u>799,008</u>	<u>808,892</u>	<u>876,113</u>	<u>923,835</u>	<u>683,730</u>	<u>511,124</u>	<u>286,457</u>	<u>379,882</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$4,194,796	4,299,939	4,276,434	4,337,531	4,395,285	4,551,693	4,760,722	4,708,364	4,665,944	4,655,742
Contributions as a percentage of covered payroll	14.39%	15.01%	18.68%	18.65%	19.93%	20.30%	14.36%	10.86%	6.14%	8.16%

TOWN OF UNION, NEW YORK
Federal Grant Compliance Audit
December 31, 2018

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

Town Board and Supervisor
Town of Union
Endwell, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Union, New York (the Town), 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 August 14, 2019.

Internal Control Over Financial Reporting

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

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
August 14, 2019

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

Town Board and Supervisor
Town of Union
Endwell, New York:

Report on Compliance for Each Major Federal Program

We have audited the Town of Union, New York's (the Town) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Town's major federal program for the year ended December 31, 2018. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Union, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 14, 2019

TOWN OF UNION, NEW YORK
Schedule of Expenditures of Federal Awards
Year ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Housing and Urban Development:				
Community Development Block Grants -				
Entitlement Grants	14.218	N/A	\$ 3,654,222	-
Section 8 Housing Choice Vouchers	14.871	N/A	1,539,266	-
Passed-through The Governor's Office of Storm Recovery - Community Development Block Grant Disaster Recovery Grants	14.269	N/A	<u>182,155</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			5,375,643	-
U.S. Department of Transportation - passed through New York State Department of Transportation - Highway Planning and Construction	20.205	D035546	136,107	-
U.S. Department of Homeland Security - passed through New York State - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>78,558</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,590,308</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF UNION, NEW YORK
Notes to Schedule of Expenditures of Federal Awards
December 31, 2018

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the Town, an entity as defined in note 1 to the Town's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

(2) Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Town has elected not to use the 10% de minimus cost rate.

(4) Matching Costs

Matching costs, i.e., the Town's share of certain program costs, are not included in the reported expenditures.

(5) Subrecipients

No amounts were provided to subrecipients.

(6) Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal awards. Any equipment purchased with federal awards has only a nominal value, and is covered by the Town's casualty insurance policies.

TOWN OF UNION, NEW YORK
Schedule of Findings and Questioned Costs
December 2018

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? ☐ Yes ☒ No
2. Significant deficiency(ies) identified not considered to be material weakness(es)? ☐ Yes ☒ None reported
3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified? ☐ Yes ☒ No
5. Significant deficiency(ies) identified not considered to be material weakness(es)? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? ☐ Yes ☒ No

7. The Town's major program audited was:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871

8. Dollar threshold used to distinguish between Type A and Type B programs. \$ 750,000
9. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

TOWN OF UNION, NEW YORK
Status of Prior Year Audit Findings
Year ended December 31, 2018

There were no audit findings in the prior year financial statements (December 31, 2017).