

OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

The Town will **NOT** designate the Bonds or the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.



\$12,277,764
TOWN OF VESTAL
BROOME COUNTY, NEW YORK
GENERAL OBLIGATIONS
CUSIP BASE #: 925428

\$603,400 Public Improvement (Serial) Bonds, 2017
(referred to herein as the "Bonds")
ROOSEVELT & CROSS, INC.

Dated: May 11, 2017

Due: May 1, 2018-2022

MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2018	\$ 108,400	1.000%	1.000%	TE4	2020	\$ 120,000	2.000%	1.350%	TG9	2022	\$ 130,000	2.000%	1.750%	TJ3
2019	120,000	1.750	1.200	TF1	2021	125,000	2.000	1.500	TH7					

\$11,674,364 Bond Anticipation Notes, 2017
(the "Notes")

At An Interest Rate of 1.260% - Not Reoffered
BANK OF AMERICA, N.A.

Dated: May 11, 2017

Due: May 11, 2018

(collectively referred to herein as the "Bonds and Notes")

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

The Bonds and the Notes will not be subject to redemption prior to maturity.

The Bonds will be issued as registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination with respect to the May 1, 2018 maturity. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on May 1, 2018 and semi-annually thereafter on November 1 and May 1 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. The Bonds may not be converted into coupon bonds or be registered to bearer.

The Notes will be issued in registered form in the name of the purchaser. A single note certificate will be issued for Notes bearing the same rate of interest certified in the principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Town.

The Bonds and Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective approving legal opinions as to the validity of the Bonds and Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey and Notes will be available for delivery as may be agreed upon, on or about May 11, 2017.

April 27, 2017

THIS REVISED COVER AND INSIDE COVER PAGE SUPPLEMENTS THE OFFICIAL STATEMENT OF THE TOWN DATED APRIL 18, 2017 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER AND THE REVISION OF THE DATED DATE ON PAGE 29, THERE HAVE BEEN NO OTHER REVISIONS TO SAID OFFICIAL STATEMENT.

TOWN OF VESTAL BROOME COUNTY, NEW YORK



TOWN OFFICIALS

TOWN BOARD

W. JOHN SCHAFFER
Supervisor

SHOBA AGNESHWAR
FRANCIS MAJEWSKI
SUZANNE MESSINA
PATRICIA FITZGERALD

* * * * *

ADMINISTRATION

LAURA MCKANE
Town Comptroller

EMIL BIELECKI
Town Clerk

DAVID BERGER, ESQ.
Town Attorney



FISCAL ADVISORS & MARKETING, INC.
Town Municipal Advisors



ORRICK
ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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

Relating To
\$603,400 Public Improvement (Serial) Bonds, 2017
And
\$11,674,364 Bond Anticipation Notes, 2017

This Official Statement, which includes the cover page, has been prepared by the Town of Vestal, Broome County, New York (the "Town," "County," and "State," respectively) in connection with the sale by the Town of \$603,400 Public Improvement (Serial) Bonds, 2017 (referred to herein as the "Bonds") and \$11,674,364 Bond Anticipation Notes, 2017 (referred to herein as the "Notes") (collectively referred to herein as the "Bonds and Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

THE 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 OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Bonds will be dated May 11, 2017 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The record date for the Bonds will be the fifteenth day of the calendar month preceding such interest payment.

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, New York, New York (“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, except for one necessary odd denomination with respect to the May 1, 2018 maturity. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on May 1, 2018 and semi-annually thereafter on November 1 and May 1 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, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination with respect to the May 1, 2018 maturity, and the Town will act as paying agent. 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.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Purposes of Issue – Bonds

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 certain bond resolutions, for the following purposes:

Project	Authorization Date	Amount Authorized	Amount Outstanding	Principal Paydown	Issue Amount
2012 Road Reconstruction (2011 Auth)	4/13/2011	\$1,800,000	\$390,000	\$65,000	\$325,000
Machinery and Apparatus (Dump Trucks)	5/23/2012	516,000	324,800	46,400	278,400
TOTALS			\$714,800	\$111,400	\$603,400

The proceeds of the Bonds, together with \$111,400 available funds of the Town will redeem a \$714,800 portion of \$12,050,000 bond anticipation notes maturing May 12, 2017.

THE NOTES

Description of the Notes

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

The Notes are dated May 11, 2017 and will mature, without option of prior redemption, on May 11, 2018.

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

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue – Notes

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

Purpose	Authorization Date	Authorization Amount	Amount Outstanding	Principal Paydown	Issue Amount
General Fund					
Parks Mower		\$52,000	\$36,400	\$36,400	\$0
Computer Equipment and Installation	12/12/12	95,000	38,000	19,000	19,000
Generator for Town Hall	12/12/12	125,000	50,000	25,000	25,000
Rail Trail II Project	3/27/13	225,000	157,500	22,500	135,000
Reconstruction of Town Park Facilities	1/22/14	50,000	75,834	5,833	70,001
Purchase of Police Cars	1/22/14	100,000	33,334	33,334	0
Purchase and inst of computer hardware	1/22/14	143,000	85,800	28,600	57,200
Reconstruction of Town Park Facilities	1/28/2015 & 7/23/14	60,000	54,000	6,000	48,000
Police Vehicles	1/28/15	150,000	99,231	50,000	49,231
Telephone System/Computer Eq.	1/28/15	152,000	114,000	38,000	76,000
Parks and Maintenance Depts.	1/28/15	174,000	156,600	17,400	139,200
Reconstruction of Town Library Roof	1/28/15	100,000	90,000	10,000	80,000
Mower	1/28/15	15,000	12,000	3,000	9,000
Computer Equipment	12/16/15	156,000	156,000	39,000	117,000
Parks Equipment One Ton & Mowiver	12/16/15	505,000	174,000	17,400	156,600
2016 Communications Tower	5/25/16	450,000	450,000	45,000	405,000
Airevator Baseball Fields ⁽¹⁾	1/25/17	18,000	0	0	18,000
Arnold Old Concession Stand ⁽¹⁾	1/25/17	28,500	0	0	28,500
Swimming Pool - Study ⁽¹⁾	1/25/17	30,000	0	0	30,000
Impr. To Town Hall ⁽¹⁾	1/25/17	150,000	0	0	150,000
Library - Storm/Sewer Project ⁽¹⁾	1/25/17	150,000	0	0	150,000
Highway Fund					
Machinery and Apparatus (Dump Boxes)	5/23/12	30,000	7,500	7,500	0
Reconstruction of Roads	12/12/12	1,300,000	385,000	55,000	330,000
Equipment	12/12/12	290,000	203,000	29,000	174,000
Reconstruction of Roads	12/12/12	1,300,000	600,000	75,000	525,000
Material Screen with Stacking Conveyor	1/22/14	155,000	134,334	10,333	124,001
Road Reconstruction	1/28/15	750,000	675,000	75,000	600,000
Equipment	1/28/15	488,000	447,333	40,667	406,666
Resonstruction and Resurfacing Roads	12/16/15	780,000	780,000	78,000	702,000
Equipment	12/16/15	505,000	331,000	33,100	297,900
Street Sweeper ⁽¹⁾	2/15/17	205,000	0	0	205,000
Highway (Wash St. over Fuller Hollow Br) ⁽¹⁾	1/25/17	164,000	0	0	164,000
Road Reconstruction ⁽¹⁾	1/25/17	700,000	0	0	700,000
Sewer Fund					
CS1P19 Sewer Sys. Hudraulic Model	8/23/06	290,000	45,000	4,500	40,500
CS1P20 Video Rep. Sewer Trunk Lines	8/23/06	290,000	40,837	6,250	34,587
CS1P21 Emer Power Equip Pur & Inst	8/23/06	290,000	37,500	3,750	33,750
Cons S1 P8	11/16/94	150,000	45,000	5,000	40,000
Replace Deficient Sewer Lines Ph 1 & 2	1/27/16	500,000	500,000	16,667	483,333

Purpose	Authorization Date	Authorization Amount	Amount Outstanding	Principal Paydown	Issue Amount May 2017
Water Fund					
CW1P24 Emerg. Power @ Wells	6/6/06	5,250,000	476,498	23,950	452,548
CS1P26 Foster Rd Water Tank	6/6/06	5,250,000	557,167	27,900	529,267
CW1P27 Repl Cherry Lane Water Tank	6/6/06	5,250,000	891,556	44,585	846,971
CW1P28 Repl Doris Ave Water Tank	6/6/06	5,250,000	871,669	43,585	828,084
CS1P29 Repl Ross Hill Rd Water Tank	6/6/06	5,250,000	619,777	30,990	588,787
CS1P30 Water Main Replacement	5/23/07	3,020,000	398,669	17,333	381,336
Foster Road Water Tank	5/23/07	3,020,000	256,831	11,167	245,664
Cons W1 P14 Add'l Borr	7/9/97	700,000	133,830	6,425	127,405
Cons W1 P5	12/2/87	160,000	10,000	5,000	5,000
Refurbish Tanks - Carnegie, West Hill	1/27/16	600,000	600,000	40,000	560,000
Wel 4-5 Treatment Facility	1/27/16	500,000	500,000	16,667	483,333
Debt Service Fund					
Cons S1 T 35	11/22/78	44,500	5,000	2,500	2,500
Totals			\$11,335,200	\$1,106,336	\$11,674,364

(1) New money projects.

The proceeds of the Notes, together with \$1,106,336 available funds of the Town will partially redeem and renew a \$11,335,200 portion of \$12,050,000 bond anticipation notes maturing May 12, 2017. The Notes will also provide \$1,445,500 new monies for the above projects.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

Principal and interest payments on the Bonds and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts in accordance with their respective

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

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

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

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

Source: The Depository Trust Company.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS AND NOTES.

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

Certificated 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, except for one necessary odd denomination with respect to the May 1, 2018 maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the Town upon termination of the book-entry-only system. Interest on the Bonds will remain payable May 1, 2018 and semi-annually thereafter on November 1 and May 1 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 fifteenth 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 fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

Certificated Notes

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

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

THE TOWN

General Information

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

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

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

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

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

Source: Town officials.

Population Trends

	<u>Town of Vestal</u>	<u>Broome County</u>	<u>New York State</u>
1970	26,909	221,815	18,236,882
1980	27,243	213,648	17,558,072
1990	26,733	212,160	17,990,455
2000	26,535	200,536	18,976,457
2010	28,043	200,600	19,378,102
2015 (estimated)	28,213	196,567	19,795,791
2016 (estimated)	N/A	195,334	19,745,289

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

Banking Facilities

The following banks are located in the Town:

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

Source: Town officials.

Local Economy

Binghamton University's presence in the Town continues to drive growth. Recently the university's new Innovative Technologies Complex boasts adding over 400,000 square feet of capital investment. The complex features the New York Center of Excellence for Small Scale Systems Integration and Packaging (S3IP) and is home to the Thomas J. Watson School of Engineering, including electrical and computer, mechanical, and biomedical engineering. The Smart Energy R&D building is expected to be ready for occupancy in April of 2017, and will host the chemistry and physics departments.

A new \$26 million 31 bed nursing center is complete and is filling an important need for seniors in the area. This facility replaced an older nursing center, located on Vestal Road. An agreement with the Broome County IDA for payments in lieu of taxes is complete. Indications are that the old facility will be renovated and expanded for senior housing purposes. This project will need to come before the zoning and planning boards for approval before permits can be issued.

A construction of a 68,845 square foot healthcare building was completed and is open for business at an estimated cost of \$21 million. This is adjacent to a 87,453 square foot medical building constructed in 2012 and will be part of a three building complex. The third building is an existing medical office to be rehabilitated for a dedicated cardiac care complex. This work will create a nearly new structure from one that has had a medley of alterations over the years. These buildings will all be in the tax exempt section of the assessment roll, the land values are taxable as a ground lease exists on the property. Despite this, the projects encourage ancillary commercial development.

Another significant project has recently been completed repurposing a commercial site in the heart of the commercial section of the Town. The site is now home to Chili's Restaurant, Red Robin Diner, The Vitamin Shoppes, Aspen Dental and the Sleep Number Store.

Construction on student housing providing primarily townhouse apartments is well underway toward an August 2017 targeted opening. These apartments are situated at the east end gateway entrance to Vestal from the City of Binghamton. An agreement with the Broome County IDA for payments in lieu of taxes on this project is complete. The agreement will provide an increasing fixed revenue stream for the town and other taxing authorities for the next twenty-two year. This project has generated interest from other developers and questions about how new residential living quarters, focused on the University demographic, can be accommodated in Vestal.

Land directly across from the above mentioned student housing project has recently had a portion of the east end re-zoned to a commercial designation. This may ignite building on this vacant land since this zoning allows for a wide range of uses.

A new four story hotel was constructed and opened in 2016. Plans for a new 3 story hotel have been submitted, approved, and are awaiting the issuance of building permits.

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

The residential market for new construction saw some growth in 2016 primarily with larger custom built homes. Eight new homes were added to the 2017 assessment roll. Two new home building permits have been issued to date in 2017. Overall, the real estate market in Vestal is stable. In the higher end market segments, selling prices are trending slightly upward.

The total taxable assessed value is expected to increase slightly in 2017. This stability and the new residential and commercial growth signal a strong projected revenue outlook.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 2000, 2006-2010 and 2011-2015 Census reports.

	<u>2000</u>	<u>Per Capita Income</u>		<u>2000</u>	<u>Median Family Income</u>	
		<u>2006-2010</u>	<u>2011-2015</u>		<u>2006-2010</u>	<u>2011-2015</u>
Towns of:						
Vestal	\$ 22,363	\$ 26,452	\$ 26,124	\$ 60,676	\$ 82,507	\$ 76,797
County of:						
Broome	19,168	24,314	25,105	45,422	57,545	62,558
State of:						
New York	23,389	30,948	33,236	51,691	67,405	71,913

Note: 2012-2016 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 2011-2015 American Community Survey data.

Larger Employers within Broome County

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

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

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

Source: Broome County Industrial Development Agency.

Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town of Vestal	8.4%	8.4%	8.5%	7.6%	6.5%	5.9%	5.5%
Broome County	8.7%	8.6%	8.7%	7.8%	6.6%	6.0%	5.4%
New York State	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%

	<u>2017 Monthly Figures</u>			
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Town of Vestal	5.8%	6.1%	N/A	N/A
Broome County	6.2%	6.3%	N/A	N/A
New York State	4.9%	5.1%	N/A	N/A

Note: Unemployment rates for March and April 2017 are unavailable as of the date of this Official Statement.

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

Post-Secondary Education

The Town is home to the main campus of Binghamton University. Binghamton University began as Triple Cities College in 1946, joining the State University System in 1950 as Harpur College. In 1965 the campus was formally designated the State University of New York at Binghamton. Today, the University consists of the Harpur College of Arts & Sciences, the School of Education & Human Development, the School of Management, the Decker School of Nursing, and the Thomas J. Watson School of Engineering & Applied Science. Binghamton University has an enrollment of 13,614 undergraduates and 3,682 graduate students.

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

SUNY Broome Community College (formerly known as Broome Community College) is a comprehensive academic institution supervised by the State University of New York, sponsored by Broome County, and accredited by both professional and educational organizations. The college was chartered as the New York State Institute of Applied Arts and Sciences at Binghamton in 1946. It became Broome Community in 1971. SUNY Broome Community College has an enrollment of 4,157 full-time and 1,545 part-time students. The college offers 71-degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.

Form of Town Government

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

The chief executive officer and chief fiscal officer of the Town is the Supervisor who was elected for a term of four years and is eligible to succeed himself. He is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected for four-year terms. Each term is staggered so that every two years two Councilmen run. There is no limitation as to the number of terms which may be served by members of the Town Board. Both the Supervisor and councilmen are elected at large. There is also a separate political subdivision, the Vestal Fire District which is governed by a Board of Fire Commissioners whose membership is the Town of Vestal Town Board, ex officio, in accordance with Section 186 of the Town Law and special legislation.

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

Financial Organization

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

Budgetary Procedures

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

The Town's Tax Levy for 2015 increased by 3.79% which was within the Town's tax levy cap limit.

The Town's Tax Levy for 2016 decreased by 0.22% which was within the Town's tax levy cap limit.

The Town's Tax Levy for 2017 decreased by 0.50% which is within the Town's tax levy cap limit.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful

investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

State Aid

The Town receives financial assistance from the State. In its General Fund budget for the 2017 fiscal year, approximately 4.49% of the operating revenues of the Town are expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

Employees

The Town currently employs approximately 140 people. The number of Town employees represented by collective bargaining agents, and the dates of expiration of their agreements are as follows:

<u>Unit</u>	<u>Number Represented</u>	<u>Date of Contract Expiration</u>
Operating Engineers	50	December 31, 2017
Police Benevolent Assn.	26	December 31, 2017
Vestal Police Supervisors Assn.	7	December 31, 2017
CSEA Town of Vestal	25	December 31, 2017

Status and Financing of Employee Pension Benefits

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

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

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

For both ERS & PFRS, Tier 5 provides for:

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

For both ERS & PFRS, Tier 6 provides for:

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

The Town’s payments to ERS and PFRS since the 2012 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2012	\$ 824,612	\$ 560,196
2013	864,054	672,535
2014	914,084	594,227
2015	850,929	580,150
2016	746,578	589,858
2017 (Budgeted)	698,100	602,000

Source: Town officials

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

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

A chart of average ERS and PFRS rates (2010 to 2018) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2010	7.4%	15.1%
2011	11.9	18.2
2012	16.3	21.6
2013	18.9	25.8
2014	20.9	28.9
2015	20.1	27.6
2016	18.2	24.7
2017	15.5	24.3
2018	15.3	24.4

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 and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

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

Other Post-Employment Benefits

It should be noted that the Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the Town, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. 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 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

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

Based on the most recent actuarial evaluation dated December 2008, the annual required contribution for retiree health insurance was \$3,937,731 and the total liability was \$46,059,542. After completion of the study, health insurance contributions in retirement have been instituted or increased for non-union employees and eligible elected officials hired after January 1, 2007 and various union employees pursuant to negotiated contracts. Additional information regarding the annual required contribution and total liability can be obtained by contacting the Town.

The Town is not currently in compliance with GASB 45. See "Financial Statements" herein.

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, and meets this liability on a pay-as-you-go basis.

Other Information

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

The Town is in compliance with the procedures for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

The Town is in the process of complying with the procedures for the validation of the new money portion of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

Financial Statements

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

The Audited Financial report for fiscal year ended December 31, 2015 is available and attached hereto as Appendix – E to this official statement. The 2016 Annual Financial Report Update Document (Unaudited) is not yet available as of the date of this Official Statement. Certain other financial information can also be found in APPENDIX - A1 - A3 attached hereto.

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

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

Unaudited Results of Operations for Fiscal Year Ended 2016

Unaudited financial results for the fiscal year ended December 31, 2016, which is subject to change, reflect an operating surplus of approximately \$324,214 and a cumulative General Fund balance surplus of \$4,573,770.

A summary of such unaudited financial results for the General Fund for the period ended December 31, 2016 is as follows:

Revenues:	\$ 11,135,703
Expenditures:	<u>10,811,489</u>
Excess (Deficit) Revenues over Expenditures:	<u>\$ 324,214</u>

2016 Projected Fund Balance Summary:

Reserved:	\$ 2,026,683
Non-spendable:	302,122
Assigned and Appropriated:	260,965
Assigned and Unappropriated:	50,597
Unassigned:	1,933,403

For fiscal year-end 2016, the Town estimated the general fund unassigned fund balance reflected above is an increase of \$214,251 or 12% compared to prior year. Total unassigned fund balance is projected to be 17% of total 2017 general fund appropriations, slightly higher than permitted by the fund balance policy adopted on August 10, 2016. Any excess funds will be reported to the Town Board following audit of the 2016 records.

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

Fund Balance Policy

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

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

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the Town on June 14, 2013. The purpose of the audit was to review the Town's planning and financing process for capital acquisitions for the period January 1, 2012, through January 15, 2013.

Key Findings:

- Town officials did not always properly plan and finance the acquisition of capital assets and projects. The Board did not have a formal multiyear capital plan or a long-term financing plan in place.
- Town officials relied on annual requests from department heads seeking to fulfill their immediate capital needs and primarily issued debt to finance the capital expenditures they approved. As a result, over a ten-year period the Town's outstanding debt more than doubled, from \$9 million in 2002 to over \$18 million in 2012.

Key Recommendations:

- Develop a formal comprehensive multiyear capital plan.
- Consider alternative methods of financing to fund acquisitions, such as pay-as-you-go and use of reserve funds. Ensure that the long-term capital planning is integrated into the budgetary process.

The Town provided a complete response to the State Comptroller's office on June 3, 2013. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the Town that are currently in progress or pending release.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2015	No Designation	0.0%
2014	No Designation	6.7%
2013	No Designation	22.9%

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

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

TAX INFORMATION

Taxable Assessed Valuations by Tax Year

<u>Fiscal Years Ending December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Valuation	\$ 1,831,461,822	\$ 1,813,682,142	\$ 1,809,900,108	\$ 1,815,627,111	\$ 1,829,910,584
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	\$ 1,831,461,822	\$ 1,813,682,142	\$ 1,809,900,108	\$ 1,815,627,111	\$ 1,829,910,584

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Years Ending December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Vestal	\$ 4.17	\$ 4.29	\$ 4.54	\$ 4.51	\$ 4.39
Vestal Fire District	0.56	0.57	0.57	0.58	0.62

Tax Collection Procedure

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

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

Tax Levy and Tax Collection Record

<u>Fiscal Years Ending December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Vestal	\$ 8,889,661	\$ 8,960,963	\$ 9,390,956	\$ 9,354,329	\$ 9,205,011
Vestal Fire District	<u>1,137,213</u>	<u>1,137,231</u>	<u>1,089,725</u>	<u>1,103,808</u>	<u>1,202,064</u>
Total Tax Levy	\$10,026,874	\$ 10,098,194	\$ 10,480,681	\$ 10,458,137	\$ 10,407,075
Uncollected ⁽¹⁾	0	0	0	0	0
% Uncollected	0%	0%	0%	0%	0%

⁽¹⁾ See 'Tax Collection Procedure' herein.

Note: Tax levy includes the Fire District tax levy, an independent political subdivision, as indicated above, collected by the Town on behalf of the Fire District.

Ten Largest Taxpayers –2017 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Assessed Valuation</u>
NYSE&G	Utility	\$ 123,545,942
Vestal Town Square LLC	Retail	25,356,500
Vestal Parkway Plaza LLC	Retail	24,817,101
Wal-Mart Stores Inc.	Retail	17,000,000
Vestal Shoppes LLC	Retail	13,250,000
Dayton Hudson Corp. (Target)	Retail	13,100,000
Sam's Real Estate Business	Retail	13,000,000
Vestal Campus Plaza LLC	Retail	12,942,000
Vestal Retail Center LLC	Retail	11,375,000
FGR Realty LLC	Commercial	<u>11,046,400</u>
	Total	\$ 265,432,943

The ten larger taxpayers listed above have a total taxable assessed valuation of \$265,432,943 which represents 14.51% of the tax base of the Town.

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

Source: Town assessment rolls.

Sales and Franchise Taxes

County Sales Tax: A 4% sales tax is levied in the County of Broome under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the State imposed 4.00% sales and compensating use tax. The County retains a full 25% of the County sales tax. Effective January 1, 2007, the County evenly split the remaining 75% of sales tax (3% imposed) with the municipalities within it based on population. However, in 2009 the County has capped the sales tax growth actually distributed to 0.5% from 2010 to 2011, 1% from 2011 to 2012, 1.5% from 2012 to 2013 and 2% in 2014 and thereafter. As the Town's population grew by 5.7% from the 2000 census to the 2010 census, sales tax revenue increased 6.1% from 2010 to 2012. In November 2012, the County amended this sharing formula for 2013 to provide the constituent municipalities an additional 10% of sales tax collected which exceeds the cap. In November 2013, the formula was amended to provide 20% of the sales tax collected which exceeds the cap. In November 2015, the formula was amended to provide 30% of the sales tax collected which exceeds the cap. In November 2016, the formula was again amended and now returns 50% of the 3% imposed sales tax to the constituent municipalities based on population. The Town does not expect this formula to change in the foreseeable future.

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

Below is a table of sales tax and franchise tax revenues since the 2012 fiscal year:

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>	<u>Franchise Tax Revenues</u>
2012	\$ 5,613,836	\$ 333,747
2013	5,765,729	326,502
2014	5,927,530	325,364
2015	5,994,498	316,489
2016	6,137,879	318,214
2017 (Budgeted)	6,324,214	315,000

Source: Town officials

Additional Tax Information

Real property in the Town is assessed by the Town.

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

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

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending December 31:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds – Town	\$ 6,081,445	\$ 6,767,125	\$ 6,747,940	\$ 5,790,025	\$ 5,651,475
Bonds – Fire District ⁽¹⁾	465,000	205,000	90,000	45,000	0
Bond Anticipation Notes - Town	11,664,650	13,118,525	9,440,000	10,430,000	12,050,000
Bond Anticipation Notes – Fire District	0	0	0	699,000	652,400
Revenue or Tax Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 18,211,095</u>	<u>\$ 20,090,650</u>	<u>\$ 16,277,940</u>	<u>\$ 16,964,025</u>	<u>\$ 18,353,875</u>

⁽¹⁾ The Vestal Fire District is a separate political subdivision of the State with the same geographical boundaries as the Town which, by virtue of special legislation, has the Town Board also serve as the Board of Fire Commissioners. Tax levy amounts and borrowed funds of either jurisdiction cannot be utilized by the other.

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Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of April 18, 2017, and includes indebtedness of the Fire District.

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2017-2026	\$ 5,651,475
<u>Bond Anticipation Notes</u> ⁽¹⁾		
Various Projects – Town	May 12, 2017	12,050,000 ⁽²⁾
Fire Fighting Vehicle – Fire District	May 12, 2017	<u>652,400</u> ⁽³⁾
	Total Indebtedness	<u>\$ 18,353,875</u>

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

⁽²⁾ To be renewed at maturity with proceeds of the Bonds and Notes and \$1,106,335 available funds of the Town.

⁽³⁾ To be renewed at maturity with proceeds of bond anticipation renewal notes and \$46,600 available funds of the Fire District.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 18, 2017:

Five-Year Average Full Valuation of Taxable Real Property.....	\$ 1,820,116,353
Debt Limit - 7% thereof.....	127,408,145

Inclusions:

Bonds.....	\$ 5,651,475	
Bond Anticipation Notes ⁽¹⁾	<u>12,702,400</u>	
Total Inclusions.....		<u>\$ 18,353,875</u>

Exclusions:

Water Indebtedness - Bonds ⁽²⁾	\$ 1,541,245	
Water Indebtedness - Notes ⁽²⁾	5,315,997	
Appropriations - Bonds ⁽³⁾	738,971	
Appropriations - Notes ⁽³⁾	<u>996,734</u>	
Total Exclusions.....		<u>\$ 8,592,947</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 9,760,928</u>
Net Debt-Contracting Margin.....	<u>117,647,217</u>
Percent of Debt Contracting Power Exhausted.....	7.66%

⁽¹⁾ Includes Vestal Fire District short-term indebtedness in the amount of \$652,400, which is not debt of the Town.

⁽²⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

⁽³⁾ Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The proceeds of the Notes will increase the net indebtedness of the Town by \$227,764.

Bonded Debt Service

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

Authorized But Unissued Debt

The Town has the following indebtedness that was authorized prior to December 2012, but unissued: Consolidated Sewer District \$500,000 (May 23, 2007), Consolidated Water District \$2,165,000 (May 23, 2007), Revaluation Town Assessment \$100,000 (December 12, 2007), Acquisition of Land and Construction of a Parks Facility (\$1,000,000). There are no plans to issue debt for these purposes in 2017.

In addition, the Town Board adopted bond resolutions in the amounts of \$75,000 for parks improvements and \$82,000 for police cars on December 16, 2015. The Town Board also adopted a bond resolution in the amount of \$110,000 on April 12, 2017 for the purchase of a dump truck. It is not anticipated that the town will borrow for these purposes in 2017.

Under the provisions of the agreement with the Vestal Volunteer Emergency Squad, the Town agrees to provide a facility free of rent. As the existing facility is located in a flood prone area which can limit access routes, increase response times and has required evacuation during the last two major flood events, the Town has verbally agreed to relocate the operations of the emergency squad. This project is anticipated to be fully funded by a NY Rising Grant (approximately \$1,500,000) which is a pass through of funds from the U.S. Department of Housing and Urban Development. The Town is negotiating with New York State Department of Transportation to acquire land adjacent to the Vestal Public Library for this project.

Currently, the Town's emergency squad pays the debt service on their building in lieu of any rent. It is expected that a new building will be constructed in 2017 or 2018 through a New York Rising program grant. The town has agreed that the squad will not need to pay the debt service on the existing bond after they vacate the current building. This could result in the loss of revenue of approximately \$56,000 in 2018. The Town bond for this building is callable in 2018 and depending on future use of the building and market conditions, the Town may refund the taxable bond and issue a nontaxable obligation.

Cash Flow Borrowing

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

Estimated Overlapping Indebtedness

In addition to the Town, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Town. The estimated net outstanding indebtedness of such political subdivisions, as of the fiscal year ending 2015 is as follows:

<u>Unit</u>	<u>Outstanding Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>% Within Town</u>	<u>Applicable Net Indebtedness</u>
County of: Broome	\$158,227,029	\$15,272,029	\$142,955,000	19.59%	\$28,004,885
School District: Vestal CSD ⁽³⁾	35,615,875	23,648,941 ⁽⁴⁾	11,966,934	90.24	10,798,961
Fire District: Vestal Fire ⁽⁵⁾	0	0	0	100.00	0
				Total	<u>\$38,803,846</u>

(1) Bonds and bond anticipation notes as of close of 2015 fiscal year. Not adjusted to include subsequent bond sales, if any.

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

(3) Debt outstanding as of fiscal year end June 30, 2016.

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

(5) The Vestal Fire District currently has \$652,400 in debt outstanding, which has been included in the Town's debt statements herein. It is not debt of the Town, but by virtue of the congruent overlapping jurisdiction, it has been included in the Town's debt statements herein.

Note: The 2016 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2015.

Debt Ratios

The following table sets forth certain ratios relating to the Town's net indebtedness as of April 18, 2017.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 9,760,928	\$ 345.97	0.54%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	48,564,774	1,721.36	2.67

(a) The current estimated population of the Town is 28,213. (See "THE TOWN - Population" herein.)

(b) The Town five-year average full value of taxable real estate is \$1,820,116,353. (See "TAX INFORMATION" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$38,803,846. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commerce 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 Town of its faith and credit for the payment of obligations.

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

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

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

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

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

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

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

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

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

TAX MATTERS

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

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and Notes are subject to the respective approving legal opinions of Bond Counsel. Bond Counsel expects to deliver such opinions at the time of issuance of the Bonds and Notes substantially in the forms set forth in APPENDIX – F & G hereto.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town currently has a lawsuit going to trial that, if decided unfavorably, could result in a loss of up to \$500,000. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town as the Town's insurance reserve has sufficient funds to cover settlements, if any.

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

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

Except as noted above, the Town is in compliance within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

MUNICIPAL ADVISOR

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

RATING

The Bonds and Notes are not rated. The purchaser(s) of the Bonds and Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the Town, as such rating action will result in a material event notification to be posted to EMMA which is required by the Town's Continuing Disclosure Undertakings. (See "MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "AA-" with a stable outlook to the Town's outstanding bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Town's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

This Official Statement has been duly executed and delivered by the Town Supervisor of the Town of Vestal.

TOWN OF VESTAL

Dated: April 27, 2017

W. JOHN SCHAFFER
Town Supervisor

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
ASSETS					
Cash and Investments	\$ 595,537	\$ 264,108	\$ 562,343	\$ 352,591	\$ 1,056,878
Due from Other Funds	87,562	-	7,351	20,530	2,126
Due from State and Federal Governments	16,565	8,294	2,873,813	324,340	12,837
Due from Other Governments	850,543	869,148	888,853	922,292	954,274
Prepaid Expenses	251,400	306,096	343,108	305,741	311,956
Other Receivables, net	152,560	208,819	171,350	183,738	121,728
Restricted Cash and Cash Equivalents	711,488	1,334,743	1,097,880	1,619,376	1,640,658
Restricted Investments	1,704,698	963,435	927,801	411,438	410,075
TOTAL ASSETS	\$ 4,370,353	\$ 3,954,643	\$ 6,872,499	\$ 4,140,046	\$ 4,510,532
LIABILITIES AND FUND EQUITY					
Accounts Payable	\$ 195,758	\$ 110,311	\$ 106,037	\$ 102,410	\$ 88,120
Accrued Liabilities	292,441	306,257	325,948	351,535	168,199
Due to Other Funds	-	-	-	10,701	-
Bond Anticipation Notes Payable	-	-	3,000,000	-	-
Unearned Revenue	4,300	5,155	4,195	4,310	4,655
TOTAL LIABILITIES	\$ 492,499	\$ 421,723	\$ 3,436,180	\$ 468,956	\$ 260,974
FUND EQUITY					
Nonspendable	\$ 251,400	\$ 306,096	\$ 343,108	\$ 305,741	\$ 311,956
Restricted	2,427,397	2,309,390	2,036,894	2,042,316	2,061,946
Assigned	314,162	14,138	84,966	14,971	156,502
Unassigned	884,895	903,296	971,351	1,308,062	1,719,154
TOTAL FUND EQUITY	\$ 3,877,854	\$ 3,532,920	\$ 3,436,319	\$ 3,671,090	\$ 4,249,558
TOTAL LIABILITIES and FUND EQUITY	\$ 4,370,353	\$ 3,954,643	\$ 6,872,499	\$ 4,140,046	\$ 4,510,532

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES					
Real Property Taxes	\$ 4,154,363	\$ 4,455,775	\$ 4,498,134	\$ 4,749,375	\$ 4,850,796
Real Property Tax Items	102,653	106,502	84,272	87,296	90,158
Non Property Tax Items	3,485,139	3,672,722	3,702,049	3,812,959	3,928,020
Departmental Income	224,721	200,509	215,517	207,561	215,588
Intergovernmental Charges	-	-	-	-	-
Use of Money & Property	67,915	59,229	50,424	44,727	41,162
Licenses and Permits	113,561	105,661	120,394	127,986	147,911
Fines and Forfeitures	141,372	143,172	136,909	131,070	141,566
Sale of Property and Compensation for Loss	76,016	54,676	87,172	26,642	11,863
Miscellaneous	37,784	68,142	90,247	87,163	132,849
Interfund Revenues	316,997	928,078	592,723	375,104	389,245
Revenues from State Sources	566,252	678,275	552,849	1,401,683	1,016,114
Revenues from Federal Sources	6,000	54,661	110,383	2,148,153	1,525,601
Total Revenues	\$ 9,292,773	\$ 10,527,402	\$ 10,241,073	\$ 13,199,719	\$ 12,490,873
EXPENDITURES					
General Government Support	\$ 1,673,978	\$ 1,848,215	\$ 2,108,917	\$ 4,913,586	\$ 3,795,980
Public Safety	3,276,727	3,342,961	3,321,333	3,287,878	3,299,297
Health	1,023	1,500	1,502	1,498	1,442
Transportation	389,218	388,565	374,134	376,217	398,135
Economic Assistance and Opportunity	18,468	18,227	16,675	16,982	16,964
Culture and Recreation	990,854	980,002	863,581	839,534	898,846
Home and Community Services	8,185	567,880	280,148	43,744	23,518
Employee Benefits	1,168,852	1,365,182	1,458,234	1,594,105	1,494,112
Debt Service	631,577	477,485	556,897	639,374	439,428
Total Expenditures	\$ 8,158,882	\$ 8,990,017	\$ 8,981,421	\$ 11,712,918	\$ 10,367,722
Excess of Revenues Over (Under) Expenditures	<u>1,133,891</u>	<u>1,537,385</u>	<u>1,259,652</u>	<u>1,486,801</u>	<u>2,123,151</u>
Other Financing Sources (Uses):					
Operating Transfers In	150,604	51,932	155,486	279,381	37,114
Appropriated Reserve	-	-	-	-	-
Operating Transfers Out	(1,674,668)	(1,778,335)	(1,760,071)	(1,862,783)	(1,925,494)
Other Budgetary Purposes	-	-	-	-	-
Total Other Financing	<u>(1,524,064)</u>	<u>(1,726,403)</u>	<u>(1,604,585)</u>	<u>(1,583,402)</u>	<u>(1,888,380)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(390,173)</u>	<u>(189,018)</u>	<u>(344,933)</u>	<u>(96,601)</u>	<u>234,771</u>
FUND BALANCE					
Fund Balance - Beginning of Year	4,457,045	4,066,872	3,877,854	3,532,920	3,436,319
Residual Equity Transfers	-	-	-	-	-
Prior Period Adjustments (net)	-	-	(1)	-	-
Fund Balance - End of Year	\$ 4,066,872	\$ 3,877,854	\$ 3,532,920	\$ 3,436,319	\$ 3,671,090

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

GENERAL FUND

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

Fiscal Years Ending December 31:	2015		2016	2017
	Adopted Budget	Actual	Adopted Budget	Adopted Budget
REVENUES				
Real Property Taxes	\$ 5,182,955	\$ 5,178,814	\$ 5,221,080	\$ 5,381,041
Real Property Tax Items	89,060	113,965	154,264	223,879
Non-Property Tax Items	3,973,000	3,939,587	4,042,740	4,172,120
Departmental Income	211,330	207,579	212,590	210,130
Intergovernmental Charges	-	-	-	-
Use of Money & Property	38,296	38,932	40,606	75,406
Licenses and Permits	111,100	109,080	111,550	112,525
Fines and Forfeitures	129,000	115,984	125,000	120,000
Sale of Property and Compensation for Loss	15,000	18,247	15,000	11,000
Miscellaneous	76,267	108,934	63,043	61,317
Interfund Revenues	266,059	278,559	268,664	228,910
Revenues from State Sources	576,988	579,058	481,972	498,549
Revenues from Federal Sources	-	128,610	-	5,512
Total Revenues	<u>\$ 10,669,055</u>	<u>\$ 10,817,351</u>	<u>\$ 10,736,509</u>	<u>\$ 11,100,389</u>
EXPENDITURES				
General Government Support	\$ 1,883,396	\$ 2,279,383	\$ 1,900,767	\$ 1,944,605
Public Safety	3,369,764	3,343,697	3,482,023	3,481,744
Health	1,500	1,500	1,500	1,500
Transportation	391,986	379,625	396,756	392,750
Economic Assistance and Opportunity	17,528	16,735	17,995	18,470
Culture and Recreation	915,104	906,669	918,025	980,959
Home and Community Services	11,997	9,788	11,437	10,984
Employee Benefits	1,567,395	1,487,588	1,465,980	3,712,100
Debt Service	438,322	438,320	486,034	554,481
Total Expenditures	<u>\$ 8,596,992</u>	<u>\$ 8,863,305</u>	<u>\$ 8,680,517</u>	<u>\$ 11,097,593</u>
Excess of Revenues Over (Under) Expenditures	<u>2,072,063</u>	<u>1,954,046</u>	<u>2,055,992</u>	<u>2,796</u>
Other Financing Sources (Uses):				
Operating Transfers In	33,000	663,136	33,000	33,000
Appropriated Reserve	-	-	-	-
Operating Transfers Out	(2,099,268)	(2,038,714)	(2,104,910)	-
Other budgetary purposes	(35,796)	-	(35,796)	(35,796)
Total Other Financing	<u>(2,102,064)</u>	<u>(1,375,578)</u>	<u>(2,107,706)</u>	<u>(2,796)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(30,001)</u>	<u>578,468</u>	<u>(51,714)</u>	<u>-</u>
FUND BALANCE				
Fund Balance - Beginning of Year	10,950	3,671,090	7,350	
Appropriated Reserves	19,051	-	44,364	
Prior Period Adjustments (net)	-	-	-	
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 4,249,558</u>	<u>\$ -</u>	<u>\$ -</u>

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

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>WATER DISTRICT FUND</u>					
Fund Equity - Beginning of Year	\$ 908,578	\$ 825,779	\$ 1,155,521	\$ 2,078,141	\$ 2,241,939
Prior Period Adjustments (net)	-	(5)	1	-	-
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	2,895,879	3,410,191	3,871,971	3,194,281	3,200,133
Expenditures & Other Uses	2,978,682	3,080,444	2,949,352	3,030,483	2,939,929
Fund Equity - End of Year	\$ 825,775	\$ 1,155,521	\$ 2,078,141	\$ 2,241,939	\$ 2,502,143
<u>SEWER DISTRICT FUND</u>					
Fund Equity - Beginning of Year	\$ 1,090,433	\$ 749,419	\$ 475,433	\$ 263,643	\$ 643,402
Prior Period Adjustments (net)	-	-	-	-	-
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	2,657,755	2,630,102	3,314,425	3,677,887	4,140,556
Expenditures & Other Uses	2,998,769	2,904,087	3,526,215	3,298,128	3,256,969
Fund Equity - End of Year	\$ 749,419	\$ 475,434	\$ 263,643	\$ 643,402	\$ 1,526,988
<u>HIGHWAY FUND - TOWN WIDE</u>					
Fund Equity - Beginning of Year	\$ 1,108,263	\$ 891,629	\$ 942,345	\$ 889,751	\$ 954,294
Prior Period Adjustments	-	-	-	-	-
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	6,492,586	6,313,547	5,439,607	5,712,343	5,439,783
Expenditures & Other Uses	6,709,220	6,262,830	5,492,201	5,647,799	5,152,671
Fund Equity - End of Year	\$ 891,629	\$ 942,346	\$ 889,751	\$ 954,294	\$ 1,241,406
<u>LIBRARY FUND</u>					
Fund Equity - Beginning of Year	\$ 307,020	\$ 217,293	\$ 161,888	\$ 145,383	\$ 82,136
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	727,733	677,523	643,986	608,679	641,833
Expenditures & Other Uses	817,460	732,929	660,491	671,927	675,264
Fund Equity - End of Year	\$ 217,293	\$ 161,887	\$ 145,383	\$ 82,136	\$ 48,705
<u>FIRE DISTRICT</u>					
Fund Equity - Beginning of Year	\$ 365,065	\$ 357,383	\$ 497,016	\$ 497,686	\$ 767,041
Prior Period Adjustments (net)	-	-	(1)	-	-
Residual Equity Transfers (net)	-	-	-	-	-
Revenues & Other Sources	1,311,370	1,377,226	1,166,587	1,130,768	1,098,837
Expenditures & Other Uses	1,319,053	1,237,594	1,165,916	861,414	807,253
Fund Equity - End of Year	\$ 357,382	\$ 497,015	\$ 497,686	\$ 767,041	\$ 1,058,628
<u>SELF INSURANCE FUND</u>					
Fund Equity - Beginning of Year	\$ 1,241,608	\$ 1,508,490	\$ 1,759,223	\$ 1,755,097	\$ 2,198,114
Prior Period Adjustments (net)	-	5	-	-	-
Revenues & Other Sources	3,268,130	3,025,197	2,998,641	3,203,270	3,410,900
Expenditures & Other Uses	3,001,248	2,774,467	3,002,769	2,760,253	3,197,693
Fund Equity - End of Year	\$ 1,508,490	\$ 1,759,225	\$ 1,755,097	\$ 2,198,114	\$ 2,411,321

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

BONDED INDEBTEDNESS

Fiscal Year Ending December 31st	Excluding the Bonds			Principal of the Bonds	Total Principal All Issues
	Principal	Interest	Total		
2017	\$ 978,550	\$ 121,484.69	\$1,100,034.69	\$ -	\$ 978,550
2018	911,050	102,070.32	1,013,120.32	108,400	1,019,450
2019	916,050	84,107.19	1,000,157.19	120,000	1,036,050
2020	845,825	65,858.44	911,683.44	120,000	965,825
2021	735,000	48,910.00	783,910.00	125,000	860,000
2022	385,000	35,966.25	420,966.25	130,000	515,000
2023	260,000	27,892.50	287,892.50	-	260,000
2024	160,000	22,381.25	182,381.25	-	160,000
2025	160,000	17,647.50	177,647.50	-	160,000
2026	150,000	12,825.00	162,825.00	-	150,000
2027	30,000	9,412.50	39,412.50	-	30,000
2028	30,000	7,350.00	37,350.00	-	30,000
2029	30,000	5,250.00	35,250.00	-	30,000
2030	30,000	3,150.00	33,150.00	-	30,000
2031	30,000	1,050.00	31,050.00	-	30,000
TOTALS	\$ 5,651,475	\$ 565,355.63	\$6,216,830.63	\$ 603,400	\$ 6,254,875

CURRENT BONDS OUTSTANDING - TOWN

Fiscal Year Ending Dec 31st	1980			2011A			2014			2016		
	Various Water 7 Ext 3			Various Purposes			Various Purposes			Various Projects		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 1,050	\$ 149.06	\$ 1,199.06	\$ 95,000	\$ 14,545.00	\$ 109,545.00	\$ 125,000	\$ 14,162.50	\$ 139,162.50	\$ 147,500	\$ 15,674.81	\$ 163,174.81
2018	1,050	109.69	1,159.69	95,000	11,932.50	106,932.50	125,000	11,350.00	136,350.00	145,000	8,120.00	153,120.00
2019	1,050	70.31	1,120.31	95,000	8,987.50	103,987.50	125,000	8,459.38	133,459.38	145,000	5,872.50	150,872.50
2020	825	30.94	855.94	95,000	5,710.00	100,710.00	90,000	5,850.00	95,850.00	145,000	3,534.38	148,534.38
2021	-	-	-	100,000	2,000.00	102,000.00	90,000	3,600.00	93,600.00	145,000	1,178.13	146,178.13
2022	-	-	-	-	-	-	90,000	1,237.50	91,237.50	-	-	-
TOTALS	\$ 3,975	\$ 360.00	\$ 4,335.00	\$ 480,000	\$ 43,175.00	\$ 523,175.00	\$ 645,000	\$ 44,659.38	\$ 689,659.38	\$ 727,500	\$ 34,379.82	\$ 761,879.82

Fiscal Year Ending Dec 31st	2011B			2012			2013			2013		
	Various Purposes			Various Purposes			Refunding of 2006 Bonds			Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 30,000	\$ 27,817.50	\$ 57,817.50	\$ 55,000	\$ 7,666.88	\$ 62,666.88	\$ 375,000	\$ 40,662.50	\$ 415,662.50	\$ 150,000	\$ 16,481.25	\$ 166,481.25
2018	30,000	26,055.00	56,055.00	55,000	6,360.63	61,360.63	310,000	31,937.50	341,937.50	150,000	14,325.00	164,325.00
2019	30,000	24,255.00	54,255.00	60,000	4,897.50	64,897.50	310,000	25,737.50	335,737.50	150,000	11,700.00	161,700.00
2020	30,000	22,455.00	52,455.00	60,000	3,225.00	63,225.00	270,000	19,937.50	289,937.50	155,000	8,650.00	163,650.00
2021	30,000	20,655.00	50,655.00	60,000	1,417.50	61,417.50	155,000	15,687.50	170,687.50	155,000	5,550.00	160,550.00
2022	30,000	18,855.00	48,855.00	15,000	236.25	15,236.25	150,000	12,637.50	162,637.50	100,000	3,000.00	103,000.00
2023	30,000	17,055.00	47,055.00	-	-	-	130,000	9,837.50	139,837.50	100,000	1,000.00	101,000.00
2024	30,000	15,225.00	45,225.00	-	-	-	130,000	7,156.25	137,156.25	-	-	-
2025	30,000	13,335.00	43,335.00	-	-	-	130,000	4,312.50	134,312.50	-	-	-
2026	30,000	11,400.00	41,400.00	-	-	-	120,000	1,425.00	121,425.00	-	-	-
2027	30,000	9,412.50	39,412.50	-	-	-	-	-	-	-	-	-
2028	30,000	7,350.00	37,350.00	-	-	-	-	-	-	-	-	-
2029	30,000	5,250.00	35,250.00	-	-	-	-	-	-	-	-	-
2030	30,000	3,150.00	33,150.00	-	-	-	-	-	-	-	-	-
2031	30,000	1,050.00	31,050.00	-	-	-	-	-	-	-	-	-
TOTALS	\$ 450,000	\$ 223,320.00	\$ 673,320.00	\$ 305,000	\$ 23,803.75	\$ 328,803.75	\$ 2,080,000	\$ 169,331.25	\$ 2,249,331.25	\$ 960,000	\$ 60,706.25	\$ 1,020,706.25

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

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 April 27, 2017 of the Town relating to the Bonds under the headings "THE TOWN", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDICES – C, D, F & G" and other than 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, 2016, 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, 2016; 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.

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 the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or 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.

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.

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

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

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

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

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

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

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

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

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

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

FINANCIAL REPORT

For the Year Ended December 31, 2015

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

TOWN OF VESTAL

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INDEPENDENT AUDITOR'S REPORT

Town Board
Town of Vestal
Vestal, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the funds of the Town of Vestal as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Town of Vestal. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by the Town of Vestal, on the regulatory basis of accounting and budget laws of New York State, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Office of the State Comptroller.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Vestal as of December 31, 2015, and the respective changes in its financial position, or, where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Town of Vestal as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows and budgetary results for the year then ended, on the regulatory basis accounting and budget laws of New York State as described in Note 1.

Other Matters

Other Information

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

The Schedule of Nonspendable, Restricted, and Assigned Fund Balance - Governmental Funds, Schedule of Town Contributions - NYSLRS Pension Plans, and Schedule of Town’s Proportionate Share of the Net Pension (Asset) Liability is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2016 on our consideration of the Town of Vestal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Vestal's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Town of Vestal as of December 31, 2014 were audited by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP who merged with Insero & Co. CPAs, LLP as of January 1, 2016, and whose report dated September 27, 2015 expressed an unmodified opinion on those statements.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 22, 2016

TOWN OF VESTAL

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Special Revenue Funds				
	General Townwide Fund	Public Library Fund	Special District Funds		
			Drainage Fund	Lighting Fund	Fire Fund
ASSETS					
Assets:					
Cash and cash equivalents - Unrestricted	\$ 1,056,878	\$ 51,691	\$ 321	\$ 80,128	\$ 395,220
Temporary investments					35,903
Taxes receivable, net					
Due from other funds	2,126				
Due from state and federal governments	12,837	833			
Due from other governments	954,274				
Prepaid expenses	311,956	9,013			1,523
Other receivables, net	121,728				1,066
Restricted cash and cash equivalents	1,640,658				666,299
Restricted investments	410,075				
Total Assets	\$ 4,510,532	\$ 61,537	\$ 321	\$ 80,128	\$ 1,100,011
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 88,120	\$ 4,448	\$ -	\$ 4,715	\$ 39,728
Accrued liabilities	168,199	6,258			1,660
Due to other funds		2,126			
Bond Anticipation Notes payable					
Unearned revenues	4,655				
Total Liabilities	260,974	12,832	-	4,715	41,388
Fund Balances:					
Nonspendable	311,956	9,013			1,523
Restricted	2,061,946		6		666,299
Assigned	156,502	39,692	315	75,413	390,801
Unassigned	1,719,154				
Total Fund Balances (Deficit)	4,249,558	48,705	321	75,413	1,058,623
Total Liabilities and Fund Balances	\$ 4,510,532	\$ 61,537	\$ 321	\$ 80,128	\$ 1,100,011

See Independent Auditor's Report and Notes to Financial Statements

Special Revenue Funds

Special District Funds		Highway	Special	Other	Capital	Debt	Total
Sewer	Water	Townwide	Grant	Special	Projects	Service	Governmental
Fund	Fund	Fund	Fund	Revenue	Fund	Fund	Funds
\$ 606,940	\$ 1,185,260	\$ 540,873	\$	\$	\$ 684,290	\$	\$ 4,601,601
	99,469						135,372
						12,525	12,525
							2,126
		53,268					66,938
1,513	628	596,560					1,552,975
	34,859	63,881					421,232
1,044,117	806,815	5,792					1,979,518
212,809	570,895	56,612	46,811	27,130		149	3,221,363
							410,075
<u>\$ 1,865,379</u>	<u>\$ 2,697,926</u>	<u>\$ 1,316,986</u>	<u>\$ 46,811</u>	<u>\$ 27,130</u>	<u>\$ 684,290</u>	<u>\$ 12,674</u>	<u>\$ 12,403,725</u>
\$ 142,488	\$ 52,092	\$ 37,866	\$	\$ 232	\$ 269,607	\$	\$ 639,296
	25,247	37,715					239,079
							2,126
					11,129,000		11,129,000
195,903	118,443					12,525	331,526
338,391	195,782	75,581	-	232	11,398,607	12,525	12,341,027
	34,859	63,881					421,232
247,333	570,895	56,612	46,811	26,898		149	3,676,949
1,279,655	1,896,390	1,120,912					4,959,680
					(10,714,317)		(8,995,163)
1,526,988	2,502,144	1,241,405	46,811	26,898	(10,714,317)	149	62,698
<u>\$ 1,865,379</u>	<u>\$ 2,697,926</u>	<u>\$ 1,316,986</u>	<u>\$ 46,811</u>	<u>\$ 27,130</u>	<u>\$ 684,290</u>	<u>\$ 12,674</u>	<u>\$ 12,403,725</u>

TOWN OF VESTAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	General Townwide Fund	Public Library Fund	Special District Funds		
			Drainage Fund	Lighting Fund	Fire Fund
REVENUES					
Real property taxes	\$ 5,178,814	\$ 530,246	\$	\$ 244,444	\$ 1,085,051
Real property tax items	113,967	8,476	99,703		
Nonproperty tax items	3,939,587				
Departmental income	207,579	13,146			
Intergovernmental charges					
Use of money and property	38,932	6,497		118	11,217
Licenses and permits	109,080				
Fines and forfeitures	115,984				
Sale of property and compensation for loss	18,247	2,277		3,032	569
Miscellaneous local sources	108,934	71,114			500
Interfund revenues	278,559				
State sources	579,058	10,077			
Federal sources	128,610				1,500
Total Revenues	10,817,351	641,833	99,703	247,594	1,098,837
EXPENDITURES					
Current:					
General government support	2,279,383				
Public safety	3,343,697				582,178
Health	1,500				
Transportation	379,625			245,882	
Economic assistance and opportunity	16,735				
Culture and recreation	906,669	556,386			
Home and community services	9,788		99,423		
Employee benefits	1,487,588	71,891			155,655
Debt service:					
Principal	391,358				45,000
Interest	46,962				3,443
Capital outlay					
Total Expenditures	8,863,305	628,277	99,423	245,882	786,276
Excess of Revenues (Expenditures)	1,954,046	13,556	280	1,712	312,561
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	663,136				
Interfund transfers (out)	(2,038,714)	(46,987)			(20,979)
Proceeds of obligations					
Total Other Financing (Uses) Sources	(1,375,578)	(46,987)	-	-	(20,979)
Net Changes in Fund Balances	578,468	(33,431)	280	1,712	291,582
Fund Balances (Deficit), Beginning of Year	3,671,090	82,136	41	73,701	767,041
Fund Balances (Deficit), End of Year	\$ 4,249,558	\$ 48,705	\$ 321	\$ 75,413	\$ 1,058,623

See Independent Auditor's Report and Notes to Financial Statements

Special Revenue Funds

Special District Funds		Highway Townwide Fund	Special Grant Fund	Other Special Revenues	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Sewer Fund	Water Fund						
\$ 489,594	\$ 327,119	\$ 2,500,318	\$	\$	\$	\$ 19,694	\$ 10,375,280
		39,954					262,100
		2,371,400					6,310,987
3,036,812	2,567,992						5,825,529
		14,060					14,060
488	7,805	1,330	11	13	407	5	66,823
							109,080
							115,984
	192	113,459					137,726
613,662	57,721	58,590		1,048			911,569
	239,304	99,192					617,055
		241,337			57,909		888,381
					203,043		338,153
4,140,556	3,200,133	5,439,640	11	1,061	266,359	19,699	25,972,777
							2,279,383
				350			3,926,225
							1,500
		2,840,999					3,466,506
							16,735
				1,011			1,464,066
3,210,300	1,823,428						5,142,939
	249,852	516,961					2,481,947
42,124	457,422	981,261				19,750	1,936,915
4,545	69,652	106,855				359	231,816
					1,762,381		1,762,381
3,256,969	2,600,354	4,446,076	-	1,361	1,762,381	20,109	22,710,417
883,587	599,779	993,564	11	(300)	(1,496,022)	(410)	3,262,364
		141					663,277
	(339,574)	(706,595)			(630,278)		(3,783,127)
					934,000		934,000
	(339,574)	(706,454)			303,722		(2,185,850)
883,587	260,205	287,110	11	(300)	(1,192,300)	(410)	1,076,514
643,401	2,241,939	954,295	46,800	27,198	(9,522,017)	559	(1,013,816)
\$ 1,526,988	\$ 2,502,144	\$ 1,241,405	\$ 46,811	\$ 26,898	\$ (10,714,317)	\$ 149	\$ 62,698

TOWN OF VESTAL
BUDGETARY COMPARISON SCHEDULE
GENERAL - TOWNWIDE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Real property taxes	\$ 5,182,955	\$ 5,182,955	\$ 5,178,814
Real property tax items	89,060	109,060	113,967
Nonproperty tax items	3,973,000	3,940,500	3,939,587
Departmental income	211,330	211,330	207,579
Use of money and property	38,296	38,296	38,932
Licenses and permits	111,100	111,100	109,080
Fines and forfeitures	129,000	129,000	115,984
Sale of property and compensation for loss	15,000	15,000	18,247
Miscellaneous local sources	76,267	79,887	108,934
Interfund revenues	266,059	278,559	278,559
State sources	576,988	491,007	579,058
Federal sources		143,559	128,610
Total Revenues	<u>10,669,055</u>	<u>10,730,253</u>	<u>10,817,351</u>
EXPENDITURES			
Current:			
General governmental support	1,883,396	2,368,322	2,279,383
Public safety	3,369,764	3,419,472	3,343,697
Health	1,500	1,500	1,500
Transportation	391,986	394,786	379,625
Economic assistance and opportunity	17,528	17,738	16,735
Culture and recreation	915,104	965,217	906,669
Home and community services	11,997	11,997	9,788
Employee benefits	1,603,191	1,558,018	1,487,588
Debt service (principal and interest)	<u>438,322</u>	<u>438,322</u>	<u>438,320</u>
Total Expenditures	<u>8,632,788</u>	<u>9,175,372</u>	<u>8,863,305</u>
Excess of Revenues	<u>2,036,267</u>	<u>1,554,881</u>	<u>1,954,046</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	33,000	369,851	663,136
Interfund transfers (out)	(2,099,268)	(2,038,718)	(2,038,714)
Total Other Financing (Uses) Sources	<u>(2,066,268)</u>	<u>(1,668,867)</u>	<u>(1,375,578)</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(30,001)</u>	<u>(113,986)</u>	<u>578,468</u>
Appropriated Fund Balance	<u>30,001</u>	<u>113,986</u>	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>578,468</u>
Fund Balance, Beginning of Year			<u>3,671,090</u>
Fund Balance, End of Year			<u>\$ 4,249,558</u>

See Independent Auditor's Report and Notes to Financial Statements

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$ _____	\$ (4,141)
_____	4,907
_____	(913)
_____	(3,751)
_____	636
_____	(2,020)
_____	(13,016)
_____	3,247
_____	29,047
_____	-0-
_____	88,051
_____	(14,949)
_____	87,098
_____	_____
_____	_____
18,904	70,035
12,038	63,737
_____	-
_____	15,161
_____	1,003
31,710	26,838
_____	2,209
_____	70,430
_____	2
62,652	249,413
_____	_____
(62,652)	336,513
_____	_____
_____	293,285
_____	4
-	293,289
_____	_____
\$ (62,652)	\$ 629,802

TOWN OF VESTAL
BUDGETARY COMPARISON SCHEDULE
PUBLIC LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Fav. (Unfav.) Variance</u>
REVENUES				
Real property taxes	\$ 530,630	\$ 530,630	\$ 530,246	\$ (384)
Real property tax items	6,354	6,354	8,476	2,122
Departmental income	14,000	14,000	13,146	(854)
Use of money and property	7,000	7,000	6,497	(503)
Sale of property and compensation for loss	3,000	3,000	2,277	(723)
Miscellaneous local sources	69,450	69,450	71,114	1,664
State sources	8,642	10,385	10,077	(308)
Total Revenues	<u>639,076</u>	<u>640,819</u>	<u>641,833</u>	<u>1,014</u>
EXPENDITURES				
Current:				
Culture and recreation	556,372	562,980	556,386	6,594
Employee benefits	73,044	73,044	71,891	1,153
Total Expenditures	<u>629,416</u>	<u>636,024</u>	<u>628,277</u>	<u>7,747</u>
Excess of Revenues (Expenditures)	<u>9,660</u>	<u>4,795</u>	<u>13,556</u>	<u>8,761</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers (out)	(49,660)	(49,660)	(46,987)	2,673
Total Other Financing (Uses) Sources	<u>(49,660)</u>	<u>(49,660)</u>	<u>(46,987)</u>	<u>2,673</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(40,000)</u>	<u>(44,865)</u>	<u>(33,431)</u>	<u>\$ 11,434</u>
Appropriated Reserves	40,000	44,865		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(33,431)</u>	
Fund Balance, Beginning of Year			<u>82,136</u>	
Fund Balance, End of Year			<u>\$ 48,705</u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL
BUDGETARY COMPARISON SCHEDULE
SPECIAL DISTRICT FUND - DRAINAGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Real property tax items	\$ 99,075	\$ 99,075	\$ 99,703	\$ 628
Use of money and property	657	657		(657)
Total Revenues	99,732	99,732	99,703	(29)
EXPENDITURES				
Current:				
Home and community services	99,732	99,732	99,423	309
Total Expenditures	99,732	99,732	99,423	309
Excess of Revenues	\$ -	\$ -	280	\$ 280
Fund Balance, Beginning of Year			41	
Fund Balance, End of Year			\$ 321	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - LIGHTING FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Fav. (Unfav.) Variance</u>
REVENUES				
Real property taxes	\$ 245,800	\$ 245,800	\$ 244,444	\$ (1,356)
Use of money and property			118	118
Miscellaneous local sources			3,032	3,032
Total Revenues	<u>245,800</u>	<u>245,800</u>	<u>247,594</u>	<u>1,794</u>
EXPENDITURES				
Current:				
Transportation	254,400	254,400	245,882	8,518
Total Expenditures	<u>254,400</u>	<u>254,400</u>	<u>245,882</u>	<u>8,518</u>
Excess of Revenues	<u>(8,600)</u>	<u>(8,600)</u>	<u>1,712</u>	<u>\$ 10,312</u>
Appropriated Fund Balance	<u>8,600</u>	<u>8,600</u>		
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	<u>1,712</u>	
Fund Balance, Beginning of Year			<u>73,701</u>	
Fund Balance, End of Year			<u>\$ 75,413</u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - FIRE FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget
REVENUES		
Real property taxes	\$ 1,089,725	\$ 1,089,725
Use of money and property	<u>10,500</u>	<u>10,500</u>
Sale of property and compensation for loss	<u> </u>	<u> </u>
Miscellaneous local sources	<u> </u>	<u> </u>
Federal sources	<u> </u>	<u>1,500</u>
Total Revenues	<u>1,100,225</u>	<u>1,101,725</u>
EXPENDITURES		
Current:		
Public safety	<u>828,430</u>	<u>893,457</u>
Employee benefits	<u>261,150</u>	<u>261,150</u>
Debt service (principal and interest)	<u>48,443</u>	<u>48,443</u>
Total Expenditures	<u>1,138,023</u>	<u>1,203,050</u>
 Excess of Revenues (Expenditures)	 <u>(37,798)</u>	 <u>(101,325)</u>
OTHER FINANCING SOURCES (USES)		
Interfund transfers (out)	<u>(42,995)</u>	<u>(42,995)</u>
Total Other Financing (Uses) Sources	<u>(42,995)</u>	<u>(42,995)</u>
 Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	 <u>(80,793)</u>	 <u>(144,320)</u>
 Appropriated Fund Balance	 <u>80,793</u>	 <u>144,320</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>
 Fund Balance, Beginning of Year		
 Fund Balance, End of Year		

See Independent Auditor's Report and Notes to Financial Statements

<u>Actual</u>	<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$ 1,085,051	\$	\$ (4,674)
11,217		717
569		569
500		500
1,500		-
1,098,837	-	(2,888)
582,178	83,855	227,424
155,655		105,495
48,443		-
786,276	83,855	332,919
312,561	(83,855)	330,031
(20,979)		22,016
(20,979)	-	22,016
291,582	\$ (83,855)	\$ 352,047
291,582		
767,041		
\$ 1,058,623		

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Fav. (Unfav.) Variance</u>
REVENUES				
Real property taxes	\$ 489,613	\$ 489,613	\$ 489,594	\$ (19)
Departmental income	2,835,000	2,835,000	3,036,812	201,812
Use of money and property	100	100	488	388
Miscellaneous local sources			613,662	613,662
Total Revenues	<u>3,324,713</u>	<u>3,324,713</u>	<u>4,140,556</u>	<u>815,843</u>
EXPENDITURES				
Current:				
Home and community services	3,281,839	3,451,239	3,210,300	240,939
Debt service (principal and interest)	<u>46,670</u>	<u>46,670</u>	<u>46,669</u>	<u>1</u>
Total Expenditures	<u>3,328,509</u>	<u>3,497,909</u>	<u>3,256,969</u>	<u>240,940</u>
Excess of Revenues	<u>(3,796)</u>	<u>(173,196)</u>	883,587	<u>\$ 1,056,783</u>
Appropriated Reserves	<u>3,796</u>	<u>173,196</u>		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>883,587</u>	
Fund Balance, Beginning of Year			<u>643,401</u>	
Fund Balance, End of Year			<u>\$ 1,526,988</u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - WATER FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Real property taxes	\$ 327,178	\$ 327,178	\$ 327,119	\$ (59)
Departmental income	2,654,965	2,654,965	2,567,992	(86,973)
Use of money and property	6,000	6,000	7,805	1,805
Sale of property and compensation for loss			192	192
Miscellaneous local sources			57,721	57,721
Interfund revenues	239,304	239,304	239,304	-
Total Revenues	<u>3,227,447</u>	<u>3,227,447</u>	<u>3,200,133</u>	<u>(27,314)</u>
EXPENDITURES				
Current:				
Home and community services	2,094,465	2,201,444	1,823,428	378,016
Employee benefits	283,385	283,385	249,852	33,533
Debt service (principal and interest)	526,554	527,074	527,074	-
Total Expenditures	<u>2,904,404</u>	<u>3,011,903</u>	<u>2,600,354</u>	<u>411,549</u>
Excess of Revenues	323,043	215,544	599,779	384,235
OTHER FINANCING (USES) SOURCES				
Interfund transfers (out)	(349,120)	(349,120)	(339,574)	9,546
Total Other Financing (Uses) Sources	<u>(349,120)</u>	<u>(349,120)</u>	<u>(339,574)</u>	<u>9,546</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(26,077)</u>	<u>(133,576)</u>	<u>260,205</u>	<u>\$ 393,781</u>
Appropriated Reserves	26,077	133,576		
Net Change in Fund Balance	\$ -	\$ -	260,205	
Fund Balance, Beginning of Year			2,241,939	
Fund Balance, End of Year			<u>\$ 2,502,144</u>	

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE HIGHWAY TOWNWIDE FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget
REVENUES		
Real property taxes	\$ 2,501,312	\$ 2,501,312
Real property tax items	28,989	28,989
Nonproperty tax items	2,371,400	2,371,400
Intergovernmental charges	14,060	14,060
Use of money and property	1,200	1,200
Sale of property and compensation for loss	10,500	91,503
Miscellaneous local sources		
Interfund revenues	99,192	99,192
State sources	241,090	241,338
Total Revenues	5,267,743	5,348,994
EXPENDITURES		
Current:		
Transportation	2,974,878	3,099,302
Employee benefits	565,385	545,385
Debt service (principal and interest)	1,088,117	1,088,117
Total Expenditures	4,628,380	4,732,804
Excess of Revenues (Expenditures)	639,363	616,190
OTHER FINANCING (USES) SOURCES		
Interfund transfers in		
Interfund transfers (out)	(732,000)	(717,000)
Total Other Financing (Uses) Sources	(732,000)	(717,000)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(92,637)	(100,810)
Appropriated Fund Balance	92,637	100,810
Net Change in Fund Balance	\$ -	\$ -
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report and Notes to Financial Statements

<u>Actual</u>	<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$ 2,500,318	\$	\$ (994)
39,954		10,965
2,371,400		-
14,060		-
1,330		130
113,459		21,956
58,590		58,590
99,192		-
241,337		(1)
5,439,640	-	90,646
2,840,999	82,014	176,289
516,961		28,424
1,088,116		1
4,446,076	82,014	204,714
993,564	(82,014)	295,360
141		141
(706,595)		10,405
(706,454)	-	10,546
287,110	\$ (82,014)	\$ 305,906
287,110		
954,295		
\$ 1,241,405		

TOWN OF VESTAL

**BALANCE SHEET
INTERNAL SERVICE FUND
DECEMBER 31, 2015**

ASSETS

Assets:

Cash and cash equivalents - Unrestricted	\$ <u>2,431,591</u>
Prepaid expenses	<u>159,610</u>

Total Assets	\$ <u><u>2,591,201</u></u>
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LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ <u>179,880</u>
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Total Liabilities	<u>179,880</u>
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Net Assets:

Assigned	<u>2,411,321</u>
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Total Net Assets	<u>2,411,321</u>
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Total Liabilities and Net Assets	\$ <u><u>2,591,201</u></u>
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See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INTERNAL SERVICE FUND FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES

Sale of property and compensation for loss	\$ <u>8,256</u>
Miscellaneous local sources	<u>281,081</u>

Total Revenues	<u>289,337</u>
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OPERATING EXPENSES

Current:

General governmental support	<u>458,861</u>
Employee benefits	<u>2,738,832</u>

Total Expenses	<u>3,197,693</u>
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Excess of (Operating Expenses)	<u>(2,908,356)</u>
---------------------------------------	--------------------

NON-OPERATING REVENUES

Interfund transfers in	<u>3,119,850</u>
Use of money and property	<u>1,713</u>

Total Non-Operating Revenues	<u>3,121,563</u>
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Net Change in Net Assets	<u>213,207</u>
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Net Assets, Beginning of Year	<u>2,198,114</u>
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Net Assets, End of Year	\$ <u><u>2,411,321</u></u>
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See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities:	
Other operating revenue	\$ <u>297,450</u>
Cash payments - Contractual	<u>(523,171)</u>
Cash payments - Hospital and medical	<u>(2,776,059)</u>
Net Cash (Used) by Operating Activities	<u>(3,001,780)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash received from other funds	<u>3,119,850</u>
Net Cash Provided by Non-capital Financing Activities	<u>3,119,850</u>
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>
Cash Flows from Investing Activities:	
Interest income received	<u>1,713</u>
Net Cash Provided by Investing Activities	<u>1,713</u>
NET CHANGE IN CASH EQUIVALENTS	<u>119,783</u>
Cash and Cash Equivalents, January 1, 2015	<u>2,311,808</u>
Cash and Cash Equivalents, December 31, 2015	\$ <u>2,431,591</u>
Reconciliation of Income from Operations to Net Cash (Used) by Operating Activities:	
Loss from operations	\$ <u>(2,908,356)</u>
Decrease in other receivables	<u>8,113</u>
(Increase) in prepaid expenses	<u>(64,310)</u>
(Decrease) in accounts payable	<u>(37,227)</u>
Net Cash (Used) by Operating Activities	\$ <u>(3,001,780)</u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2015

	<u>Agency Fund</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Cash:		
Unrestricted	\$ <u>10,816</u>	\$ <u>79,739</u>
Restricted investments		<u>2,351,668</u>
Total Assets	\$ <u>10,816</u>	<u>2,431,407</u>
 LIABILITIES		
Other liabilities	\$ <u>10,816</u>	<u>930</u>
Total Liabilities	\$ <u>10,816</u>	<u>930</u>
 NET ASSETS		
Restricted for fire service awards		<u>2,430,477</u>
Total Net Assets		\$ <u>2,430,477</u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2015

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Investment earnings	\$ <u>(13,729)</u>
Total Additions	<u>(13,729)</u>
DEDUCTIONS	
General government support	<u>95,188</u>
Net Deductions	(108,917)
OTHER ADDITIONS AND DEDUCTIONS	
Interfund revenues	<u>21,808</u>
Change in Net Assets	(87,109)
Net Assets - Beginning of Year	<u>2,517,586</u>
Net Assets - End of Year	\$ <u><u>2,430,477</u></u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

SCHEDULE OF NONCURRENT ASSETS AND LIABILITIES DECEMBER 31, 2015

NONCURRENT GOVERNMENT ASSETS

Land	\$ 9,304,585
Improvements	4,228,173
Buildings	20,494,214
Machinery and equipment	21,684,601
Accumulated Depreciation - Improvements	(1,484,902)
Accumulated Depreciation - Buildings	(12,586,700)
Accumulated Depreciation - Machinery and equipment	(15,279,996)
Total Noncurrent Government Assets	\$ 26,359,975

DEFERRED OUTFLOWS OF RESOURCES

Pensions	\$ 1,336,401
Total Deferred Outflows of Resources	\$ 1,336,401

NONCURRENT GOVERNMENT LIABILITIES

Net pension liability	\$ 768,017
Bonds payable	5,835,025
Total Noncurrent Government Liabilities	\$ 6,603,042

DEFERRED INFLOWS OF RESOURCES

Pensions	\$ 46,371
Total Deferred Inflows of Resources	\$ 46,371

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF VESTAL

SCHEDULE OF NONSPENDABLE, RESTRICTED AND ASSIGNED FUND BALANCE GOVERNMENTAL FUNDS DECEMBER 31, 2015

	General Townwide Fund	Public Library Fund	Special District Funds		
			Drainage Fund	Lighting Fund	Fire Fund
Nonspendable:					
Prepaid expenses	\$ 311,956	\$ 9,013	\$ -	\$ -	\$ 1,523
Total Nonspendable	<u>\$ 311,956</u>	<u>\$ 9,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,523</u>
Restricted:					
Insurance	\$ 1,885,187	\$ -	\$ -	\$ -	\$ -
General	15,866				
Capital projects	61,750				628,096
Debt service	56,136		6		2,232
Other restricted	25,575				
Repairs	17,432				35,971
Special grant projects					
Total Restricted	<u>\$ 2,061,946</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 666,299</u>
Assigned:					
Fund balance appropriated for next years' budget	\$ 93,850	\$ 8,050	\$ -	\$ 8,600	\$ 60,564
Encumbrances for:					
General governmental support	18,904				
Public safety	12,038				83,855
Transportation					
Culture and recreation	31,710				
Home and community services					
Total Encumbrances	<u>62,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,855</u>
Remaining fund balance		<u>31,642</u>	<u>315</u>	<u>66,813</u>	<u>246,382</u>
Total Assigned	<u>\$ 156,502</u>	<u>\$ 39,692</u>	<u>\$ 315</u>	<u>\$ 75,413</u>	<u>\$ 390,801</u>

See Independent Auditor's Report and Notes to Financial Statements

Special Revenue Funds							Total Governmental Funds
Special District Funds	Highway Townwide Fund	Special Grant Fund	Other Special Revenues	Capital Projects Fund	Debt Service Fund		
Sewer Fund	Water Fund						
\$	\$ 34,859	\$ 63,881	\$	\$	\$	\$	\$ 421,232
\$	\$ 34,859	\$ 63,881	\$ -	\$ -	\$ -	\$ -	\$ 421,232
\$	\$	\$	\$	\$	\$	\$	\$ 1,885,187
							15,866
244,788	517,525						1,452,159
2,545	53,370	56,612				149	171,050
				26,898			52,473
							53,403
			46,811				46,811
\$ 247,333	\$ 570,895	\$ 56,612	\$ 46,811	\$ 26,898	\$ -	\$ 149	\$ 3,676,949
\$	\$ 101,364	\$ 40,000	\$	\$	\$	\$	\$ 312,428
							18,904
		82,014					95,893
							82,014
							31,710
							-
		82,014	-	-	-	-	228,521
1,279,655	1,795,026	998,898					4,418,731
\$ 1,279,655	\$ 1,896,390	\$ 1,120,912	\$ -	\$ -	\$ -	\$ -	\$ 4,959,680

TOWN OF VESTAL

SCHEDULE OF THE TOWN'S CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 2 FISCAL YEARS

	<u>2015</u>	<u>2014</u>
Contractually required contribution		
ERS	\$ 933,277	\$ 856,505
PFRS	560,060	696,727
Contributions in relation to the contractually required contribution		
ERS	(933,277)	(856,505)
PFRS	(560,060)	(696,727)
Contribution deficiency (excess)		
ERS	-0-	-0-
PFRS	-0-	-0-
Town's covered-employee payroll for year ending December 31,		
ERS	4,507,117	4,511,444
PFRS	2,330,830	2,323,436
Contributions as a percentage of covered-employee payroll		
ERS	20.7%	19.0%
PFRS	24.0%	30.0%

See Independent Auditor's Report and Notes to Required Supplementary Information

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

		<u>2015</u>
Town's proportion of the net pension (asset) liability	ERS	0.0172%
	PFRS	0.0680%
Town's proportionate share of the net pension (asset) liability	ERS	\$ 580,736
	PFRS	<u>187,281</u>
		768,017
Town's covered-employee payroll	ERS	4,555,829
	PFRS	<u>2,287,412</u>
		6,843,241
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	ERS	12.7%
	PFRS	8.2%
Plan fiduciary net position as a percentage of the total pension (asset) liability	ERS	97.9%
	PFRS	99.0%

See Independent Auditor's Report and Notes to Required Supplementary Information

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies

The financial statements of the Town of Vestal (the Town) have been prepared in conformity with the accounting principles prescribed by the New York State Office of the State Comptroller, and are not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States. The financial statements do not include a Statement of Net Position or a Statement of Activities for the Governmental Activities, prepared on the accrual basis of accounting, or a Management's Discussion and Analysis. The more significant of the Town's accounting policies are described below.

Financial Reporting Entity

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

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

All Governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus."

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Fire District

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

Public Library

The Vestal Public Library (Library) was established in 1949 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Library Trustees are appointed by the Town Board. Taxes for Library purposes are raised by the Town and title to real property used by the Library is held by the Town, who also issues all Library indebtedness which is supported by the full faith and credit of the Town. The Library is included in the reporting entity as a separate Governmental Fund. See Note 15 regarding changes to the reporting of the Public Library.

Emergency Squad

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

In 2006, the Town constructed a new building which houses the emergency squad's operations. In accordance with a written agreement, VVES, Inc. reimburses the Town for the debt service costs on the \$768,500 in notes issued and remains responsible for certain repair and maintenance costs. At December 31, 2015, \$480,000 remained outstanding on this debt.

Fund Accounting

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Fund Accounting - Continued

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

Fund Categories

Governmental Fund Types

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

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

The following Special Revenue Funds are utilized:

- **Public Library Fund** - Established to account for activities of the Town of Vestal Public Library.
- **Special District Funds** - Established by the Town to account for activities in the following areas: Drainage, Lighting, Fire, Sewer, and Water.
- **Highway Townwide Fund** - Established pursuant to Highway Law, Section 141, to account for revenues and expenditures for highway purposes.
- **Special Grant Fund** - Accounts for proceeds of a specific revenue source, expenditures for which are legally restricted for purposes specified in the grant agreements.
- **Other Special Revenues** - Accounts for other special revenue funds.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Fund Accounting - Continued

- **Capital Projects Fund**
Used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment.
- **Debt Service Fund**
Used to account for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

Proprietary Funds

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

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

Fiduciary Fund Types

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

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

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Basis of Accounting/Measurement Focus - Continued

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

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

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

Expenditures are recorded when incurred except:

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

Basis

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Property Taxes

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

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

Budget Policies - The budget policies are as follows:

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

Encumbrances

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Budgetary Basis of Accounting

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

Cash and Cash Equivalents

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

Investments

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

Restricted investments consist of U.S. Treasury investments and are stated at fair value.

Vacation, Sick Leave, and Compensatory Absences

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Vacation, Sick Leave, and Compensatory Absences - Continued

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

Vested valuation and compensation time is recorded as a liability and expenditure in the Governmental Funds. The liability for compensated absences as of December 31, 2015 equals \$107,666.

Property, Plant, and Equipment

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

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

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Insurance

The Town maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. The Town is self-insured for general liability, public officials' liability, law enforcement liability and other court ordered settlements. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. In the last six years, paid losses for claims totaled \$654,219, which were paid from the insurance reserve fund. Claims of \$374,351 were paid for court ordered assessment settlements. Legal fees and expenses incurred to defend general liability claims totaled approximately \$311,340 over that same period. Legal and professional fees included for assessment challenges are paid from general appropriations and are not included above. Contributions are made to the insurance reserve annually via real property taxes levied, interest earnings and an interfund transfer.

Use of Estimates

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

Post-employment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage for eligible retirees. Current retirees with health insurance coverage consist of full-time employees who had been employed by the Town for at least ten years and were age 55 or older (except for police officers, who have no age limit) at the time of retirement from Town employment. Coverage as of December 31, 2015 included 94 retirees, some having family coverage. During 2015, \$968,234 was paid into the health insurance fund in the form of a premium equivalent on behalf of the retirees. This cost is reported as part of interfund transfers to the health insurance internal service fund from the operating fund that employed the retiree as follows: \$688,250 in the General Fund, \$9,250 in the Public Library Fund, \$210,608 in the Highway Town-wide Fund, and \$60,126 in the Special District - Consolidated Water Fund. Effective May 1, 2012, Medicare eligible retirees receive insurance benefits through a Medicare Advantage insurance policy.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Post-Employment Benefits - Continued

In addition, retirees and their spouses are reimbursed for Medicare premiums paid. Those retirees that were represented by the Police Benevolent Association are paid the full Medicare premium. All others are paid up to a maximum of \$88.50 per person per month. Medicare premium reimbursements are recorded as expenditures in the health insurance internal service fund. These expenditures total \$94,894 in 2015. The spousal benefit terminates upon the death of the retiree.

Upon retirement, retirees are entitled to a \$5,000 life insurance death benefit. In some instances, when an employee is within five years of their retirement age and has at least ten years of service with the Town, the Town starts funding a retired lives reserve benefit consisting of a paid up \$5,000 life insurance policy that is given to each respective employee upon retirement or when the paid up policy is fully funded, whichever is later. Cost of funding the retired lives reserve in 2015 was: General Fund - \$1,997; Highway Fund - \$822; and Library Fund - \$419. Other retirees are covered by term insurance costing a total of about \$557 in 2015.

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Schedule of Noncurrent Assets and Liabilities reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions in the Schedule of Noncurrent Assets and Liabilities. The types of deferred outflows related to pensions are described in Note 6.

In addition to liabilities, the Schedule of Noncurrent Assets and Liabilities reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions which are further described in Note 6.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Newly Adopted Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable except GASB Statements No. 34 (Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments) and 45 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions). At December 31, 2015, the Town implemented the following new standard(s) issued by GASB:

- GASB has issued Statement 68, "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27," effective for the year ending December 31, 2015.
- GASB has issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68," effective for the year ending December 31, 2015.

Note 2 Stewardship, Compliance, and Accountability

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$(10,714,317) at December 31, 2015. This deficit will be eliminated as short-term debt is converted to long-term financing.

Note 3 Cash and Investments

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

Collateral is required for demand and time deposits and certificates of deposit at 100% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, as well as obligations of the state, its municipalities and school districts.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 3 Cash and Investments - Continued

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

Total financial institution (bank) balances at December 31, 2015, per the bank, were \$10,598,177. These deposits are either insured or collateralized in accordance with State statutes and Town investment policies.

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

<u>Description</u>	<u>Fund Type</u>	<u>Category</u>	<u>Amount</u>
	General Fund Insurance		
U.S. Treasury Bonds	Reserve	(1)	\$ 405,050
U.S. Treasury Bonds	Fire Fund	(1)	35,903
U.S. Treasury Bonds	Water Fund	(1)	99,469
	General Fund Insurance		
Town of Vestal Bond	Reserve	(1)	5,025

In addition, the Town's Fire District Service Award program has investments of \$2,351,668 at December 31, 2015. This amount is invested in several different mutual funds, and is not insured. See Note 11 for a further description of the program.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 4 Other Receivables

Other receivables for the year ended December 31, 2015 consisted of:

General Townwide Fund:	
Accounts receivable	\$ 110,515
Accrued interest receivable	11,213
Total General Fund	<u>121,728</u>
Special District Funds:	
Fire Fund:	
Other receivables	<u>1,066</u>
Sewer Fund:	
Sewer rents receivable	<u>1,044,117</u>
Total Sewer Fund	<u>1,044,117</u>
Water Fund:	
Water rents receivable	792,578
Accounts receivable	11,912
Accrued interest receivable	2,325
Total Water Fund	<u>806,815</u>
Highway Townwide Fund:	
Accounts receivable	<u>5,792</u>
Total	\$ <u>1,979,518</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 5 Fixed Assets

The changes in fixed assets for the fiscal year ended December 31, 2015 are as follows:

Type	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 9,170,444	\$ 134,141	\$	\$ 9,304,585
Buildings	20,321,038	173,176		20,494,214
Improvements	1,949,475	2,278,698		4,228,173
Machinery and equipment	<u>21,405,955</u>	<u>1,289,015</u>	<u>(1,010,369)</u>	<u>21,684,601</u>
Total	<u>52,846,912</u>	<u>3,875,030</u>	<u>(1,010,369)</u>	<u>55,711,573</u>
Accumulated Depreciation:				
Buildings	(11,960,478)	(626,222)		(12,586,700)
Improvements	(1,397,466)	(87,436)		(1,484,902)
Machinery and equipment	<u>(15,018,596)</u>	<u>(1,207,370)</u>	<u>945,970</u>	<u>(15,279,996)</u>
Total	<u>(28,376,540)</u>	<u>(1,921,028)</u>	<u>945,970</u>	<u>(29,351,598)</u>
Net Fixed Assets	<u>\$ 24,470,372</u>	<u>\$ 1,954,002</u>	<u>\$ (64,399)</u>	<u>\$ 26,359,975</u>

Note 6 Pension Plans

Pension Obligations

For the fiscal year ended December 31, 2015, the Town implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The implementation of the statements requires the Town to report as a liability its portion of the collective net pension liability in the New York State Local Employees' Retirement System. The implementation of the statements also requires the Town to report a deferred outflow and/or inflows of resources for the effect of the net change in the Town's proportion of the collective net pension (asset) liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The Town's contributions to the pension systems subsequent to the measurement date are also included as a deferred outflow.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

***Note 6* Pension Plans**

Plan Description

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Plans - Continued

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

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

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2015	\$ 823,480	\$ 586,847
2014	933,277	560,060
2013	856,505	696,727

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

At December 31, 2015, the Town reported the following liability for its proportionate share of the net pension (asset) liability for each of the System plans. The net pension (asset) liability was measured as of March 31, 2015. The total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation. The Town's proportionate share of the net pension (asset) liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the Town by the System.

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	04/01/2015	04/01/2015
Net pension (asset) liability	\$ 3,378,245,000	\$ 275,260,000
Town's portion of the Plan's total net pension (asset) liability	580,736	187,281

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Plans - Continued

For the year ended December 31, 2015, the Town recognized pension expense of \$(969,008). At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 18,590	\$ 22,585		\$
Changes of assumptions				
Net differences between projected and actual earnings on pension plan investments	100,867	62,877		
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	73,737			46,371
Town's contributions subsequent to the measurement date	617,610	143,473		
Total	\$ 810,804	\$ 525,597	-	\$ 46,371

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset) liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS
Year ended:		
2016	\$ 48,298	\$ 10,962
2017	48,298	10,962
2018	48,298	10,962
2019	48,298	10,962
2020	-	(4,757)

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Plans - Continued

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2015	March 31, 2015
Actuarial valuation date	April 1, 2014	April 1, 2014
Interest rate	7.5%	7.5%
Salary scale	4.9%	6.0%
	April 1, 2005 - March 31, 2010	April 1, 2005 - March 31, 2010
Decrement tables	System's Experience	System's Experience
Inflation rate	2.7%	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Plans - Continued

	ERS and PFRS
	March 31, 2015
Measurement date	
Asset Type:	
Domestic equities	7.30%
International equities	8.55%
Real estate	8.25%
Private equity/Alternative investments	11.00%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Cash	2.25%
Inflation-indexed bonds	4.00%
Mortgages and bonds	4.00%

Discount Rate

The discount rate used to calculate the total pension (asset) liability was 7.5%. 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 (asset) liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
ERS			
Town's proportionate share of the net pension (asset) liability	\$ 3,870,858	\$ 580,736	\$ (2,196,942)
PFRS			
Town's proportionate share of the net pension (asset) liability	\$ 2,493,555	\$ 187,281	\$ (1,745,515)

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Plans - Continued

The components of the current-year net pension (asset) liability of the employers as of the respective measurement dates were as follows:

Measurement date	Dollars in Thousands	
	ERS	PFRS
	March 31, 2015	March 31, 2015
Employers' total pension (asset) liability	\$ 164,591,504	\$ 28,474,417
Plan net position	(161,213,259)	(28,199,157)
Employers' Net Pension (Asset) Liability	\$ 3,378,245	\$ 275,260
 Ratio of Plan Net Position to the Employers' Total Pension (Asset) Liability	 97.9%	 99.0%

Note 7 Short-term Debt

Bond Anticipation Notes (BANs)

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

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

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

Short-term BANs are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
BANs	\$ 9,440,000	\$ 11,129,000	\$ (9,440,000)	\$ 11,129,000

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7 Short-term Debt - Continued

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

<u>Maturity Date</u>	<u>Fund</u>	<u>Interest Rate</u>	<u>Balance at December 31, 2015</u>
05/13/2016	Capital Projects	1.25-2%	\$ 11,129,000
			<u>\$ 11,129,000</u>

Interest expenditures on BANs totaled \$47,200.

Note 8 Long-term Debt

Serial Bonds and Installment Purchase Debt

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

The following is a summary of changes in serial bonds for the year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Serial Bonds	\$ 6,837,940	\$ -	\$ (1,002,915)	\$ 5,835,025	\$ 911,050

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8 Long-term Debt

As of December 31, 2015, Serial Bonds, including issue and maturity dates and interest rates, consisted of the following:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Payable to Maturity</u>
Serial Bonds:			
Water District 7 - Part 3	9/01/2020	5.00%	\$ 5,025
Fire Tower Truck	6/18/2016	5.00-5.10%	45,000
Emergency Squad Building	5/15/2031	5.75-7.00%	480,000
Parks and Highway Equipment	5/15/2021	1.30-4.00%	575,000
Parks and Highway Equipment	5/15/2022	2.10-3.15%	360,000
Refunding Bond	6/15/2026	2.00-3.00%	2,490,000
Parks, Road Reconstruction, and Highway Equipment	5/15/2023	1.00-2.00%	1,110,000
Highway and Various Projects	5/15/2022	2.25%	<u>770,000</u>
Total			<u>\$ 5,835,025</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 911,050	\$ 144,586	\$ 1,055,636
2017	831,050	121,486	952,536
2018	766,050	102,072	868,122
2019	771,050	84,108	855,158
2020	700,825	65,859	766,684
2021-2025	1,555,000	152,797	1,707,797
2026-2030	270,000	37,988	307,988
2031	<u>30,000</u>	<u>1,050</u>	<u>31,050</u>
Total	<u>\$ 5,835,025</u>	<u>\$ 709,945</u>	<u>\$ 6,544,970</u>

Interest expenditures on long-term debt totaled \$184,616.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9 Interfund Balances

Interfund balances at December 31, 2015 are as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenditures</u>
General Townwide Fund	\$ 2,126		\$ 663,136	\$ 2,038,714
Public Library Fund		2,126		46,987
Special District Fund - Fire Fund				20,979
Special District Fund - Water Fund				339,574
Highway Townwide Fund			141	706,595
Capital Projects Fund				630,278
Internal Service Fund			3,119,850	
Total	\$ 2,126	\$ 2,126	\$ 3,783,127	\$ 3,783,127

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

Note 10 Fund Equity

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

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

- **Nonspendable**
Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- **Restricted**
Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10 Fund Equity - Continued

- **Committed**
Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.
- **Assigned**
Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned**
Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

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

Funds restricted for other purposes at December 31, 2015 are as follows:

General Fund:	
DARE program	\$ 3,060
Crime Proceeds	21,081
Handicapped Parking Education	<u>1,434</u>
Total	<u>\$ 25,575</u>
Other Special Revenue Fund:	
Parks Improvements	\$ 19,772
Fire Equipment	5,902
Police Equipment	944
Museum Equipment	<u>280</u>
Total	<u>\$ 26,898</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11 Fire Service Award Program

The information contained in this note is based on information for the Town of Vestal/Vestal Fire District Service Award Program for the program year ending on December 31, 2015.

Length of Service Awards Program - LOSAP

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

Program Description

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

Participation, Vesting and Service Credit

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11 Fire Service Award Program - Continued

Benefits

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

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

Fiduciary Investment and Control

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11 Fire Service Award Program - Continued

Fiduciary Investment and Control - Continued

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

The actuary retained by the Town/Fire District during 2008-2015 is Tony Fiorillo of Penflex, Inc. Mr. Fiorillo is a member of the American Society of Actuaries and meets the qualifications of the Academy of Actuaries. Portions of the following information are derived from a report dated April 19, 2016 prepared by Mr. Fiorillo.

Program Financial Condition:

Assets and Liabilities:

Actuarial Present Value of Accrued Service Awards as of 12/31/15	\$ <u>2,103,454</u>
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Total Investments:

Equity mutual funds	1,883,701
Fixed income mutual funds	467,967
Cash and market accounts	<u>79,739</u>

Total Investments	2,431,407
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Less: Benefits payable	(930)
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Total Net Assets Available for Benefits	2,430,477
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Excess contributions	327,024
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Less: Unfunded liability for separately amortized costs	<u>-</u>
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Excess Available for Normal Benefits	\$ <u><u>327,024</u></u>
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Receipts and Disbursements:

Plan net assets, beginning of year	\$ 2,517,586
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Changes during the year:

Plus: Plan contributions	21,808
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Plus: Investment income earned	107,197
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Plus: Change in market value	(120,926)
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Less: Administrative fees/paid	(6,313)
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Plus: Changes in benefits payable	(930)
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Less: Plan benefit withdrawals	<u>(87,945)</u>
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Plan Net Assets, End of Year	\$ <u><u>2,430,477</u></u>
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Contributions:

Amount of Town/Fire District's contribution recommended by actuary	\$ <u>21,808</u>
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Amount of Town/Fire District's actual contribution	\$ <u><u>21,808</u></u>
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Administration Fees:

Fees paid for actuary	\$ <u><u>6,313</u></u>
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TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11 Fire Service Award Program - Continued

Funding Methodology and Actuarial Assumptions

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

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

Tables used for:

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

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

Note 12 Deferred Compensation Plan

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 13 Federal Housing Program

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

Note 14 Sales and Franchise Taxes

A 4% sales tax is levied in the County of Broome under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4.00% sales and compensating use tax. The County retains the first 25% of sales tax received. Beginning in 2009 the County capped its distributions to local municipalities. Sales tax revenue increased 1.13% from \$5,927,531 in 2014 to \$5,994,498 in 2015.

The cable television company providing service in the Town of Vestal must pay a franchise fee of 5% to the Town on gross receipts generated in the Town. In 2015, this fee totaled \$316,489; down 2.73% from \$325,364 received in 2014.

Note 15 Subsequent Events

Change in Vestal Public Library Board

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

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

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

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 15 **Subsequent Events - Continued**

Authorized but Unissued Debt

In May 2016, the Town issued \$3,041,000 in Bond Anticipation Notes for other projects of which \$1,441,000 was authorized in December 2015 for the following purposes and amounts:

Computer Equipment	\$	156,000
Parks Equipment		174,000
Reconstruction and Resurfacing Roads		780,000
Highway Equipment		331,000

In addition, in January 2016, the Board approved the issuance of bonds in the amounts of \$500,000 and \$1,100,000 for improvements of the Consolidated Sewer District.

In May 2016, the Board approved the issuance of bonds up to \$450,000 for the purchase and installation of a communication tower.

Legal Settlement

On January 6, 2016, the Board resolved to approve a settlement in the matter of Anita Tyrell v. Town of Vestal for the sum of \$42,500 in full satisfaction of all claims; payment will be made from the Insurance Reserve Fund.

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

Town Board
Town of Vestal
Vestal, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the funds of the Town of Vestal (Town), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Vestal's basic financial statements, and have issued our report thereon dated June 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Vestal'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 of Vestal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Vestal's internal control.

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

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


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Vestal'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 of Vestal's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vestal's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 22, 2016

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FORM OF BOND COUNSEL’S OPINION – BONDS

May 11, 2017

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

Re: Town of Vestal, Broome County, New York
\$603,400 Public Improvement (Serial) Bonds, 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$603,400 Public Improvement (Serial) Bonds, 2017 (the “Obligations”), of the Town of Vestal, Broome County, New York (the “Obligor”), dated May 11, 2017, 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 _____ per centum (_____%) per annum as to bonds maturing in each of the years 2018 to 2022, both inclusive, payable on May 1, 2018 and semi-annually thereafter on May 1 and November 1, and maturing in the amount of \$_____ on May 1, 2018, \$_____ on May 1, 2019, \$_____ on May 1, 2020, \$_____ on May 1, 2021 and \$_____ on May 1, 2022.

We have examined:

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

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

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. 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

/es

FORM OF BOND COUNSEL’S OPINION – NOTES

May 11, 2017

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

Re: Town of Vestal, Broome County, New York
\$11,674,364 Bond Anticipation Notes, 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$11,674,364 Bond Anticipation Note, 2017 (the “Obligation”), of the Town of Vestal, Broome County, New York (the “Obligor”), dated May 11, 2017, numbered 1, of the denomination of \$_____, bearing interest at the rate of _____ % per annum, payable at maturity, and maturing May 11, 2018.

We have examined:

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

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

In our opinion:

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

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