

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 23, 2020

**NEW / RENEWAL ISSUE**

**BOND ANTICIPATION NOTES**

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "TAX MATTERS" herein.*

*The City will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.*

**\$47,284,163**

**CITY OF BINGHAMTON  
BROOME COUNTY, NEW YORK**

**GENERAL OBLIGATIONS  
CUSIP BASE #: 090491**

**\$47,284,163 Various Purpose Bond Anticipation Notes – 2020 Series A**  
(referred to herein as the "Notes")

**Dated: April 16, 2020**

**Due: April 16, 2021**

The Notes are general obligations of the City of Binghamton, Broome County, New York (the "City"), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "TAX LEVY LIMIT LAW" herein).

The Notes will not be subject to redemption prior to maturity. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as the securities depository for the Notes and Noteholders will not receive certificates representing their ownership interest in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof, except for one odd denomination. Payment of the principal of and interest on the Notes will be paid in lawful money of the United States of America (Federal Funds) by the City to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. (See "BOOK-ENTRY-ONLY SYSTEM").

For those Notes registered to the purchaser(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on the Notes will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s).

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes in definitive form will be made, on or about, April 16, 2020.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors' Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on March 31, 2020 no later than 11:00 A.M. EDT. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. No bid will be received after the time for receiving bids specified above. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

*This Preliminary Official Statement is in a form "deemed final" by the City for the purpose of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). For a description of the City's agreement to provide continuing disclosure as described in the Rule, see "APPENDIX D – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS" herein.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

# CITY OF BINGHAMTON

## BROOME COUNTY, NEW YORK



### CITY OFFICIALS

RICHARD C. DAVID  
Mayor

#### CITY COUNCIL

GIOVANNI SCARINGI  
JOE BURNS  
THOMAS SCANLON  
AVIVA FRIEDMAN  
PHILIP STRAWN  
ANGELA RILEY  
SOPHIA RESCINITI

\* \* \* \* \*

CLARENCE SHAGER  
Comptroller

JOHN SPERDUTI  
City Treasurer

LEIGHTON ROGERS  
City Clerk

KENNETH J. FRANK, ESQ.  
Corporation Counsel

#### MUNICIPAL ADVISOR



Fiscal Advisors & Marketing, Inc.  
120 Walton Street, Suite 600  
Syracuse, New York 13202  
(315) 752-0051

#### BOND COUNSEL

*Hawkins*  
DELAFIELD & WOOD LLP  
7 World Trade Center  
250 Greenwich Street  
New York, New York 10007  
(212) 820-9620

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

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>THE NOTES</b> .....	<b>1</b>	<b>TAX INFORMATION</b> .....	<b>30</b>
Description of the Notes .....	1	Taxable Assessed Valuations.....	30
No Optional Redemption for the Notes .....	1	Tax Rate Per \$1,000 .....	30
<b>NATURE OF THE OBLIGATION</b> .....	<b>1</b>	Tax Levy and Collection Record .....	30
<b>REMEDIES UPON DEFAULT</b> .....	<b>2</b>	Real Estate Property Tax Collection Procedure.....	31
<b>MUNICIPAL BANKRUPTCY</b> .....	<b>3</b>	Larger Taxpayers – 2019 Assessment Roll for 2020 City Tax Roll.....	31
<b>FINANCIAL CONTROL BOARDS</b> .....	<b>4</b>	Sales Tax .....	31
<b>NO PAST DUE DEBT</b> .....	<b>4</b>	Constitutional Tax Margin.....	32
<b>MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE</b> .....	<b>5</b>	Other Tax Information.....	32
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	<b>6</b>	<b>TAX LEVY LIMIT LAW</b> .....	<b>32</b>
Certificated Notes.....	7	<b>TAX MATTERS</b> .....	<b>33</b>
<b>AUTHORITY FOR AND PURPOSES OF ISSUE</b> .....	<b>8</b>	Opinion of Bond Counsel.....	33
<b>CITY OF BINGHAMTON</b> .....	<b>10</b>	Certain Ongoing Federal Tax Requirements and Certification .....	33
General Information .....	10	Certain Collateral Federal Tax Consequences .....	33
Transportation .....	10	Original Issue Discount .....	33
Education.....	10	Note Premium.....	34
Utilities & Services .....	11	Information Reporting and Backup Withholding.....	34
Joint Sewage Treatment Plant .....	11	Miscellaneous.....	34
Recent and Planned Construction and Development Activity .....	12	<b>LEGAL MATTERS</b> .....	<b>34</b>
Population Trends.....	14	<b>LITIGATION</b> .....	<b>35</b>
Selected Wealth and Income Indicators.....	15	<b>MUNICIPAL ADVISOR</b> .....	<b>35</b>
Unemployment Rate Statistics.....	15	<b>CUSIP IDENTIFICATION NUMBERS</b> .....	<b>35</b>
Labor Market Statistics.....	16	<b>CONTINUING DISCLOSURE</b> .....	<b>36</b>
Larger Employers.....	16	Historical Continuing Disclosure Compliance.....	36
Form of City Government .....	17	<b>RATINGS</b> .....	<b>36</b>
Investment Policy.....	17	<b>ADDITIONAL INFORMATION</b> .....	<b>37</b>
Budgetary Procedures.....	18	<b>APPENDIX - A</b>	
Employees.....	18	<b>GENERAL FUND - Balance Sheets</b>	
Status of Employee Pension Benefits .....	19	<b>APPENDIX - A1</b>	
Other Post-Employment Benefits .....	20	<b>GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance</b>	
<b>STATUS OF INDEBTEDNESS</b> .....	<b>22</b>	<b>APPENDIX - A2</b>	
Constitutional Statutory Requirements .....	22	<b>GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance - Budget and Actual</b>	
Statutory Procedure .....	22	<b>APPENDIX – A3</b>	
Outstanding Long-Term Bond Indebtedness .....	23	<b>CHANGES IN FUND EQUITY</b>	
Debt Statement Summary.....	24	<b>APPENDIX - B</b>	
Long-Term Debt Service Schedule.....	24	<b>BONDED DEBT SERVICE</b>	
Bond Anticipation Notes .....	24	<b>APPENDIX - B1 – B4</b>	
Other Obligations .....	24	<b>CURRENT BONDS OUTSTANDING</b>	
New York State Environmental Facilities Corporation Loan Advance.....	25	<b>APPENDIX - C</b>	
Capital Project Plans.....	25	<b>AUDITED FINANCIAL REPORT - FISCAL YEAR ENDED DECEMBER 31, 2018</b>	
Estimated Overlapping Indebtedness.....	26	<b>APPENDIX - D</b>	
Debt Ratios.....	26	<b>FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS</b>	
<b>FINANCIAL FACTORS</b> .....	<b>26</b>	<b>APPENDIX - E</b>	
General Fund Operations.....	26	<b>FORM OF OPINION</b>	
Financial Statements and Accounting Procedures .....	27		
Recent Operating Results .....	27		
State Aid for Operating and Other Purposes.....	28		
New York State Comptroller Report of Examination .....	29		
The State Comptroller’s Fiscal Stress Monitoring System .....	29		

PREPARED WITH THE ASSISTANCE OF:



Fiscal Advisors & Marketing, Inc.  
 120 Walton Street, Suite 600  
 Syracuse, New York 13202  
 (315) 752-0051  
[www.fiscaladvisors.com](http://www.fiscaladvisors.com)

**OFFICIAL STATEMENT**  
of the  
**CITY of BINGHAMTON**  
**BROOME COUNTY, NEW YORK**

**Relating To**  
**\$47,284,163 Various Purpose Bond Anticipation Notes - 2020 Series A**

This Official Statement, including the cover page and appendices thereto, has been prepared by the City of Binghamton, Broome County, New York (the "City", the "County", and "State," respectively) and presents certain information relating to the City's \$47,284,163 Various Purpose Bond Anticipation Notes - 2020 Series A (referred to herein as the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City'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 of New York (the "State") and acts and proceedings of the City 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 City relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

**THE NOTES**

**Description of the Notes**

The Notes are dated April 16, 2020 and mature, with the option of prior redemption, on April 16, 2021. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The City will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The City Comptroller shall be the Paying Agent contact. The City's contact information is as follows: Mr. Clarence Shager, City Comptroller and Chief Fiscal Officer, City Hall, 38 Hawley Street, Binghamton, New York 13901, Phone: (607) 772-7011, Fax: (607) 772-7106, Email: [ceshager@cityofbinghamton.com](mailto:ceshager@cityofbinghamton.com).

**No Optional Redemption for the Notes**

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

**NATURE OF THE OBLIGATION**

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

The Notes are general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon, as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). For the payment of such principal of and interest on the Notes, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*TAX LEVY LIMIT LAW*" herein).

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to statutory limitations set forth in Tax Levy Limit Law, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See "*TAX LEVY LIMIT LAW*" herein).

## REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the City default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the City and the owners for which the faith and credit of the City are pledged and while remedies for enforcement of payment are not expressly included in the City's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the City. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds and the Notes from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the City to assess, levy and collect an *ad valorem* tax, upon all taxable property of the City subject to taxation by the City, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the City, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

Pursuant to Article VIII, Section 2 of the State Constitution, the City is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "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. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the City should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the City could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the City, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any 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. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the City in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the City 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 above references to the Bankruptcy Act are not to be construed as an indication that the City is currently considering or expects to resort to the provisions of the Bankruptcy Act.

## FINANCIAL CONTROL BOARDS

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality 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 in certain cases approve or disapprove collective bargaining agreements. Implementation is generally 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, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the 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 a 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 in the finances and operations of entities 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 City has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

## NO PAST DUE DEBT

No principal or interest payment on City indebtedness is past due.

Due to an administrative error, the City was delinquent in paying a July 15, 2016 interest payment associated with the City’s \$9,885,000 Public Improvement Serial Bonds – 2014, dated January 30, 2014. Following notice by DTC, the City made the payment on August 2, 2016. Additionally, due to an administrative error, the City was delinquent in paying an August 1, 2016 interest payment associated with the City’s \$13,095,060 Public Improvement Serial Bonds - 2012, dated February 1, 2012. Following notice by DTC, the City made the payment on August 2, 2016. The City has taken steps to ensure that the late payment of debt service does not occur in the future by including its internal schedule of debt service dates on the calendars of key City personnel. On August 3, 2016 the City filed a Material Events Notice with the Electronic Municipal Market Access (“EMMA”) website reporting the late payments.

## MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The City's credit rating could be affected by circumstances beyond the City's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of City property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the City's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the City to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The City's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the City fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the City is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the City will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*FINANCIAL FACTORS - State Aid for Operating and Other Purposes*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the City, may affect the market price and/or marketability for the Notes. (See "*TAX LEVY LIMIT LAW*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the City, could impair the financial condition of such entities, including the City, and the ability of such entities, including the City, to pay debt service on the Notes.

COVID-19. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The degree of any such impact to the City's operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the potential impact on the City cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the City and its economy. Some potential areas of the City's finances that could be impacted include sales tax revenue, retirement costs, utility payments, and property tax payments all which may affect fund balances. The City is analyzing these areas and has been discussing steps to take in order to mitigate any negative impact. In other areas of the City's finances which will not be impacted by the pandemic, the City is implementing cost cutting and cost saving measures



## BOOK-ENTRY-ONLY SYSTEM

If so elected, the Depository Trust Company (“DTC”), New York, New York, will act as securities depository for those Notes issued in book-entry form. The Notes will each 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 each Note bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the City, 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 City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Source: The Depository Trust Company.

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

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

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

#### **Certificated Notes**

For those Notes issued in book-entry form, the following provisions shall apply: DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City 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, notes will be registered in the name of the purchaser(s) in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State to be named by the City as fiscal agent for the Notes.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## AUTHORITY FOR AND PURPOSES OF ISSUE

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the General City Law, the Second Class Cities Law, the Local Finance Law, the City Charter and various bond ordinances duly adopted and amended by the Council of the City on their respective dates authorizing the issuance of bonds to finance the objects or purposes as set forth below.

The proceeds of the Notes, together with \$5,103,520 in available funds of the City, will be used to renew bond anticipation notes of the City currently outstanding, maturing on April 17, 2020 and originally issued to finance the objects or purposes listed below.

<b><u>Purpose of Issue – Renewal Notes</u></b>	<b><u>Amount Outstanding</u></b>	<b><u>Paydown Amount</u></b>	<b><u>Amount of Notes</u></b>	<b><u>Bond Ordinance</u></b>	<b><u>Authorization Date</u></b>
Front Street Gateway Improvements	\$ 2,118,576	\$ 2,118,576	\$ 0	14-13	4/9/14 <sup>(1)</sup>
Storm and Sanitary System Improvements	444,658	444,658	0	15-8 (g)	2/18/15 <sup>(2)</sup>
Reconstruction of State Street	406,405	406,405	0	15-8 (j)	2/18/15 <sup>(2)</sup>
Various pool upgrades and improvements	57,000	57,000	0	15-8 (k)	2/18/15 <sup>(2)</sup>
Reconstruction of State Street	400,000	70,026	329,974	15-8 (j)	3/20/19
Water Filter/Sludge Extraction System	4,990,000	122,407	4,867,593	16-13(a)	2/17/16
Acquisition of Garbage Truck	115,200	38,400	76,800	16-13(c)	2/17/16
Dump and Pickup Truck	67,220	22,406	44,814	16-13(d)	2/17/16
Water Lines Improvements	1,230,000	25,000	1,205,000	16-13(g)	2/17/16
Flood Wall Conduit Improvements	26,000	26,000	0	16-13(j)	2/17/16
City Hall Improvements	645,000	40,000	605,000	16-13(k)	2/17/16
Street Reconstruction	1,185,000	65,000	1,120,000	17-09(b)	2/8/17 <sup>(3)</sup>
Street Resurfacing	910,000	95,000	815,000	17-09(c)	2/8/17 <sup>(3)</sup>
Water Line Improvements	1,275,000	25,000	1,250,000	17-09(d)	2/8/17 <sup>(3)</sup>
Sewer Line Improvements	975,000	25,000	950,000	17-09(e)	2/8/17 <sup>(3)</sup>
Parking Ramp Improvements	210,000	20,000	190,000	17-09(f)	2/8/17 <sup>(3)</sup>
Main Street Corridor Study (Grant)	679,860	114,675	565,185	17-09(h)	2/8/17 <sup>(3)</sup>
1st Ward Senior Center Improvements	200,000	100,000	100,000	17-09(i)	2/8/17 <sup>(3)</sup>
Moeller Street Pump Station Project	170,000	70,000	100,000	17-09(j)	2/8/17 <sup>(3)</sup>
SS Interceptor Sanitary Improvements	735,000	15,000	720,000	17-09(k)	2/8/17 <sup>(3)</sup>
Acquisition of a Garbage Truck	178,229	40,000	138,229	18-21 (a)	2/21/18
Street Reconstruction	900,000	50,000	850,000	18-21 (b)	2/21/18
Water Line Improvements	1,550,000	40,000	1,510,000	18-21 (c)	2/21/18
Sewer Line Improvements	1,850,000	66,000	1,784,000	18-21 (d)	2/21/18
Improvements to Parking Ramps	1,500,000	75,000	1,425,000	18-21 (e)	2/21/18
ADA Improvements to Ramps	750,000	50,000	700,000	18-21 (f)	2/21/18
Impr. to Bridge Conklin Ave over Pierce Creek	1,186,973	51,949	1,135,024	18-21 (g)	2/21/18
Impr. to Bridge Belden over Pierce Creek	432,874	32,874	400,000	18-21 (h)	2/21/18
Design & Spec. for Moeller St Pump Station	450,000	105,000	345,000	18-21 (i)	2/21/18
Flood Wall Improvement Project	110,000	10,000	100,000	18-21 (j)	2/21/18
Construction of Parking Garage	8,800,000	307,144	8,492,856	18-34	3/21/18 <sup>(4)</sup>
Reconstruction of State Street	1,300,000	65,000	1,235,000	15-8 (j)	2/18/15 <sup>(5)</sup>
Construction of Improvements to City Hall	500,000	0	500,000	19-16 (a)	2/6/19
Street Reconstruction	2,500,000	0	2,500,000	19-16 (b)	2/6/19
Construction of ADA Imp. Ramps	750,000	0	750,000	19-16 (c)	2/6/19
Water Line Improvements	500,000	15,000	485,000	19-16 (d)	2/6/19
Sewer Line Improvements	2,500,000	25,000	2,475,000	19-16 (e)	2/6/19
Pedestrian Improvements	489,300	0	489,300	19-16 (g)	2/6/19
Demo of State and Water St. Ped. Bridge	270,000	270,000	0	19-16 (h)	2/6/19
<b>Totals:</b>	<b><u>\$ 43,357,295</u></b>	<b><u>\$ 5,103,520</u></b>	<b><u>\$ 38,253,775</u></b>		

(1) Amended August 19, 2015, July 6, 2016, July 12, 2017.

(2) Amended March 7, 2018 and March 6, 2019.

(3) Amended March 22, 2017 and July 18, 2018.

(4) Amended February 19, 2019.

(5) Amended March 7, 2018.

The balance of the proceeds of the Notes will be used to provide \$9,030,388 in original financing for the objects or purposes listed below.

<b><u>Purpose of Issue – New Money Notes</u></b>	<b><u>Amount of Notes</u></b>	<b><u>Bond Ordinance</u></b>	<b><u>Authorization Date</u></b>
Main Street Corridor Study (Grant)	\$ 500,000	17-09(h)	2/8/17 <sup>(1)</sup>
Impr. to Bridge Belden over Pierce Creek	400,000	18-21(h)	2/21/18
Traffic Signal Improvements	500,000	19-16(i)	2/6/19
Street Reconstruction	2,400,000	20-16(b)	1/22/20
Construction of ADA Improvements to Ramps	800,000	20-16(c)	1/22/20
Water Line Improvements	500,000	20-16(d)	1/22/20
Sewer Line Improvements	1,600,000	20-16(e)	1/22/20
Deco District Improvements	1,250,000	20-16(f)	1/22/20
Replace Tennis Courts	600,000	20-16(i)	1/22/20
Parks Garage Improvements	250,000	20-16(j)	1/22/20
Acquisition of Plow Attachments	<u>230,388</u>	20-16(k)	1/22/20
<b>Totals:</b>	<b><u>\$ 9,030,388</u></b>		

<sup>(1)</sup> Amended March 22, 2017 and July 18, 2018.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## CITY OF BINGHAMTON

### General Information

The City, with a land area of approximately 10.4 square miles, is situated in the southern portion of Broome County (the "County") in upstate New York. The City of Syracuse lies approximately 75 miles to the north, while the Pennsylvania border lies approximately 7 miles to the south. The City is the County Seat of the County and is part of a metropolitan area running along the Susquehanna River Valley through the incorporated Villages of Endicott and Johnson City and the unincorporated area of Vestal.

Major highways within and in close proximity to the City include U.S. Route 11, Interstate 81 which extends north to Canada and south to Tennessee, Interstate 88 which runs northeast to Albany, Route 17 (soon to be Interstate 86) which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and State Routes 7, 12 and 26.

Banking services are provided within the City by offices of First Niagara Bank, N.A., M&T Bank, Chemung Canal, Tioga State Bank and NBT Bank, N. A. The City maintains accounts with Chase Bank, M&T Bank, Chemung Canal Bank and NYCLASS.

### Transportation

In early 2017, New York State made ridesharing legal State-wide. The ridesharing companies Uber and Lyft started operating in the City later that year.

Bus service is provided to and from the City by Trailways, Greyhound Bus Lines, Megabus and Short Line. The County transit system provides local daily bus service. Off Campus College Transport (OCCT) provides bus service to the Binghamton University Community.

Air transportation through the Greater Binghamton Airport is provided by various national, commuter and regional airline which is serviced by Delta. The City is also served by the Tri-Cities Airport, located in nearby Endicott.

Railroads providing freight service to the City include Norfolk Southern Railway, Canadian Pacific Railway, CSX, and New York, Susquehanna & Western Railway.

### Education

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

Nationally recognized as a world-class institution, and one of the most elite research institutions in the nation, Binghamton University offers students a broad, interdisciplinary education with an international perspective. For 16 straight years, U.S. News & World Report has ranked Binghamton as one of the nation's top 50 public universities. Kiplinger's Personal Finance Magazine rated Binghamton University seventh among the Nations Public Universities for out-of-state students and fourteenth overall in its 2018-2019 ranking of the 100 Best Values in Public Colleges.

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

SUNY Broome had an enrollment of 3,439 full-time and 1,405 part-time students for the Fall 2019 semester. The college offers 50 degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.

The expansion of Binghamton University and SUNY Broome has led to increased demand for off-campus student housing and resulted in a housing boom in downtown Binghamton in recent years. There have been several multi-million dollar student housing projects, including new construction projects, such as 20 Hawley and Twin River Commons, and the renovation of multiple historic buildings, such as Chenango Place, The Printing House and University Lofts.

## Utilities & Services

Electric utility and natural gas services are provided by New York State Electric and Gas Corporation. Police protection is afforded by City, County and State agencies. Fire protection is provided by the City's full-time fire department. Water and sewer facilities and refuse collection are provided by the City. Waste disposal is provided by the County through the County's sanitary landfill operations.

## Joint Sewage Treatment Plant

The sewage treatment plant servicing nine municipalities, including the City (the "Plant"), is jointly owned by the City and the Village of Johnson City (the "Village"). The Plant is operated by the Binghamton-Johnson City Joint Sewage Board pursuant to an Inter-municipal agreement between the City and the Village, and the costs associated with operations and maintenance of the Plant and debt service on bonds or notes issued to finance improvements thereto are shared by all users of the plant. The original Plant was constructed in 1958.

Starting in 1998, the City and the Village commenced a major sewage treatment Plant reconstruction and improvement project (the "Project"). The New York State Department of Environmental Conservation has mandated that such improvements be made to the Plant by the City and the Village. The total estimated cost of the Project is currently expected to be \$365,000,000, including design costs, contingencies and soft costs. The current aggregate principal amount of bonds authorized for the Project is \$365,000,000, with 54.8% (\$200,020,000) attributable or allocated to the City and 45.2% (\$164,980,000) attributable or allocated to the Village. To date, serial bonds of the City in the aggregate principal amount of \$122,281,320 have been issued through the New York State Environmental Facilities Corporation ("EFC") to finance the Project. The Village has issued approximately \$97,618,992 in bonds through EFC to finance its share of the cost of the Project. In addition, the City and the Village have issued notes through EFC to fund the Project, some of which are currently outstanding and expected to be redeemed with the proceeds of bonds to be issued through EFC and/or other sources, including Federal Emergency Management Agency ("FEMA") aid in the future. (See "*STATUS OF INDEBTEDNESS – 'Capital Project Plans' and 'Debt Statement Summary'*" herein.) The City has approximately \$1.4 million in authorized but unissued debt pursuant its bond authorization for the Project.

To date, the City has largely relied on financing provided by EFC to finance the Project. The subsidized interest rate on bonds issued through EFC is typically 50% of the prevailing market rates at the time of issuance, unless EFC provides an interest free loan. EFC has also made available short-term zero percent interest rate or below prevailing market rate loans to the City and Village during construction. The City has met with EFC on many occasions to discuss the Project and the financing thereof and expects that EFC will continue to provide both long and short-term financing for the Project. In the event that EFC financing is not available to fund any portion of the Project, the City is authorized to issue bonds or notes outside of the EFC program to provide financing for the Project. Such bonds or notes, however, would not benefit from the EFC interest rate subsidies.

On December 18, 2015, the New York State Comptroller released an audit of the Binghamton-Johnson City Joint Sewage Board. Such audit and the response of the Joint Sewage Board are available on the website of the Office of the New York State Comptroller. (See "*FINANCIAL FACTORS - New York State Comptroller Report of Examination*" herein.)

See "*Flood Damage to the Joint Sewer Treatment Plant*" hereunder for an update on recent flood damage to the sewage treatment plant. See also "*STATUS OF INDEBTEDNESS - New York State Environmental Facilities Corporation Loan Advance*" herein.

### *Flood Damage to the Joint Sewer Treatment Plant*

The Plant suffered damage as a result of 2011 flooding. Plant employees, board members, and the City Engineer have worked with the insurance provider for the Plant and FEMA to identify all of the damage incurred to the Plant as a result of the flood, and are in the process of rebuilding the facility and improving its flooding resistance to future flood events. To date, approximately 98% of eligible costs expended have been recovered or are in process of recovery through State and Federal assistance. 100% of eligible costs are expected to be recovered through State and Federal Assistance. The City is obligated to apply any FEMA aid received to offset the cost of the Project and/or to retire any bonds or notes issue to fund the Project.

On December 16, 2013, Governor Andrew M. Cuomo announced that the State would be providing \$30.32 million in assistance for Plant repairs, improvements and future flood mitigation measures, including the construction of a flood wall around the Plant. To date the City has also financed the costs of the foregoing flood related improvements and mitigation measures with EFC. The short-term loan provided by EFC for this purpose is expected to be retired with \$19.8 million in FEMA aid and \$10.5 million in long-term loans from EFC, \$5.0 million of which is expected to be interest free and \$5.5 million of which is expected to be at a subsidized interest rate. To date, the City and the Village have submitted claims to FEMA and the State which total in excess of \$24.4 million and have received in excess of \$21.8 million in reimbursements, the portion of the funds not paid is of the State's share (approximately 25%) that the State agreed to contribute.

## *Litigation involving Joint Sewer Treatment Plant*

On May 16, 2011, a 100-foot-long segment of a 23-foot-tall concrete Plant wall collapsed allowing the discharge of untreated waste into the Fuller Hollow Creek and the Susquehanna River. In late 2011, the City, Village and the Binghamton-Johnson City Joint Sewage Board filed a \$20 million lawsuit in State Supreme Court against 13 defendants believed to have a role in widespread structural problems relating to the Project. In March 2012, the parties filed a \$3.5 million federal lawsuit against American Alternative Insurance Corp. alleging the New Jersey-based company improperly denied coverage for the wall collapse under the Plant's general liability policy. Lawsuits are still pending and are not expected to be concluded for two more years; however, the following payments were obtained in connection with the federal litigation involving American Alternative Insurance Corp.:

- \$550,000 for filter media and aggregate compounds damaged and/or lost as a result of the May 16, 2011 wall collapse.
- \$500,000 for damages to the C-Cell Filter Complex's mono-floor nozzle decks damaged and/or lost as a result of the May 16, 2011 wall collapse.

The City and Village plan to apply any settlements or awards received on account of the litigation described above to offset the cost of the Project and/or to retire any bonds or notes issue to fund the Project.

Source: City officials.

## **Recent and Planned Construction and Development Activity**

The City has instituted an aggressive approach to develop and expand the commercial and industrial base within Binghamton and is continuing to establish its central business district as a major dining, retail, cultural, convention and entertainment center. Today, the business district is thriving during both daytime and evening hours. Downtown has become an entertainment hub and a place where thousands of residents and visitors come to socialize following the end of the workday and on weekends.

Located downtown, the Broome County Veterans Memorial Arena is a 6,925-seat (4,679-seat for hockey) multi-purpose space. The Arena is home to the Binghamton Devils, a professional ice hockey team in the American Hockey League, and a primary entertainment venue for residents of the Greater Binghamton area. Also downtown, the Broome County Forum Theatre (the "Forum") is home to Broadway in Binghamton, the Tri-Cities Opera and the Binghamton Philharmonic. The 1,500-seat performing arts theatre hosts a wide variety of other events, including concerts, comedy acts, conventions, talent competitions and recitals. It also houses a Robert Morton Theatre Organ. Last year, upgrades to The Forum began as part of a broader \$3.7 million project establishing the Downtown Entertainment and Cultural Organizations (DECO) District in downtown Binghamton. The project will build off existing arts anchors from Court Street to Lewis Street. New public art and improvements to streetscapes, gateways, intersections and other public spaces in 2020 will create a unified arts and culture district that is more walkable and visibly attractive. The project received \$1.7 million in State funding.

Many artists continue to purchase buildings downtown to use as residences, personal studios and art galleries. Area residents recognize the significant artistic talent that exists in the community. The First Friday Art Walk, which highlights a range of quality artistic shops, galleries and live entertainment, has continued to grow and increase traffic for local businesses. In 2015, the first annual LUMA Projection Arts Festival saw artists and technical experts merge their talents and draw 20,000 attendees to downtown. With strong City support, along with State, County and private funding, the festival has grown rapidly in the years since, expanding to multiple days and drawing tens of thousands of people to the City.

In the northern section of downtown, NYSEG Stadium (formerly Binghamton Municipal Stadium) is home to Minor League Baseball's Binghamton Rumble Ponies of the Double-A Eastern League. Last year, the stadium received a \$5.1 million upgrade that included new seating, new video boards, an upgraded sound system, critical structural improvements, turf replacement and clubhouse renovations. On July 14-15, 2020 the stadium will play host to the Eastern League Double A All-Star Game.

The urban core hosts a growing variety of restaurants, coffeehouses, hotels and taverns that attract people from throughout the region. Several new eateries, coffee shops and breweries have opened downtown in recent years, including Dos Rios, The Colonial, Social on State, Strange Brew, The Shop, Peterson's Tavern and The Garage, which opened on the site of a shuttered gas station. Construction is underway on at least two new eateries set to open downtown in 2020 – the Stone Fox Bar and Pizza on Hawley Street and a yet-to-be-named "barcade" on Court Street. Binghamton's bi-annual Restaurant Week has grown from seven participating restaurants in 2010 to 28 participating restaurants last year. These new establishments and others have filled previously empty storefronts in Binghamton's urban core, breathed new life into downtown and raised the City's profile on the regional restaurant scene.

Building on Binghamton's growing dining and entertainment scene, SUNY Broome opened its new Culinary and Event Center at the former Carnegie Library downtown in early 2020. Last year, the college completed a \$21.5 million renovation of the building, which opened in 1904 and had been vacant for 20 years. It now hosts SUNY Broome's popular Hospitality programs, including Culinary Arts, Event Management, Lodging and Casino Management, and Restaurant Management. The Culinary and Event Center is located around the block from the \$19 million Koffman Southern Tier Incubator, which opened on Hawley Street in June 2017. The 35,000 square-foot Incubator was built by Binghamton University and SUNY Broome to support the Southern Tier's growing entrepreneurial ecosystem and attract new companies to the area, especially those in the energy fields. The Incubator has offices, labs, common areas and co-working spaces meant to encourage collaboration. It also offers wrap-around services, such as financial, legal and regulatory resources, designed to help developing companies succeed. Binghamton University announced it expects to help create more than 900 jobs through the Incubator in its first decade.

Downtown has attracted new businesses outside the restaurant industry in recent years, as well. Muckles Inc., a screen-printing and apparel shop, and the Dapper Rascal Barber Shop, opened in a newly renovated building in the heart of downtown in 2018. Other new retail spaces downtown include Mabel D. Orr Fashion Botique, Tesorina Boutique and Old Barn Hollow, which relocated from the South Side. On the outskirts of downtown, the Lackawanna Train Station was renovated in recent years with multiple commercial and professional office spaces. The parking lot now hosts Trucks on the Tracks, a weekly food truck festival, in the summer. William H. Lane Incorporated, a construction company, recently returned to the City after a 40-year absence, and Ellis Brothers Furniture invested millions to renovate a once-vacant building downtown into a modern furniture and gift shop.

Businesses continue to take advantage of the positive economic momentum that has developed Citywide and the increased customer base that has been generated. New businesses continue to open throughout Binghamton. The City recently worked with ScottTech, LLC, a warehouse management technology company, to relocate its corporate headquarters to the westerly end of the Court Street Corridor near downtown, bringing 14 engineering and manufacturing jobs to the City. In 2015, the City also sold a former senior center located one block from the Court Street Corridor to Red Barn Computer, Inc. which has opened a high-tech data service and storage center, as well as ancillary businesses, and established 15 new jobs. In 2016, I3, a high-tech electronic manufacturer moved part of its operation into the City, bringing high-paying jobs to the downtown area. In 2017, Save Around located its headquarters at the First Ward business park, retaining 74 jobs and planning to add 10 more.

In Spring 2020, the City will break ground on a 304-spot parking garage at 7 Hawley St. downtown. The garage will help meet the demand for parking caused, in part, by a revitalized downtown. The project received a \$2.15 million grant from New York State last year.

In recent years, thousands of new upscale student housing units have opened in the City's downtown, including Twin Rivers Commons, 20 Hawley St., Chenango Place and the Printing House. These residential and mixed-use projects have brought a renewed optimism and economic vitality to the City's downtown and beyond. The projects resulted in millions of dollars being invested into the urban core and have spurred new commercial development, including multiple restaurants, taverns and shops. These commercial and service business storefronts along Court, Washington and State streets attract and serve the new residents and visitors.

The trend of converting commercial buildings into urban homes and lofts has also gained momentum and has quickly spread to multiple areas downtown.

Most recently, the housing focus has shifted away from students and toward other populations, including empty nesters, young professionals and families. Across the City, more than \$90 million in public and private housing development is underway or planned in 2020, including affordable, homeless and market-rate housing.

Downtown, developers of a \$5 million mixed-use project at 70-72 Court St. are finalizing structural designs with plans to break ground in 2020. The 20-unit building, which will include commercial space, will go up on an empty lot in the middle of the urban core.

On the West Side, a short walk from downtown, a \$20 million market-rate mixed-use housing project is planned for the corner of Front and Clinton streets. Multiple blighted vacant buildings will be demolished to make room for a 115-unit development with 6,000 square-feet of commercial space. The project is down the street from the \$30 million luxury housing project at 50 Front St. and about 2 miles from the \$25 million, 97-unit ANSCO Lofts market-rate project in the First Ward. Both 50 Front St. and the ANSCO Lofts opened in 2019 and have waiting lists for interested tenants.

On the City's North Side, major affordable housing projects are underway. The \$20.5 million Canal Plaza project at 435 State St. will replace a blighted, vacant shopping plaza with 48 apartments of affordable housing and 15,000-square feet of commercial space. The City demolished a former Big Lots plaza on the site in 2017. A social purpose grocery store is planned for a portion of the new Canal Plaza's ground floor. It will be the first grocery store on the North Side in nearly 25 years, addressing serious barriers to healthy, affordable food for residents there. The project is receiving federal, state and local funding. Both the grocery store and the apartments are expected to open in summer 2020.



Also on the North Side, plans are moving forward on a \$38 million project to upgrade and rehabilitate Town and Country Apartments. This project will transform perhaps the most troubled apartment complex in Binghamton into a safe, stable and affordable place for residents to raise their families. And throughout the North Side, Opportunities for Broome (OFB) will partner with the City to rehabilitate four badly blighted properties for affordable housing, including a major eyesore at the corner of Liberty and Munsell streets. OFB was recently awarded \$7.7 million from New York State for the project. Further down Liberty Street, the Family Enrichment Network (FEN) will break ground this spring on a \$4.2 million homeless housing development. The building will go up in an area where the City has demolished several blighted properties in recent years and across the street from the City's Lee Barta Community Center, which received a \$500,000 expansion in 2018. The FEN project will house up to 64 people, including homeless veterans, families, victims of domestic violence and young adults. FEN will also provide on-site support services.

In the North of Main neighborhood on Binghamton's West Side, the City assisted the First Ward Action Council in completing a \$10 million project to rehabilitate 10 severely blighted homes on Crandall Street into 37 units of quality affordable housing and a new community center. The First Ward Action Council is now planning a second affordable housing project in the neighborhood – rehabilitating seven properties and building a new one at a cost of approximately \$7 million. These projects are transforming a high-poverty, high-crime area of the City into a vibrant neighborhood with safe, affordable housing for families and individuals.

The City has also advanced an aggressive demolition program in recent years, identifying and tearing down dozens of commercial and residential eyesores, expanding the redevelopment potential of certain parcels and simply seeking to eradicate blight and boost the property values of surrounding parcels. Last year, the City surpassed its 100th demolition since 2014. In 2018, the City began tearing down 13 blighted properties in a flood-prone area near downtown using funding from the Federal Emergency Management Agency (FEMA). Once the demolitions were complete, the City leased the land to VINES for expansion of its Urban Farm. More blighted property demolitions are planned for 2020 in neighborhoods around the City.

In early 2020, the New York State Attorney General's Office awarded a \$585,000 grant to the City through the Cities RISE initiative. The grant will allow the City to create a rehab fund for tax-foreclosed properties to help break the cycle of blight in neighborhoods, establish an emergency repair fund, and provide housing and casework support to vulnerable residents.

The City government continues to improve its infrastructure by investing in roads, bridges, gateways, and water and sewer projects. In 2019, the City completed projects to upgrade and rehabilitate its Front Street gateways and bridges in the amount of \$5 million. These projects are the direct result of the City's successful partnership with the State Department of Transportation, which contributed significant funds to these projects. Since 2014, the City has milled and paved over one-third of all the City streets. Several bridges have undergone major rehabilitation projects, included the historic East Clinton Bridge, where a \$1.9 million project was completed in 2017. In 2016, the City completed its \$4 million multi-year project of changing the street lighting to LED technology, which has resulted in a reduction of electric usage of more than 50 percent.

In early 2020, the City launched a comprehensive floodwall and levee certification initiative, an important step in protecting residents across the City against expensive flood insurance. The City will also advance a \$1.1 million project this year to upgrade stormwater pump stations at Glenwood Avenue, Bevier Street and Rush Avenue.

In 2019, the City completed a \$1.2 million upgrade to the Binghamton Police Department Headquarters, improving police operations and use of technology. The City now has plans to construct a new Fire Department headquarters downtown to replace the aging City Hall station.

The City was a major beneficiary of the State of New York Upstate Revitalization Initiative (URI). The City received a grant for the construction of a connecting bike/pedestrian way from the Binghamton University campus to the City's downtown, grants for rehabilitation of parks and a Local Waterfront Revitalization Plan (LWRP) study. The City, as one of the three urban core areas of the \$20 million Greater Binghamton Economic Ecosystem, should benefit from the proposed multi-million-dollar improvements that are expected to be made as part of the URI. In addition, a \$3 million grant was provided for the mixed-use housing at 50 Front Street and a \$500,000 grant was awarded for the construction of a mixed-use building at 70-72 State Street.

The City's Economic Development Office is working in concert with SUNY Broome and the University to identify suitable locations for the Governor's "Start-Up New York" tax-free zone program. The Binghamton Local Development Corporation (the "BLDC") has worked with local business owners, Cornell University, SUNY Broome and Cornell Cooperative Extension to attract a new generation of food businesses that will take advantage of Binghamton's proximity to Cornell's technology and the City's access to three major railroads and 3 major interstate highways. This project is also part of the Upstate Revitalization Initiative.

Loan programs of the BLDC have made loans in the aggregate amount of \$805,000 over the last three years to nine different businesses. The loans are designed to supplement private investment in projects of \$3,750,225. The BLDC just closed its most recent NYS Office of Community Renewal (OCR) Main Street grant for \$500,000, to improve the area entering downtown. Source: City officials.

## Population Trends

<u>Year</u>	<u>City of Binghamton</u>	<u>Broome County</u>	<u>New York State</u>
1970	64,123	221,815	18,236,882
1980	55,860	213,648	17,558,072
1990	53,008	212,160	17,990,455
2000	47,380	200,536	18,976,457
2010	47,376	200,600	19,378,102
2018 (estimated)	45,503	194,402	19,618,453

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

## Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State, and are listed below.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
City of:						
Binghamton	\$ 17,067	\$ 33,696	\$ 22,293	\$ 36,137	\$ 39,725	\$ 44,787
County of:						
Broome	19,168	24,314	27,744	45,422	57,545	67,342
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

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

Source: U.S. Census Bureau, 2006-2010, 2011-2015 and 2014-2018 American Community Survey data.

## Unemployment Rate Statistics

The smallest area for which such statistics are available, which includes the City, is Broome County and the State of New York. The information set forth below with respect to the City, the Binghamton NY Metropolitan Statistical Area (“MSA”), the County of Broome and the State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the City is necessarily representative of the MSA, the County or the State, or vice versa.

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Binghamton City	8.2%	7.3%	6.5%	5.8%	5.9%	5.2%	5.3%
Binghamton NY, MSA	7.6	6.5	5.9	5.4	5.5	4.8	4.6
Broome County	7.8	6.6	6.0	5.4	5.6	4.9	4.7
New York State	7.7	6.3	5.3	4.9	4.7	4.1	4.0

	<u>Monthly Figures</u>											
	<u>2019</u>										<u>2020</u>	
	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>
Binghamton City	5.1%	4.5%	4.6%	5.7%	5.9%	5.9%	5.0%	4.8%	4.9%	5.3%	6.1%	N/A
Binghamton NY, MSA	5.0	4.2	3.9	4.4	4.8	4.6	4.2	4.2	4.2	4.9	5.6	N/A
Broome County	5.1	4.3	4.0	4.5	5.0	4.8	4.3	4.3	4.3	4.4	5.7	N/A
New York State	4.2	3.6	3.8	4.2	4.2	4.1	3.6	3.7	3.6	3.7	4.1	N/A

Note: Data are not seasonally adjusted and are preliminary and subject to revision.

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

## Labor Market Statistics

The following categories of non-agricultural employment and number employed in the Binghamton Metropolitan Statistical Area are summarized annually for 2013 through 2018.

<u>Category</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Nonfarm	104.0	102.8	103.2	103.5	104.0	103.4
Total Private	82.2	81.1	81.5	81.5	82.0	81.4
Government	21.8	21.6	21.7	21.9	22.0	22.0

Note: Data in thousands, not seasonally adjusted, and are preliminary and subject to revision. 2019 data is not available as of the date of this Official Statement.

Source: New York State Department of Labor-Division of Research and Statistics. (Data in Thousands, not seasonally adjusted).

## Larger Employers

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

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

<u>Company</u>	<u>Location</u>	<u>Employees</u>	<u>Type</u>
Binghamton University	Vestal	5,943	Education
United Health Services	Binghamton	5,428	Healthcare
Lockheed Martin *	Owego	2,700	Systems Integration
Broome County Government	Binghamton	2,500	Government
Lourdes Hospital	Binghamton	2,311	Healthcare
New York State Government	Binghamton	2,034	Government
Broome Developmental Center	Binghamton	1,400	Human Services
Amphenol Aerospace	Sidney	1,400	Electronic Devices
BAE Systems	Endicott	1,300	Mission Systems
Chobani	Norwich	1,300	Food Products
Raymond Corp.	Greene	1,250	Electric Products
Maines Paper & Food Service	Conklin	1,100	Food Distribution
I3 Electronics	Endicott	1,100	Electronics
Broome-Tioga BOCES	Binghamton	1,049	Education
NBT Bank	Binghamton	1,039	Financial Institution
IBM Corp.	Endicott	1,100	Technology
Weis Markets	Binghamton	1,000	Food Products
MeadWestvaco	Sidney	900	Office Products
Felchar Manufacturing Corp.	Binghamton	800	Electronics
NYSEG	Binghamton	800	Electricity & Natural Gas
Wegmans	Johnson City	774	Food Products
Nationwide Credit Inc.	Vestal	700	Asset Recovery
United Methodist Homes	Binghamton	621	Senior Living
Matrix Integrated Facility Management	Johnson City	600	Facility Management
Frito-Lay	Kirkwood	540	Food Distribution
Time Warner	Vestal	500	Communications

\* Physically located in Tioga County (part of the Binghamton MSA), but employs many Broome County residents.

Source: Broome County Comprehensive Plan - Building our Future

## **Form of City Government**

### *Executive, Legislative and Administrative Responsibility*

The Mayor, as chief executive officer, oversees the executive and administrative functions of the City and the City Council performs all legislative functions of the City. The Mayor, elected by general election for a four-year term and eligible to succeed himself, has the power to appoint and remove the non-elected heads of City departments. Salaries of non-elected heads of City departments are set by the Mayor based on limitations established by the City Code. The Mayor also has veto power over any resolution or ordinance passed by the City Council. Any such vetoes can be overridden by a two-thirds vote of the City Council.

The City Council is the legislative and policy-making body of the City consists of seven Councilmembers; elected within the various wards of the City. The City Council elects its own President who is the presiding officer. City Councilmembers are elected for four-year terms with the elections being held in odd numbered years. The City Council meets twice a month to consider all matters brought to its attention by individual Councilmembers, the Mayor, and by the public. It also meets in special sessions or conferences, as required, to deliberate on any matters affecting operational and developmental policies of the City. Both the Mayor and Councilmembers are limited to two consecutive four-terms.

### *Fiscal Oversight*

The Board of Estimate and Apportionment, consisting of the Mayor, the City Comptroller, the City Corporation Counsel, the City Engineer, and the City's Commissioner of Public Works, acts as the fiscal monitoring agency of the City by authority granted the Board under various sections of the Second Class Cities Law and the City Charter. The Mayor serves as President of the Board. Any ordinance adopted by the City Council affecting the budget or authorizing spending by City departments is subject to the approval of the Board. (See also "*Budgetary Procedures*" herein).

The City Comptroller, appointed by the Mayor, is the chief fiscal officer of the City. The City Comptroller is responsible for maintaining all required accounting records of the City and for reporting annually to the State Department of Audit and Control. The City Comptroller is also the Finance Director and chief fiscal officer of the City.

The City Treasurer is appointed by the Mayor and is responsible for the collecting and depositing of all City receipts. The City Assessor prepares the City assessment roll. Broome County collects City, County and School taxes.

The City Clerk is appointed by the City Council.

## **Investment Policy**

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the City is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The City may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; or (4) in the case of moneys held in certain reserve funds established by the City, pursuant to law, in obligations of the City.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments or investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the City, such instruments and investments must be purchased through, delivered to and held in the custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The City Council of the City has adopted an investment policy and such policy conforms to applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the City are made in accordance with such policy.

## Budgetary Procedures

Budget estimates for each department are compiled by the City Comptroller, acting as Director of Finance, who reviews the estimates and submits the document to the Board of Estimate and Apportionment. This preliminary budget is finalized by the Board of Estimate and Apportionment and submitted to the City Council along with a budget message from the Mayor.

In accordance with the City Charter, the Board of Estimate and Apportionment must submit its proposed budget to the City Council on or before September 15<sup>th</sup>.

The City Council has until October 30<sup>th</sup> to conduct its budget review and make changes. Included in the procedure of the City Council budgetary review is a public hearing, so that the comments of taxpayers can be taken into consideration before finalization.

Upon completion of the City Council review, the budget as adopted by the City Council becomes the formally approved budget for the following year unless vetoed by the Mayor. The Mayor has until November 6<sup>th</sup> to issue a veto. The City Council can override the Mayor's veto by a three-fourths vote. The City Council has until November 20<sup>th</sup> to override. If the Mayor's veto is not overridden, the budget as submitted becomes the official budget. If the City Council does not approve a finalized budget, the original budget as submitted by the Mayor becomes the official budget. The budget is submitted to the County on November 25<sup>th</sup>.

The City Charter requires that the assessment roll be finalized by July 1. This roll and the final approved budget become the basis for the following year's tax billing, which are presented to Broome County on or before November 25 along with the City's tax warrant.

All budgets adopted for the fiscal year ending December 31, 2012 and beyond are subject to the provision of the Tax Levy Limit Law. (See "*TAX LEVY LIMIT LAW*" herein).

### *Summary of Recent Adopted Budgets*

The City Council and Mayor adopted and approved the 2017 budget which included a decrease in residential tax rate by 0.23%, thus complying with the statutory tax cap; however, a total budgeted appropriation of \$424,000 from General Fund reserves were used to pay the cost of certain capital projects funded as part of the operating budget.

The City Council and Mayor adopted and approved the 2018 budget which included a decrease in residential tax rate by 1.97%, thus complying with the statutory tax cap; however, a total budgeted appropriation of \$1,881,833 from General Fund reserves were used to pay the cost of certain capital projects funded as part of the operating budget and to provide \$818,997 in debt reduction.

The City Council and Mayor adopted and approved the 2019 budget which included a decrease in residential tax rate by 0.94%, thus complying with the statutory tax cap; however, a total budgeted appropriation of \$1,225,230 from General Fund reserves was expected to be used to pay the cost of certain capital projects funded as part of the operating budget, along with debt reduction. Due to controlled spending the City anticipates an increase in fund balance even after taking into account said \$1.25 million of appropriation.

The City Council and Mayor adopted and approved the 2020 budget which included a decrease in residential tax rate by 3.3%, thus complying with the statutory tax cap; however, a total budgeted appropriation of \$1,420,045 from General Fund reserves are expected to be paid with the cost of certain capital projects funded as part of the operating budget, along with debt reduction.

## Employees

The City currently employs approximately 484 full-time employees, of which, 446 are represented by labor organizations. The following is a breakdown of employee representation by collective bargaining units and the dates of expiration of their respective collective bargaining agreements:

<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Teamsters' Union	132	December 31, 2022
Police Benevolent Association	128	December 31, 2019 <sup>(1)</sup>
Firefighters Local 729 AFL-CIO I.A.F.F.	116	December 31, 2019 <sup>(1)</sup>
Civil Service Forum	57	December 31, 2020
Supervisors Teamsters' Union	13	December 31, 2022

<sup>(1)</sup> Currently under negotiations.

Source: City officials.

**Status of Employee Pension Benefits**

Substantially all employees of the City 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

Recent employer’s share of the annual retirement expenses for the past five fiscal years and the budgeted amount for the 2020 fiscal year are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$2,470,316	\$5,100,717
2015	2,007,870	4,337,953
2016	1,624,589	4,470,600
2017	1,682,675	4,677,348
2018	1,643,334	4,541,852
2019	1,590,528	4,465,549
2020 (Budgeted)	1,587,500	4,900,000

Note: The City is not amortizing any portion of its retirement obligation as permitted by law. The City paid the full obligation for both ERS & PFRS in December of each of the last five years, qualifying for the reduced rate. Going forward, the City plans to continue to budget and pay the full retirement contribution taking advantage of the discounted rate given to payment made in December.

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 (2016 to 2020) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

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.

The City is not amortizing payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City is not participating in this program at this time 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 City’s employees is not subject to the direction of the City. 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 City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

**Other Post-Employment Benefits**

Healthcare Costs. It should also be noted that the City 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 requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits.

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

**GASB 75.** In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. As of December 31, 2017 the City implemented GASB 75 which requires municipalities to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other post-employment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

**Summary of Changes from the Last Valuation.** The City contracted with Nyhart Actuary & Employee Benefits, an actuarial firm, to calculate its actuarial valuations under GASB 75 for the fiscal years ended December 31, 2017 and 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the 2017 and 2018 fiscal years, by source.

Total OPEB Liability - Balance at:	<u>December 31, 2016</u>	<u>December 31, 2017</u>
	\$ 107,456,019	\$ 102,233,292
<u>Changes for the year:</u>		
Service cost	\$ 4,538,756	\$ 4,416,599
Interest	4,207,633	3,745,694
Changes in benefit terms	(3,818,625)	-
Changes in assumptions or other inputs	7,988,405	(8,234,310)
Differences between expected and actual experience	(14,993,078)	(33,491,478)
Benefit payments	<u>(3,145,818)</u>	<u>(2,867,517)</u>
Net Change	<u>(5,222,727)</u>	<u>(36,431,012)</u>
<b>Total OPEB Liability - Balance at:</b>	<b><u>December 31, 2017</u></b>	<b><u>December 31, 2018</u></b>
	<b>\$ 102,233,292</b>	<b>\$ 65,802,280</b>

Source: Audited financial reports of the City. The above table is not audited. Data for fiscal year ending December 31, 2019 is not available as of the date of this Official Statement.

The City is taking a proactive approach to minimizing the post-retirement benefits over the past several years. Some of the actions taken to reduce the long-term liability are:

- In 2015, Teamster retirees were enrolled in the City’s plans in lieu of the City making payments to the Teamsters to have eligible retirees covered by the Teamsters plan.
- For 2018, the City has negotiated a 15% reduction in the monthly Medicare Advantage Plan.
- For 2019, the City has negotiated a 45% reduction in the monthly Medicare Advantage Plan resulting in over \$700,000 in savings.
- In 2019 the City increased the cost to retirees from 25% to 30%.
- In 2020 the Co-Pays for Retiree pharmaceuticals increased \$10 at each level. This allowed the cost to remain stable.

On February 26, 2015, Comptroller DiNapoli proposed legislation to provide the State and certain local governments, including the City, with the authority to establish trusts in which to accumulate assets for other post-employment benefits (OPEB) and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments and other public corporations. This legislative proposal would provide express statutory authority for the creation of OPEB trusts for New York State and its local governments to provide a mechanism to accumulate funds for OPEB costs, should the State or local government decide to fund these liabilities. The City cannot predict at this time whether the proposed legislation will be enacted into law.



## STATUS OF INDEBTEDNESS

### Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the City (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the City and the Notes:

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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(s) of probable usefulness of the several object(s) or purpose(s) contracted therefor or the weighted average period of probably usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the City has authorized the issuance of indebtedness having substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed seven per centum of the five-year average full valuation of the taxable real estate of the City and subject to certain enumerated deductions and exclusions such as water and certain sewer facilities and cash and appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined.

General. The City is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the City so as to prevent abuses in the exercise of such powers; however, as has been noted under "*NATURE OF THE OBLIGATION*" the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See "*TAX LEVY LIMIT LAW*" herein).

There is no constitutional limitation on the amount that may be raised by the City by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the City to increase its annual tax levy, unless the City complies with certain procedural requirements to permit the City to levy certain year to year increases in real property taxes. (See "*TAX LEVY LIMIT LAW*" herein).

### Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the power and procedure for the City 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 the General City Law, the Second Class Cities Law, the General Municipal Law and the City Charter.

Pursuant to the Local Finance Law, the City authorizes the issuance of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of an ordinance approved by at least two-thirds of the members of the City Council, the finance board of the City.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond ordinance, which in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond ordinance except for alleged constitutional violations. The City has complied or expects to comply with this procedure in connection with the bond ordinances adopted in connection with the issuance of the Notes.

Each bond ordinance 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 and the notes subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond ordinance also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided principal payments are made and provided that such renewals generally do not extend more than five years from the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See “*STATUS OF INDEBTEDNESS - Payment and Maturity*” under “*Constitutional and Statutory Requirements*” and “*Bond Anticipation Notes*” herein).

In general, the Local Finance Law contains similar provisions providing the City with power to issue general obligation revenue and tax anticipation notes and general obligation budget, deficiency and capital notes.

The City Council, as the finance board of the City, has the power to authorize the sale and issuance of bonds and the notes, including the Notes. However, such finance board may delegate the power to sell its Notes to the City Comptroller, the chief fiscal officer of the City, pursuant to the Local Finance Law.

### Outstanding Long-Term Bond Indebtedness

The following table sets forth the total long-term bonded indebtedness outstanding at the end of the fiscal years 1998 through 2019:

<u>Fiscal Year</u>	<u>Total Bonded Debt</u>	<u>Fiscal Year</u>	<u>Total Bonded Debt</u>
1998	\$ 23,750,000	2009	\$ 92,459,413
1999	37,170,455	2010	86,599,413
2000	52,939,385	2011	80,675,000
2001	50,821,385	2012	87,295,000
2002	50,574,234	2013	81,590,000
2003	51,115,673	2014	91,475,000
2004	63,667,980	2015	92,401,256
2005	82,799,000	2016	125,739,836
2006	78,276,000	2017	117,819,122
2007	97,328,157	2018	125,315,670
2008	92,575,001	2019	182,232,576

Note: Principal only. The data set forth above includes all outstanding bonds of the City. See “APPENDIX - B1-B4” for debt service requirements for these issues. The increase in Total Bonded Debt is attributed to the Plant Improvements. (See “*Joint Sewage Treatment Plant*” herein for additional details.) Please note that pursuant to the State Revolving Loan Fund Program guidelines, the City presently receives a 33% interest rate subsidy for water related projects and a 50% interest rate subsidy for sewer projects.

## Debt Statement Summary

The Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of March 23, 2020:

Five-Year Average Full Valuation of Taxable Real Property.....	\$ 1,467,229,583
Debt Limit – 7% thereof .....	102,706,071

### Inclusions:

Bonds <sup>(1)</sup> .....	\$ 178,647,576	
New York State EFC Advance (Sewer) <sup>(2)</sup> .....	15,207,105	
Bond Anticipation Notes .....	<u>43,357,295</u>	
Total Inclusions .....		\$ 237,211,976

### Exclusions:

Water Indebtedness Bonds <sup>(3)</sup> .....	\$ 13,095,103	
Water Indebtedness Notes <sup>(3)</sup> .....	9,545,000	
Sewer Indebtedness Bonds <sup>(3)(4)</sup> .....	124,795,653	
Sewer Indebtedness Notes <sup>(3)(4)</sup> .....	4,454,658	
New York State EFC Advance (Sewer) <sup>(2)(4)</sup> .....	15,207,105	
Appropriations – Bonds.....	<u>1,609,833</u>	
Total Exclusions.....		\$ 168,707,352

Total Net Indebtedness Subject to Debt Limit .....	\$ 68,504,624
Net Debt-Contracting Margin .....	\$ 34,201,447
Percent of Debt Contracting Power Exhausted .....	66.70%

- (1) Includes bonds sold to the New York State Environmental Facilities Corporation (EFC) that qualify for various interest subsidies. The EFC bonds were issued for improvements to the sewage treatment facility. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein.)
- (2) As of March 23, 2020, the City has \$15,207,105 of STIFF and SMRF outstanding. (See “*Joint Sewage Treatment Plant*” and “*New York State Environmental Facilities Corporation Loan Advance*” herein for additional details.)
- (3) Excluded pursuant to Article VIII of the New York State Constitution.
- (4) Exemptions granted for sewage treatment plant debt and combined sewer overflow debt pursuant to section 124.10 of the Local Finance Law. The City’s application for this exclusion was approved and a certificate was issued December 29, 2015. The City expects to apply for another sewer exclusion this year to exclude additional sewer debt incurred since December 29, 2015.

## Long-Term Debt Service Schedule

A schedule of Long-Term Debt Service, including the principal of the Bonds, may be found in “APPENDIX – B” to this Official Statement.

## Bond Anticipation Notes

The City has a \$43,357,295 bond anticipation note outstanding which matures on April 17, 2020. (See “*AUTHORITY FOR AND PURPOSES OF ISSUE*” herein.) The City expects to redeem such note with a portion of the proceeds of the Notes and available funds of the City.

## Other Obligations

The City does not currently have any municipal lease or installment purchase agreements outstanding.

## New York State Environmental Facilities Corporation Loan Advance

The following is a summary of various financing currently in progress and to be undertaken by the City for the Binghamton-Johnson City Joint Sewage Treatment Plant (the “Project”):

### *Project No. C7-6201-03-03*

On January 30, 2014, the City entered into an agreement with the New York State Environmental Facilities Corporation (EFC) for Project No. C7-6201-03-03, authorizing the City to draw up to \$3,017,476 Short-term Market-Rate Financing (“SMRF”) and \$13,593,826 Short-term Interest Free Financing (“STIFF”) to finance costs associated with the design, construction, reconstruction and rehabilitation of the Project. The City is obligated to repay the loans in annual principal installments in amounts and at times specified or determined in accordance with the Financing Agreement, dated January 30, 2014, pursuant to the City and EFC, plus any accrued interest. To date, the City has drawn \$13,593,826 STIFF and \$3,017,476 SMRF against this agreement and has made principal payments to EFC totaling \$12,971,140 from budgetary appropriations and FEMA reimbursements. As of March 23, 2020, the City has \$2,733,292 outstanding related to the STIFF loan and \$906,820 related to the SMRF loan. A portion of the loans are expected to be converted to long-term financing following the receipt of all FEMA reimbursements. In 2018, the City and EFC extended the terms of this note to January 31, 2021. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein.)

### *Project No. C7-6201-03-06*

On September 20, 2018, the City entered into an agreement with EFC for Project No. C7-6201-03-06, authorizing the City to draw up to \$12,330,000 SMRF and \$12,330,000 STIFF loans, and \$10,960,000 of New York State Water grants to finance costs associated with the Project. The City is obligated to repay the loans in annual principal installments in amounts and at times specified or determined in accordance with the Financing Agreement, dated September 20, 2018, between the City and EFC, plus any accrued interest. To date, the City has drawn \$11,566,993 STIFF and \$5,480,000 of grants pursuant to this agreement. As of March 23, 2020, the City has \$11,566,993 outstanding related to the STIFF loan. A portion of the loans are expected to be converted to long-term financing following the receipt of all FEMA reimbursements.

## Capital Project Plans

The City intends to finance future routine infrastructure improvements and equipment replacements by issuing general obligation bonds or notes of the City. The City plans to finance a significant portion of its sewer and water projects through the New York State Environmental Facilities Corporation (EFC) Revolving Loan Fund Program that provides significant interest rate subsidies. (See the sub-caption “*Flood Damage to the Joint Sewer Treatment Plant*” under “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” and “*New York State Environmental Facilities Corporation Loan Advance*” herein). As discussed herein, the City and the Village have commenced a major sewer treatment plant facilities reconstruction and improvement project ongoing. The current aggregate principal amount of bonds authorized for the project is \$365,000,000 with 54.8% (\$200,020,000) attributable or allocated to the City and 45.2% (\$164,980,000) attributable or allocated to the Village. (For more information see “*CITY OF BINGHAMTON - Joint Sewer Treatment Plant*” herein). Given the percent of the City’s Constitutional debt contracting power that has been exhausted to date, any future debt issuance by the City will be constrained by the City’s Constitutional debt contracting limit, unless an exclusion applies. (See “*Debt Statement Summary*” herein.)

In addition to the forgoing, the City may embark on various flood mitigation measures which were expected to be financed from City issued obligations and/or other sources of grant funds.

As of the date hereof, the City Council had authorized but not issued indebtedness for the projects listed below (excluding the sewer project discussed above); however, there presently are no plans to borrow for these purposes.

<u>Project</u>	<u>Date Authorized</u>	<u>Amount</u> <sup>(1)</sup>
Compactor	February 6, 2013	\$ 100,000
Reconstruct Salt Sheds	February 6, 2013	650,000
Small Roller Truck	April 9, 2014	25,000
Front Street Gateway	April 9, 2014	850,000
South Washington Street Bridge (Engineering.)	February 9, 2014	100,000
	TOTAL:	<u>\$ 1,725,000</u>

Source: City officials.

**Estimated Overlapping Indebtedness**

In addition to the City, 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 City. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Broome	11/12/2019 <sup>(5)</sup>	\$ 136,679,000	\$ - <sup>(3)</sup>	\$ 136,679,000	15.19%	\$ 20,761,540
City School District of						
the City of Binghamton	12/26/2018 <sup>(5)</sup>	76,325,000	73,043,025 <sup>(4)</sup>	3,281,975	96.14%	3,155,291
					Total:	<u>\$ 23,916,831</u>

- (1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.
- (2) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
- (3) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.
- (4) Estimated State Building aid.
- (5) Source: Most recent available Official Statement of the Municipality obtained from EMMA.

**Debt Ratios**

The following table sets forth certain ratios relating to the City’s Gross and Net Indebtedness, as of March 23, 2020.

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Gross Indebtedness <sup>(c)</sup> .....	\$ 229,132,857	\$ 4,985.05	15.62%
Net Indebtedness .....	68,504,624	1,490.40	4.67
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	253,049,688	5,505.39	17.25
Net Indebtedness Plus Net Overlapping Indebtedness.....	92,421,455	2,010.74	6.30

- (a) The 2017 population of the City is estimated to be 45,964. (See “*THE CITY – Population Trends*” herein.)
- (b) The City's five year average of full value of taxable real estate is \$1,467,229,583. (See “*Taxable Assessed Valuations*” herein.)
- (c) See “*Debt Statement Summary*” for the calculation of Gross Indebtedness and Net Indebtedness, herein.
- (d) The City’s applicable share of Net Overlapping Indebtedness is estimated to be \$23,916,831. (See “*Estimated Overlapping Indebtedness*” herein).

**FINANCIAL FACTORS**

**General Fund Operations**

City finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A summary of the statement of such revenues and expenditures for the five-year period ending December 31, 2018 compiled from the City’s audited is contained in the Appendices). (See also “*FINANCIAL FACTORS - Financial Statements and Accounting Procedures*” herein). The City also has the following funds: Water, Sewer, Special Revenue, Internal Service, Trust and Agency, Capital and Special Grant Aid. (See “APPENDIX - A3”, for information concerning certain funds.) Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

“APPENDICES - A1, - A2 and - A3” set forth the General Fund operations for fiscal years ending 2013 through 2018, which are derived from annual audited financial statements on file in the City Comptroller’s office. (See “*FINANCIAL FACTORS - Financial Statements and Accounting Procedures*” herein.)

The City receives certain State aid which has been received in the years and amounts as indicated in “APPENDIX - A1 and - A2” and appropriated in the operating budget for each year. In addition, the City collects charges for summer school and similar educational service.

## **Financial Statements and Accounting Procedures**

The City retains independent Certified Public Accountants. The last audit report is for the period ending December 31, 2018 and may be found attached hereto as “APPENDIX – D” to this Official Statement. The unaudited Annual Financial Update Report Document for the period ending December 31, 2019 is expected to be completed by end of May 2020. The City anticipates that the audit report for the period ending December 31, 2019 will be available September 2019. Certain financial information may also be found in the Appendices to this Official Statement.

The City complies with the Uniform System of Accounts as prescribed for Cities in New York State. Except for the accounting for fixed assets, this system generally conforms to accepted accounting principles as prescribed by the American Institute of Certified Public Accountants’ Industry Audit Guide, “Audits of State and Local Governmental Units”, and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB). The City is in compliance with GASB Statement No. 34

## **Recent Operating Results**

The following is a summary of recent operating results for the City’s major funds. Preliminary results are unaudited and subject to change.

### *2019 Unaudited Results of Operation*

As of December 31, 2019, based upon preliminary results, which are unaudited and subject to change, the General Fund, Water Fund and Sewer Fund have an estimated positive fund balances of \$20.1 Million, \$2.8 million, and \$4.4 million, respectively.

The Capital Projects Fund is again expected to have a deficit fund balance of (\$31,502,066), which is due to the City’s bond anticipation notes being accounted for as short-term debt in the fund. The deficit fund balance will be eliminated as the bond anticipation notes are converted to long-term debt.

In several recent years, the Parking Ramps Fund has experienced fund balance deficits. The Parking Ramps Fund has a deficit fund balance of (\$130,000) due to negative operating results in certain years. The operation of the fund is being monitored monthly and cost savings are being implemented wherever possible for the second consecutive year the fund balance as improved.

The Internal Service Fund had a positive net position of \$2,657,680. This fund captures the combined Workers Compensation run-out claims, and General Municipal Law 207c claims for all City employees as well as stop-loss coverage and the expenses associated with being self-insured. The accrued liabilities of the fund are based on actuarially determined liabilities and are over 50% funded. This fund has not experienced fund balance deficits in recent years.

### *2018 Audited Results of Operation*

As of December 31, 2018, the General Fund, Water Fund and Sewer Fund have an estimated positive fund balances of \$20 million, \$2.8 million, and \$4.7 million respectively.

The Capital Projects Fund is again expected to have a deficit fund balance of (\$71,258,497), which is due to the City’s bond anticipation notes being accounted for as short-term debt in the fund. The deficit fund balance will be eliminated as the bond anticipation notes are converted to long-term debt.

In several recent years, the Parking Ramps Fund has experienced fund balance deficits. The Parking Ramps Fund has a deficit fund balance of (\$270,000) due to negative operating results in certain years. The operation of the fund is being monitored monthly and cost savings are being implemented wherever possible, in 2018 the fund balance increase from the operating results.

The Internal Service Fund had a positive net position of \$2,428,000. This fund captures the combined Workers Compensation run-out claims, and General Municipal Law 207c claims for all City employees as well as stop-loss coverage and the expenses associated with being self-insured. The accrued liabilities of the fund are based on actuarially determined liabilities and are over 50% funded. This fund has not experienced fund balance deficits in recent years.

## State Aid for Operating and Other Purposes

Annually, the City receives certain State aid for the State of New York. (See “*Other Revenues*” under “*FINANCIAL FACTORS*” herein). There is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever and, in any event, if appropriated and apportioned to the City, payment of State aid can be made only if such monies are available therefor. The availability of such monies could be affected by State fiscal stress and/or the State's ability to issue notes in anticipation of the collection of State taxes and revenues from time to time which, under presently existing market conditions, cannot be assured. Should such monies be unavailable for payment to the City, timely payment of its indebtedness will have to be made from other City funding sources.

The State receives a substantial amount of Federal aid. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision under the current presidential administration and Congress.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the current administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances and changes to Federal participation rates or other Medicaid rules.

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the Federal government (i) reduces Federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces Federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

The following table illustrates the percentage of total General Fund revenues of the City comprised of State aid since the 2014 fiscal year.

<u>Fiscal Year</u>	<u>Total General Fund Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2014	\$ 64,916,354	\$ 9,877,880	15.22%
2015	63,800,824	9,898,629	15.51%
2016	64,663,551	10,280,479	15.90%
2017	65,621,184	10,018,335	15.27%
2018	65,807,662	10,013,561	15.22%
2019 (Budgeted)	63,306,710	9,968,326	15.75%
2019 (Unaudited) <sup>(1)</sup>	64,993,554	10,120,578	15.57%
2020 (Budgeted)	63,793,377	10,049,694	15.75%

<sup>(1)</sup> The 2019 unaudited results are preliminary and subject to change.

Note: In the event of reductions in State aid, the City believes that it will be able to sustain such cuts in State aid. In anticipation of potential delays and/or reductions in State Aid, the City periodically reviews its cash position. As a general matter, the City's cash flow position is strong as a result of the County's guarantee of tax collection. Nevertheless, the City may find the need to issue a revenue anticipation note in the event that there are delays in the receipt of State aid. The City also has analyzed the budget and potential areas of reduction in the event that State Aid is reduced or eliminated.

Source: 2014-2018 audited financial statements, 2019 unaudited results, and 2020 adopted budget (unaudited) and City officials. This table itself is not audited.

## **New York State Comptroller Reports of Examination**

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

The State Comptroller's office released its most recent audit report of the City on November 30, 2018. The purpose of the audit was to determine whether City officials adequately safeguarded electronic access to the water system for the period January 1, 2017 through May 7, 2018.

### Key Findings:

- Adequately safeguard the electronic access to the water system.
- Implement a formal process to stay updated on system cybersecurity threats.
- Prevent or monitor public disclosure of information that could jeopardize the water system.
- Provide staff with cybersecurity awareness training.

### Key Recommendations:

- Establish a process for receiving and assessing system cybersecurity alerts.
- Adopt policies and procedures to better safeguard the water system.
- Prohibit the disclosure of information that can jeopardize the system and monitor for and remove such publicly shared information.
- Provide cybersecurity awareness training to personnel.
- Address the confidentially communicated IT recommendations.

The City provided a complete response to the State Comptroller's office on November 21, 2018. All findings have been mitigated both at the plant and City-wide when appropriate.

An audit conducted by the State Comptroller was released on June 3, 2016. The purpose of the audit was to assess the City's operations for costs savings and revenue enhancement opportunities for the period January 1, 2014 through May 21, 2015. A copy of the audit and response of the City can be found at the website of the Office of the New York State Comptroller.

In addition, the State Comptroller completed an audit of the Binghamton-Johnson City Joint Sewage Board that was released on December 18, 2015. The purpose of the audit was to determine if sewage treatment services were provided economically. A copy of the audit and response of the Joint Sewage Board can be found at the website of the Office of the New York State Comptroller.

Note References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

## **The State Comptroller's Fiscal Stress Monitoring System**

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

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



The reports of the State Comptroller for the 2014 through 2018 fiscal years of the City are as follows:

<u>Fiscal Year Ended</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	6.7%
2017	No Designation	1.7%
2016	No Designation	1.7%
2015	No Designation	17.5%
2014	No Designation	20.8%

For additional details regarding the Fiscal Stress Monitoring System visit the State Comptroller's official website.

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

### TAX INFORMATION

The following table sets forth the assessed and full valuation of taxable real property, rates of tax per \$1,000 assessed valuation and the City's real property tax levy per tax year.

#### Taxable Assessed Valuations

<u>Year of City Tax Roll:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Assessment Roll Year:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Valuation					
Homestead	\$ 793,221,293	\$ 795,026,874	\$ 802,068,902	\$ 800,959,339	\$ 800,722,738
Non-Homestead	<u>427,386,280</u>	<u>430,410,300</u>	<u>426,856,823</u>	<u>413,057,034</u>	<u>409,388,032</u>
Total Assessed Valuation	<u>\$1,220,607,573</u>	<u>\$1,225,437,174</u>	<u>\$1,214,016,373</u>	<u>\$1,214,016,373</u>	<u>\$1,210,110,770</u>
State Equalization Rate	83.00%	86.00%	84.00%	84.00%	79.00%
Taxable Full Valuation	<u>\$1,470,611,534</u>	<u>\$1,424,926,947</u>	<u>\$1,463,006,815</u>	<u>\$1,445,257,587</u>	<u>\$1,532,345,032</u>

Note: The decrease in the total assessed valuation is due a reduction in the assessment of the City's utility companies. (See "Larger Taxpayers – 2019 Assessment Roll for 2020 City Tax Roll" herein.)

#### Tax Rate Per \$1,000

<u>Year of Town Tax Roll:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Assessment Roll Year:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General City					
Homestead	\$ 23.45	\$ 23.38	\$ 22.85	\$ 22.61	\$ 21.92
Non-Homestead	42.31	42.01	41.31	41.06	40.76

#### Tax Levy and Tax Collection Record

<u>Years Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Tax Levies					
City – January <sup>(1)</sup>	\$ 36,699,541	\$ 36,670,786	\$ 35,947,477	\$ 35,088,825	\$ 34,241,364
Uncollected Taxes <sup>(2)</sup>	0	0	0	0	0

<sup>(1)</sup> Net Tax levy after adjustments. City tax includes re-levy of unpaid water and sewer bills from previous year.

<sup>(2)</sup> The County guarantees the collection of the City tax levy and school tax levy of the Binghamton City School District. As a result, any uncollected taxes levied for City and school purposes are paid in full by the County to the City and Binghamton City School District. This change in the tax collection procedure has had a positive impact on the cash position of the City. See also "Real Estate Property Tax Collection Procedure" herein.

Source: City Officials.

## Real Estate Property Tax Collection Procedure

Real property taxes are collected by Broome County and are due in two installments. The first installment is due during the month of January; the second is due during the month of July. School taxes are collected by Broome County on behalf of the City School District of the City of Binghamton (the "City School District") and are due during the months of September, November and March. If a payment is not made by the 31st day of the month in which it is due, fees are added at a rate of 1% per month on the total amount due including previous fees until paid. A 5% collection fee is also added to late City School District taxes. Tax Enforcement is established by Article 11 of the Real Property Tax Law.

Effective September 1, 2006, Broome County assumed responsibilities for the collection of current and delinquent City and Binghamton City School District taxes. The County continues to guarantee the tax collection for the City and Binghamton City School District and makes payments to the City in February and August of each year.

## Larger Taxpayers – 2019 Assessment Roll for 2020 City Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYSEG	Utility	\$ 52,674,860
Norfolk Southern Corporation	Rail Road	19,329,882
Binghamton Giant Market Inc.	Food Market	4,873,000
PCP Binghamton Assoc LLC	Commercial	7,965,000
Legacy Bay Apartments LLC	Real Estate	6,811,000
Front Street Binghamton LLC	Commercial	6,006,000
Security Mutual Life Ins. Co. NY	Commercial	5,361,800
Five Riverside Dr Tow Owners, Inc.	Real Estate	5,279,666
Park Creek Realty LLC	Commercial	4,900,900
Arena Hotel Corp	Commercial	3,918,000

The larger taxpayers listed above have a total assessed valuation of \$117,120,108, which represents 9.69% of the tax base of the City for the 2020 fiscal year.

As of December 1, 2019, there are approximately 27 open tax claims involving 13 property owners within the City with a current assessed value of \$15,095,900 seeking total reductions of \$7,392,903 to an assessed value of \$7,702,997. The City negotiates these cases on a regular basis and includes budget overlays to offset loss of any taxable real property assessments.

Source: City Officials

## Sales Tax

The sales tax rate in Broome County is 8% with 4% held by the State and 4% returned to the County. Sales tax is received from the State and distributed to local municipalities quarterly. The County retains 1% and allocates the remaining 3% among the other municipalities within the County. This calculation was modified during 2015 for distribution in 2016 and increased the percentage allocated to the City. The formula was further adjusted in December 2016.

The following table shows the sales tax revenues for the fiscal years 2010 through and including 2018, along with the unaudited amount for 2019, and the budgeted amount for the 2020 fiscal year:

<u>Fiscal Year Ending December 31<sup>st</sup></u>	<u>Total Revenues</u>	<u>Total Sales Tax Revenues</u>	<u>Percentage of Total Revenues Consisting of Sales Tax</u>
2015	\$ 63,800,824	\$ 10,127,140	15.87%
2016	64,663,551	10,369,361	16.04
2017	65,621,184	11,191,523	17.05
2018	65,807,662	11,975,515	18.20
2019 (Unaudited) <sup>(1)</sup>	64,993,554	12,410,495	19.10
2020 (Budgeted)	63,793,377	12,000,000	18.81

<sup>(1)</sup> The 2019 unaudited results are preliminary and subject to change.

Source: 2014-2018 audited financial statements, 2019 unaudited results, and 2020 adopted budget (unaudited) and City officials. This table itself is not audited.

## Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31:

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Five Year Average Full Valuation.....	\$ 1,467,458,796	\$ 1,454,267,542	\$ 1,459,762,650
Tax Limit - (2%).....	29,349,176	29,085,351	29,195,253
Add: Exclusions from Tax Limit.....	<u>9,542,385</u>	<u>8,970,375</u>	<u>10,240,603</u>
Total Taking Power.....	\$ 38,891,561	\$ 38,055,726	\$ 39,435,856
Less: Total Levy.....	<u>34,241,363</u>	<u>35,088,825</u>	<u>35,947,477</u>
Constitutional Tax Margin.....	<u>\$ 4,650,198</u>	<u>\$ 2,966,901</u>	<u>\$ 3,488,379</u>

Source: City Officials

## Other Tax Information

Real property in the City is assessed by the City. The City Assessor retains the right to change assessments.

Veterans' exemptions are offered to those who qualify.

The assessment roll of the City consists of approximately 20% commercial, 12% industrial and 68% residential property.

The total property tax bill of a typical residence in the City with an average assessed value of \$67,000 is estimated to be \$4,086 including State, County, City and school taxes. With the average of the Basic and the enhanced STAR for a resident, the total property tax bill is reduced to \$3,415.

## TAX LEVY LIMIT LAW

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law") all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the City, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to cause the levy of real estate taxes on all the taxable real property within the City, to pay the principal of and interest on the Bonds, is subject to the statutory limitations imposed by the Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions. The Tax Levy Limit Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provisions above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by City. The City Council can adopt a resolution, approved by a vote of sixty percent of the total voting power of the City Council, to override the tax levy limit for a given year.

There can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating applicable law (i) for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) by limiting the pledge of its faith and credit by a City for the payment of debt service on obligations issued by such City because the Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limit Law.

## TAX MATTERS

### Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the City (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Notes, and Bond Counsel has assumed compliance by the City with certain provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Obligations are exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

### Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City, in executing the Tax Certificate, will certify to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

### Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of an Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes. Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of an Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Note under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on

periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

### **Note Premium**

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing an Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

### **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective noteholders should consult their own tax advisors regarding the foregoing matters.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The form of the opinion of Bond Counsel related to the Notes is attached hereto as "APPENDIX - D".

## LITIGATION

On June 1, 1985, the City became self-insured for general liability exposure. At present there are approximately 20 relevant actions pending against the City. The City set a reserve of approximately \$500,000 for these claims, including an amount for a particular claim Ferreira v. City of Binghamton, et al. In January 2017, a jury returned a verdict in such matter as follows: (i) a City Police Officer did not use excessive force, did not assault or battery Plaintiff and was not negligent and (ii) the City was negligent under a theory of *respondent superior* and awarded the Plaintiff \$2,750,000. Given this inconsistency in the verdict, the City made a motion to set aside the verdict. Such motion was granted. The Plaintiff has appealed and such appeal is pending. The City cannot predict the likelihood of success of an appeal. Even assuming *arguendo*, the verdict is re-instated, the City has \$500,000 in reserves to pay a portion of the judgment. Subject to the City's constitutional debt limit, the City is also authorized by the Local Finance Law to issue bonds and/or notes should it need to finance any portion of the judgment not covered by the reserve.

From July 1, 1995 to April 2010, the City was self-insured for workers' compensation claims. Since April 2010, the City has been insured through the New York State Municipal Workers' Compensation Alliance Plan. Pre-insurance claims, i.e., those claims filed prior to April 2010 that are still outstanding, are estimated at \$1,500,000 over the life of the claims. The City budgets for such pre-insurance claims as they come due on an annual basis.

Actions involving real property assessments, either an Article 78 or Article 7 proceedings, have potential refunds of up to \$100,000.

The City requires that all construction contractors working for it provide liability insurance policies which indemnify the City for all aspects of potential liability including the City's potential exposure as the owner of each work site. The City also requires such insurance from other persons or firms who use City property or perform services for the City.

The City is subject to these and other claims and lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that the matters referred to above or any other litigated matters to which the City is a party, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City at this time. In the opinion of City officials there are enough funds to cover pending claims and future contingencies.

## 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 City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to Fiscal Advisors are partially contingent on the successful closing of the Notes.

## CUSIP IDENTIFICATION NUMBERS

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

## CONTINUING DISCLOSURE

At the time of the delivery of the Notes, the City will provide an executed copy of its undertaking to provide Notices of Events with respect to the Notes substantially as set forth, respectively, in “APPENDIX - E” hereto.

### Historical Continuing Disclosure Compliance

Below is a chart listing the dates of completion and EMMA filing dates of annual financial information and audited financial statements for the past five fiscal years 2014 through 2018:

<u>Fiscal Year Ending December 31<sup>st</sup></u>	<u>Annual Financial Information and Operating Data Filing Date</u>	<u>Audit Completion Date</u>	<u>Audit Filing Date</u>
2014	June 23, 2015	September 29, 2015	October 20, 2015
2015	June 27, 2016	September 29, 2016	September 30, 2016
2016	June 28, 2017	September 25, 2017	September 28, 2017
2017	June 21, 2018	September 14, 2018	October 17, 2018
2018	June 28, 2019	September 27, 2019	September 30, 2019

Due to an administrative error, the City was delinquent in paying a July 15, 2016 interest payment associated with the City’s \$9,885,000 Public Improvement Serial Bonds – 2014, dated January 30, 2014. Following notice by the Depository Trust Company (“DTC”), the City made the payment on August 2, 2016. Additionally, due to an administrative error, the City was delinquent in paying an August 1, 2016 interest payment associated with the City’s \$13,095,060 Public Improvement Serial Bonds - 2012, dated February 1, 2012. Following notice by DTC, the City made the payment on August 3, 2016. The City has taken steps to ensure that the late payment of debt service does not occur in the future by including its internal schedule of debt service dates on the calendars of key City personnel. On August 3, 2016, the City filed a Material Events Notice with EMMA reporting the late payments. (See “*NO PAST DUE DEBT*”, herein).

Due to clerical error, the City did not include a reference to the issuance of \$8,220,000 Clean Water Statutory Installment Bond-2019 issued through the New York State Environmental Facilities Corporation on June 13, 2019 in an event notice dated June 13, 2019 related to the incurrence of a financial obligation. The City filed an event notice referencing this obligation on March 23, 2020.

In the past five years there have been numerous rating actions reported by Moody’s, S&P and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the City. Due to widespread knowledge of these rating actions, material event notices were not filed by the City in each instance. The underlying rating of the City has never been adversely affected any rating actions relating to such insurers.

## RATINGS

The Notes are NOT rated. Subject to the approval of the City, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, such as a rating action that may require the filing of a material event notification to EMMA. (See “APPENDIX - D”, attached hereto).

Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “A2” with a stable outlook to the City’s outstanding bonds. A rating reflects only the view of the rating agency assigned such rating and any desired explanation of the significance of such rating should be obtained from: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

## ADDITIONAL INFORMATION

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the 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 City management's beliefs as well as assumptions made by, and information currently available to, the City'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 City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Notes.

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

Concurrently with the delivery of the Notes, the City 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 City.

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

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

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

The City's contact information is as follows: Mr. Clarence Shager, City Comptroller and Chief Fiscal Officer, City Hall, 38 Hawley Street, Binghamton, New York 13901, Phone: (607) 772-7011, Fax: (607) 772-7106, Email: [ceshager@cityofbinghamton.com](mailto:ceshager@cityofbinghamton.com).

Additional information may be obtained upon request from Fiscal Advisors & Marketing, Inc. (315) 752-0051, [www.fiscaladvisors.com](http://www.fiscaladvisors.com).

This Official Statement has been duly executed and delivered by the City Comptroller of the City of Binghamton.

**CITY OF BINGHAMTON**

**Dated: March 23, 2020**  
**Binghamton, New York**

**/s/ CLARENCE SHAGER**  
**City Comptroller & Chief Fiscal Officer**



**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending December 31:	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>
<b><u>ASSETS</u></b>					
Cash and Investments	\$ 10,611,689	\$ 14,703,159	\$ 20,321,471	\$ 18,402,682	\$ 21,930,300
Receivables:					
Taxes - net	-	-	-	-	-
Accounts	-	-	-	-	-
Other	2,109,272	1,908,000	973,276	1,353,049	414,579
Due from Other Funds	2,397,234	1,035,513	38,670	1,231,828	959,709
Due from State and Federal Governments	175,417	195,244	509,398	141,837	71,725
Due from Other Governments	1,129,315	1,591,282	2,628,327	3,106,049	3,092,928
Due from Fiduciary Fund	-	-	-	-	-
Due from Proprietary Funds	-	-	-	-	-
Prepaid Expenses	1,844,298	1,562,123	1,586,263	1,691,246	1,678,266
Other Assets	-	-	-	-	-
Inventories	14,878	16,425	10,000	14,307	30,490
	<u>14,878</u>	<u>16,425</u>	<u>10,000</u>	<u>14,307</u>	<u>30,490</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 18,282,103</u></u>	<u><u>\$ 21,011,746</u></u>	<u><u>\$ 26,067,405</u></u>	<u><u>\$ 25,940,998</u></u>	<u><u>\$ 28,177,997</u></u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 838,502	\$ 600,542	\$ 1,671,448	\$ 527,179	\$ 539,970
Accrued Liabilities	1,306,584	2,017,147	1,908,130	2,187,994	2,191,381
Due to State Retirement Systems	-	-	-	-	-
Due to Other Funds	-	240,354	2,413,344	752,911	4,605,504
Due to Other Governments	85,560	-	-	-	557,767
Bond and Long Term Liabilities	-	-	-	-	-
Deferred Revenue	-	149,871	66,181	49,717	-
Compensated Absences	89,517	105,578	126,399	-	-
Other Liabilities	-	-	-	122,234	205,520
	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,234</u>	<u>205,520</u>
<b>TOTAL LIABILITIES</b>	<u>2,320,163</u>	<u>3,113,492</u>	<u>6,185,502</u>	<u>3,640,035</u>	<u>8,100,142</u>
<b><u>FUND EQUITY</u></b>					
Nonspendable	\$ 1,859,176	\$ 1,578,547	\$ 1,596,263	\$ 1,705,553	\$ 2,116,932
Restricted	1,198,480	1,422,758	1,423,470	5,101,532	5,387,107
Assigned	1,732,953	724,765	1,334,046	2,488,041	1,700,887
Unassigned	11,171,331	14,172,184	15,528,124	13,005,837	10,812,335
	<u>11,171,331</u>	<u>14,172,184</u>	<u>15,528,124</u>	<u>13,005,837</u>	<u>10,812,335</u>
<b>TOTAL FUND EQUITY</b>	<u>15,961,940</u>	<u>17,898,254</u>	<u>19,881,903</u>	<u>22,300,963</u>	<u>20,017,261</u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><u>\$ 18,282,103</u></u>	<u><u>\$ 21,011,746</u></u>	<u><u>\$ 26,067,405</u></u>	<u><u>\$ 25,940,998</u></u>	<u><u>\$ 28,117,403</u></u>

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

**GENERAL FUND**

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

Fiscal Years Ending December 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>REVENUES</u></b>					
Real Property Taxes and Items	\$ 36,303,480	\$ 36,987,803	\$ 37,405,828	\$ 37,409,232	\$ 36,922,257
Non-property Tax Items	11,784,916	11,193,215	11,257,741	12,163,195	12,948,237
Departmental Income	1,459,263	1,406,223	1,505,204	1,778,205	1,600,354
Intergovernmental Charges	600,009	443,640	600,910	262,357	557,617
Use of Money & Property	96,185	121,773	114,477	141,349	274,648
Licenses and Permits	205,705	233,071	268,903	325,594	400,996
Fines and Forfeitures	704,412	687,269	603,087	613,377	542,134
Sale of Property and Compensation for Loss	283,745	272,799	288,433	134,048	107,977
Refund of Prior Year Expenditures	-	-	-	-	-
Miscellaneous	2,049,746	341,874	222,575	1,131,314	509,071
Interfund Revenues	934,926	1,624,442	1,555,180	1,591,373	1,529,740
Revenues from State Sources	9,877,880	9,898,629	10,280,479	10,018,335	10,013,561
Revenues from Federal Sources	616,087	590,086	560,734	52,805	176,016
Total Revenues	<u>\$ 64,916,354</u>	<u>\$ 63,800,824</u>	<u>\$ 64,663,551</u>	<u>\$ 65,621,184</u>	<u>\$ 65,582,608</u>
<b><u>EXPENDITURES</u></b>					
General Government Support	\$ 6,369,076	\$ 6,912,755	\$ 6,562,759	\$ 6,661,623	\$ 7,378,773
Public Safety	21,430,596	21,643,841	22,108,300	22,031,204	22,978,949
Health	43,398	43,389	43,793	47,260	47,851
Transportation	2,394,373	2,255,944	1,877,861	1,845,410	2,084,614
Economic Assistance and Opportunity	215,414	241,424	272,850	296,112	-
Culture and Recreation	2,778,258	2,962,148	2,901,921	2,922,219	2,978,296
Home and Community Services	2,060,493	1,011,276	1,989,249	943,128	1,300,764
Employee Benefits	17,907,279	17,220,537	17,660,971	17,099,921	17,253,051
Debt Service	6,151,254	5,296,946	5,669,352	6,898,665	6,617,175
Total Expenditures	<u>\$ 59,350,141</u>	<u>\$ 57,588,260</u>	<u>\$ 59,087,056</u>	<u>\$ 58,745,542</u>	<u>\$ 60,639,473</u>
Excess of Revenues Over (Under) Expenditures	<u>5,566,213</u>	<u>6,212,564</u>	<u>5,576,495</u>	<u>6,875,642</u>	<u>4,943,135</u>
Other Financing Sources (Uses):					
Operating Transfers In	840,777	-	-	-	225,062
Operating Transfers Out	<u>(226,851)</u>	<u>(4,276,250)</u>	<u>(3,592,846)</u>	<u>(4,456,582)</u>	<u>(7,451,900)</u>
Total Other Financing	<u>613,926</u>	<u>(4,276,250)</u>	<u>(3,592,846)</u>	<u>(4,456,582)</u>	<u>(7,226,838)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>6,180,139</u>	<u>1,936,314</u>	<u>1,983,649</u>	<u>2,419,060</u>	<u>(2,283,703)</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	9,781,801	15,961,940	17,898,254	19,881,903	22,300,963
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 15,961,940</u>	<u>\$ 17,898,254</u>	<u>\$ 19,881,903</u>	<u>\$ 22,300,963</u>	<u>\$ 20,017,260</u>

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

**GENERAL FUND**

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

Fiscal Years Ending December 31:	2018			2019	2020
	Adopted Budget	Modified Budget	Audited Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes & Items	\$ 36,783,530	\$ 36,819,110	\$ 36,922,257	\$ 36,055,814	\$ 35,398,528
Non-property Tax Items	11,650,000	11,800,486	12,948,237	12,180,000	12,965,000
Departmental Income	1,509,700	2,544,100	1,600,354	1,498,200	1,704,850
Intergovernmental Charges	533,828	541,328	557,617	538,597	606,097
Use of Money & Property	130,449	152,451	274,648	200,420	375,420
Licenses and Permits	291,100	291,100	400,996	344,500	353,500
Fines and Forfeitures	621,500	621,500	542,134	641,500	561,500
Sale of Property and Compensation for Loss	136,000	136,000	107,977	125,000	113,000
Refund of Prior Year Expenditures	-	-	-	-	-
Miscellaneous	65,000	794,400	509,071	101,628	101,628
Interfund Revenues	1,604,932	1,604,932	1,529,740	1,555,793	1,463,701
Revenues from State Sources	10,022,684	10,060,684	10,013,561	9,968,326	10,038,434
Revenues from Federal Sources	56,101	56,101	176,016	96,932	111,719
<b>Total Revenues</b>	<b>\$ 63,404,824</b>	<b>\$ 65,422,192</b>	<b>\$ 65,582,608</b>	<b>\$ 63,306,710</b>	<b>\$ 63,793,377</b>
<b>EXPENDITURES</b>					
General Government Support	\$ 7,016,621	\$ 8,017,665	\$ 7,378,773	\$ 7,085,085	\$ 7,128,410
Public Safety	22,858,888	23,176,500	22,978,949	23,404,741	23,478,675
Health	46,625	48,305	47,851	50,681	51,449
Transportation	1,980,604	2,133,595	2,084,614	2,034,004	2,170,841
Economic Assistance and Opportunity	303,275	299,657	-	311,788	316,365
Culture and Recreation	991,270	1,067,652	2,978,296	3,155,596	3,277,223
Home and Community Services	3,145,004	3,155,295	1,300,764	1,090,828	1,103,922
Employee Benefits	19,016,314	18,616,691	17,253,051	18,002,486	18,114,938
Debt Service	6,609,382	6,609,382	6,617,175	6,016,853	6,049,262
<b>Total Expenditures</b>	<b>\$ 61,967,983</b>	<b>\$ 63,124,742</b>	<b>\$ 60,639,473</b>	<b>\$ 61,152,062</b>	<b>\$ 61,691,085</b>
Excess of Revenues Over (Under) Expenditures	1,436,841	2,297,450	4,943,135	2,154,648	2,102,292
Other Financing Sources (Uses):					
Operating Transfers In	-	-	225,062	-	-
Operating Transfers Out	(3,318,674)	(7,585,327)	(7,451,900)	(3,379,878)	(3,522,337)
<b>Total Other Financing</b>	<b>(3,318,674)</b>	<b>(7,585,327)</b>	<b>(7,226,838)</b>	<b>(3,379,878)</b>	<b>(3,522,337)</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,881,833)	(5,287,877)	(2,283,703)	(1,225,230)	(1,420,045)
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	1,881,833	5,287,877	22,300,963	1,225,230	1,420,045
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,017,260</b>	<b>\$ -</b>	<b>\$ -</b>

Source: 2018 Audited Financial Report of the City and adopted budgets (unaudited) of the City. This Appendix is not itself audited.

**CHANGES IN FUND EQUITY**

Fiscal Years Ending December 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 498,121	\$ 1,943,510	\$ 2,848,883	\$ 3,191,035	\$ 3,045,618
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	8,669,913	7,503,501	6,919,794	7,004,958	6,971,315
Expenditures & Other Uses	7,224,524	6,598,128	6,577,642	7,150,375	7,158,872
Fund Equity - End of Year	\$ 1,943,510	\$ 2,848,883	\$ 3,191,035	\$ 3,045,618	\$ 2,858,061
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ (4,215,698)	\$ (3,999,489)	\$ 354,935	\$ 4,017,636	\$ 4,693,733
Prior Period Adjustments (net)	-	(481,517)	-	-	294,657
Revenues & Other Sources	9,772,476	12,728,404	12,301,796	10,075,146	8,399,388
Expenditures & Other Uses	9,556,267	7,892,463	8,639,095	9,399,049	8,675,142
Fund Equity - End of Year	\$ (3,999,489)	\$ 354,935	\$ 4,017,636	\$ 4,693,733	\$ 4,712,636
<u>REFUSE AND GARBAGE</u>					
Fund Equity - Beginning of Year	\$ 418,041	\$ 260,425	\$ 383,516	\$ 433,834	\$ 455,114
Prior Period Adjustments (net)	-	-	-	-	609,494
Revenues & Other Sources	985,061	3,656,551	3,361,711	3,583,047	3,434,793
Expenditures & Other Uses	1,142,677	3,533,460	3,311,393	3,561,767	3,553,611
Fund Equity - End of Year	\$ 260,425	\$ 383,516	\$ 433,834	\$ 455,114	\$ 945,790
<u>CAPITAL PROJECTS FUND</u>					
Fund Equity - Beginning of Year	\$ (22,078,041)	\$ (17,443,581)	\$ (26,316,663)	\$ (8,167,652)	\$ (47,889,469)
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	25,604,843	26,280,376	30,855,553	52,323,967	70,279,425
Expenditures & Other Uses	20,970,383	35,153,458	12,706,542	92,045,784	93,648,453
Fund Equity - End of Year	\$ (17,443,581)	\$ (26,316,663)	\$ (8,167,652)	\$ (47,889,469)	\$ (71,258,497)
<u>SPECIAL GRANT FUND</u>					
Fund Equity - Beginning of Year	\$ 2,755,538	\$ 1,884,068	\$ 95,309	\$ 430,037	\$ 424,094
Prior Period Adjustments (net)	-	(1,430,627)	-	-	-
Revenues & Other Sources	2,008,015	2,424,160	3,122,000	2,503,268	2,004,813
Expenditures & Other Uses	2,879,485	2,782,292	2,787,272	2,509,211	1,960,737
Fund Equity - End of Year	\$ 1,884,068	\$ 95,309	\$ 430,037	\$ 424,094	\$ 468,170
<u>PARKING RAMPS FUND</u>					
Fund Equity - Beginning of Year	\$ (261,063)	\$ (350,377)	\$ (485,571)	\$ (393,339)	\$ (390,466)
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	934,467	913,868	1,092,575	1,073,141	1,229,864
Expenditures & Other Uses	1,023,781	1,049,062	1,000,343	1,070,268	1,110,098
Fund Equity - End of Year	\$ (350,377)	\$ (485,571)	\$ (393,339)	\$ (390,466)	\$ (270,700)

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

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st	Principal	Interest	Total
2020	\$ 9,801,609	\$ 5,414,696	\$ 15,216,305
2021	10,019,917	5,150,199	15,170,116
2022	10,255,530	4,869,097	15,124,627
2023	9,459,320	4,576,002	14,035,322
2024	9,748,100	4,283,659	14,031,759
2025	9,976,880	3,988,990	13,965,870
2026	9,335,660	3,708,276	13,043,936
2027	8,684,430	3,446,617	12,131,047
2028	8,848,210	3,190,495	12,038,705
2029	9,036,990	2,921,212	11,958,202
2030	6,655,770	2,690,400	9,346,170
2031	5,979,550	2,507,274	8,486,824
2032	5,733,330	2,332,490	8,065,820
2033	5,847,110	2,156,511	8,003,621
2034	5,985,890	1,970,738	7,956,628
2035	4,584,670	1,809,341	6,394,011
2036	4,653,450	1,675,149	6,328,599
2037	4,422,230	1,539,988	5,962,218
2038	4,516,010	1,403,750	5,919,760
2039	4,614,790	1,258,340	5,873,130
2040	4,473,570	1,203,057	5,676,627
2041	3,852,340	970,811	4,823,151
2042	3,921,120	842,772	4,763,892
2043	3,989,900	714,536	4,704,436
2044	3,813,680	588,070	4,401,750
2045	3,882,460	462,827	4,345,287
2046	3,951,240	332,411	4,283,651
2047	2,770,020	199,637	2,969,657
2048	2,813,800	106,372	2,920,172
2049	605,000	11,492	616,492
<b>TOTALS</b>	<b>\$ 182,232,576</b>	<b>\$ 66,325,207</b>	<b>\$ 248,557,783</b>

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2005 EFC - Joint Sewer Project			2010 C EFC Bonds - Sewer			2011 A EFC Bonds - Water		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 680,000	\$ 291,658	\$ 971,658	\$ 160,000	\$ 156,706	\$ 316,706	\$ 770,000	\$ 94,281
2021	685,000	265,255	950,255	160,000	151,893	311,893	785,000	64,906	849,906
2022	695,000	257,854	952,854	165,000	146,733	311,733	800,000	33,592	833,592
2023	705,000	239,821	944,821	165,000	141,115	306,115	-	-	-
2024	715,000	221,181	936,181	170,000	135,234	305,234	-	-	-
2025	725,000	202,585	927,585	170,000	128,983	298,983	-	-	-
2026	735,000	183,459	918,459	175,000	122,528	297,528	-	-	-
2027	745,000	163,177	908,177	180,000	115,549	295,549	-	-	-
2028	755,000	142,360	897,360	180,000	108,204	288,204	-	-	-
2029	760,000	121,109	881,109	185,000	100,703	285,703	-	-	-
2030	770,000	99,535	869,535	185,000	92,850	277,850	-	-	-
2031	780,000	77,675	857,675	190,000	85,032	275,032	-	-	-
2032	790,000	55,533	845,533	195,000	76,398	271,398	-	-	-
2033	800,000	33,110	833,110	200,000	67,537	267,537	-	-	-
2034	810,000	10,404	820,404	200,000	58,449	258,449	-	-	-
2035	-	-	-	205,000	49,361	254,361	-	-	-
2036	-	-	-	210,000	40,046	250,046	-	-	-
2037	-	-	-	215,000	30,380	245,380	-	-	-
2038	-	-	-	220,000	20,483	240,483	-	-	-
2039	-	-	-	225,000	10,357	235,357	-	-	-
TOTALS	\$ 11,150,000	\$ 2,364,717	\$ 13,514,717	\$ 3,755,000	\$ 1,838,543	\$ 5,593,543	\$ 2,355,000	\$ 192,779	\$ 2,547,779

Fiscal Year Ending Dec 31st	2012 Refunding of 1995 Bonds		
	Principal	Interest	Total
	2020	\$ 665,000	\$ 176,700
2021	690,000	150,100	840,100
2022	720,000	122,500	842,500
2023	750,000	93,700	843,700
2024	790,000	56,200	846,200
2025	820,000	24,600	844,600
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
TOTALS	\$ 4,435,000	\$ 623,800	\$ 5,058,800

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2012 Refunding of 1995 Bonds			2012 E EFC Bonds - Sewer			2014 Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 345,000	\$ 105,588	\$ 450,588	\$ 200,000	\$ 132,362	\$ 332,362	\$ 425,000	\$ 292,169
2021	355,000	91,788	446,788	205,000	123,064	328,064	440,000	278,113	718,113
2022	370,000	77,588	447,588	210,000	113,371	323,371	450,000	263,650	713,650
2023	390,000	62,788	452,788	220,000	103,187	323,187	465,000	248,781	713,781
2024	410,000	43,288	453,288	225,000	92,549	317,549	480,000	233,425	713,425
2025	425,000	26,888	451,888	230,000	81,569	311,569	490,000	217,663	707,663
2026	435,000	14,138	449,138	240,000	70,169	310,169	510,000	200,775	710,775
2027	-	-	-	245,000	58,369	303,369	525,000	181,350	706,350
2028	-	-	-	255,000	46,166	301,166	545,000	159,950	704,950
2029	-	-	-	265,000	33,449	298,449	560,000	137,850	697,850
2030	-	-	-	270,000	20,339	290,339	580,000	115,050	695,050
2031	-	-	-	280,000	6,861	286,861	605,000	91,350	696,350
2032	-	-	-	-	-	-	630,000	66,650	696,650
2033	-	-	-	-	-	-	650,000	41,050	691,050
2034	-	-	-	-	-	-	680,000	14,025	694,025
TOTALS	\$ 2,730,000	\$ 422,063	\$ 3,152,063	\$ 2,845,000	\$ 881,457	\$ 3,726,457	\$ 8,035,000	\$ 2,541,850	\$ 10,576,850

Fiscal Year Ending Dec 31st	2014 A Refunding of 2007			2014 B Refunding of 2007			2015 Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 1,160,000	\$ 357,150	\$ 1,517,150	\$ 65,000	\$ 27,898	\$ 92,898	\$ 370,000	\$ 326,881
2021	1,185,000	332,959	1,517,959	65,000	25,915	90,915	380,000	315,631	695,631
2022	1,210,000	306,000	1,516,000	70,000	23,718	93,718	390,000	304,081	694,081
2023	1,240,000	276,481	1,516,481	70,000	21,285	91,285	405,000	292,156	697,156
2024	1,290,000	232,344	1,522,344	75,000	18,655	93,655	415,000	279,856	694,856
2025	1,335,000	183,544	1,518,544	75,000	15,805	90,805	430,000	267,181	697,181
2026	1,375,000	145,122	1,520,122	80,000	12,743	92,743	445,000	254,056	699,056
2027	1,415,000	107,056	1,522,056	85,000	9,379	94,379	455,000	240,556	695,556
2028	1,455,000	65,775	1,520,775	85,000	5,788	90,788	470,000	226,681	696,681
2029	1,465,000	21,975	1,486,975	90,000	1,980	91,980	485,000	212,356	697,356
2030	-	-	-	-	-	-	500,000	197,581	697,581
2031	-	-	-	-	-	-	515,000	182,356	697,356
2032	-	-	-	-	-	-	530,000	166,681	696,681
2033	-	-	-	-	-	-	550,000	150,481	700,481
2034	-	-	-	-	-	-	575,000	133,247	708,247
2035	-	-	-	-	-	-	595,000	114,966	709,966
2036	-	-	-	-	-	-	615,000	96,059	711,059
2037	-	-	-	-	-	-	625,000	76,294	701,294
2038	-	-	-	-	-	-	655,000	55,494	710,494
2039	-	-	-	-	-	-	680,000	33,800	713,800
2040	-	-	-	-	-	-	700,000	11,375	711,375
TOTALS	\$ 13,130,000	\$ 2,028,406	\$ 15,158,406	\$ 760,000	\$ 163,164	\$ 923,164	\$ 10,785,000	\$ 3,937,772	\$ 14,722,772

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2016 Various Purposes			2016B EFC Bonds - Sewer			2018 Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 710,000	\$ 191,125	\$ 901,125	\$ 835,000	\$ 701,324	\$ 1,536,324	\$ 1,045,000	\$ 397,429
2021	725,000	176,322	901,322	840,000	694,744	1,534,744	1,070,000	365,704	1,435,704
2022	740,000	160,756	900,756	845,000	687,369	1,532,369	1,095,000	333,229	1,428,229
2023	530,000	147,263	677,263	850,000	678,428	1,528,428	1,115,000	300,079	1,415,079
2024	550,000	135,788	685,788	860,000	668,330	1,528,330	1,140,000	266,254	1,406,254
2025	560,000	123,994	683,994	865,000	657,254	1,522,254	1,160,000	231,754	1,391,754
2026	575,000	111,934	686,934	875,000	645,247	1,520,247	1,120,000	197,554	1,317,554
2027	545,000	99,694	644,694	885,000	632,227	1,517,227	760,000	169,354	929,354
2028	505,000	87,566	592,566	895,000	616,209	1,511,209	775,000	146,329	921,329
2029	525,000	75,006	600,006	905,000	596,895	1,501,895	785,000	122,929	907,929
2030	545,000	61,631	606,631	920,000	575,329	1,495,329	795,000	99,229	894,229
2031	295,000	50,947	345,947	935,000	551,758	1,486,758	255,000	83,479	338,479
2032	310,000	42,813	352,813	950,000	526,410	1,476,410	170,000	77,104	247,104
2033	310,000	33,900	343,900	965,000	500,171	1,465,171	180,000	71,854	251,854
2034	325,000	24,375	349,375	980,000	472,544	1,452,544	185,000	66,333	251,333
2035	335,000	14,475	349,475	995,000	443,712	1,438,712	190,000	60,566	250,566
2036	315,000	4,725	319,725	1,015,000	413,723	1,428,723	195,000	54,574	249,574
2037	-	-	-	1,035,000	382,532	1,417,532	205,000	48,299	253,299
2038	-	-	-	1,050,000	350,291	1,400,291	210,000	41,710	251,710
2039	-	-	-	1,070,000	313,205	1,383,205	220,000	34,775	254,775
2040	-	-	-	1,090,000	275,413	1,365,413	225,000	27,544	252,544
2041	-	-	-	1,110,000	236,914	1,346,914	240,000	19,988	259,988
2042	-	-	-	1,130,000	197,709	1,327,709	245,000	12,106	257,106
2043	-	-	-	1,155,000	159,843	1,314,843	250,000	4,063	254,063
2044	-	-	-	1,180,000	121,139	1,301,139	-	-	-
2045	-	-	-	1,205,000	81,597	1,286,597	-	-	-
2046	-	-	-	1,230,000	41,217	1,271,217	-	-	-
TOTALS	\$ 8,400,000	\$ 1,542,313	\$ 9,942,313	\$ 26,670,000	\$ 12,221,534	\$ 38,891,534	\$ 13,630,000	\$ 3,232,234	\$ 16,862,234



CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2019 Refunding of 2012 Series Bonds			2019 SIB EFC Joint Sewer			2019A EFC Joint Sewer		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 585,000	\$ 358,700	\$ 943,700	\$ 222,980	\$ -	\$ 222,980	\$ 1,563,629	\$ 1,614,702
2021	620,000	331,500	951,500	226,760	-	226,760	1,588,157	1,594,218	3,182,375
2022	650,000	299,750	949,750	230,530	-	230,530	1,615,000	1,572,882	3,187,882
2023	680,000	266,500	946,500	234,320	-	234,320	1,640,000	1,550,630	3,190,630
2024	725,000	231,375	956,375	238,100	-	238,100	1,665,000	1,527,805	3,192,805
2025	760,000	194,250	954,250	241,880	-	241,880	1,690,000	1,504,133	3,194,133
2026	805,000	155,125	960,125	245,660	-	245,660	1,720,000	1,479,400	3,199,400
2027	850,000	113,750	963,750	249,430	-	249,430	1,745,000	1,453,067	3,198,067
2028	900,000	70,000	970,000	253,210	-	253,210	1,775,000	1,425,493	3,200,493
2029	950,000	23,750	973,750	256,990	-	256,990	1,805,000	1,396,484	3,201,484
2030	-	-	-	260,770	-	260,770	1,830,000	1,365,506	3,195,506
2031	-	-	-	264,550	-	264,550	1,860,000	1,328,016	3,188,016
2032	-	-	-	268,330	-	268,330	1,890,000	1,284,826	3,174,826
2033	-	-	-	272,110	-	272,110	1,920,000	1,236,232	3,156,232
2034	-	-	-	275,890	-	275,890	1,955,000	1,183,261	3,138,261
2035	-	-	-	279,670	-	279,670	1,985,000	1,126,261	3,111,261
2036	-	-	-	283,450	-	283,450	2,020,000	1,066,022	3,086,022
2037	-	-	-	287,230	-	287,230	2,055,000	1,002,484	3,057,484
2038	-	-	-	291,010	-	291,010	2,090,000	935,772	3,025,772
2039	-	-	-	294,790	-	294,790	2,125,000	866,202	2,991,202
2040	-	-	-	298,570	-	298,570	2,160,000	793,304	2,953,304
2041	-	-	-	302,340	-	302,340	2,200,000	713,909	2,913,909
2042	-	-	-	306,120	-	306,120	2,240,000	632,957	2,872,957
2043	-	-	-	309,900	-	309,900	2,275,000	550,631	2,825,631
2044	-	-	-	313,680	-	313,680	2,320,000	466,931	2,786,931
2045	-	-	-	317,460	-	317,460	2,360,000	381,230	2,741,230
2046	-	-	-	321,240	-	321,240	2,400,000	291,193	2,691,193
2047	-	-	-	325,020	-	325,020	2,445,000	199,637	2,644,637
2048	-	-	-	328,800	-	328,800	2,485,000	106,372	2,591,372
2049	-	-	-	-	-	-	605,000	11,492	616,492
TOTALS	\$ 7,525,000	\$ 2,044,700	\$ 9,569,700	\$ 8,000,790	\$ -	\$ 8,000,790	\$ 58,026,786	\$ 30,661,052	\$ 88,687,838

**CITY of BINGHAMTON**

**AUDITED FINANCIAL REPORT**

**FISCAL YEAR ENDED DECEMBER 31, 2018**

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

**CITY OF BINGHAMTON, NEW YORK**

**Financial Statements as of  
December 31, 2018**

**Together with Independent Auditor's Report and Reports  
Required by the Uniform Guidance and *Government  
Auditing Standards***

**Bonadio & Co., LLP**  
Certified Public Accountants

# CITY OF BINGHAMTON, NEW YORK

## TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditor's Report	1 - 3
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
Management's Discussion and Analysis	4 - 12
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements -	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements -	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Statement of Net Position - Fiduciary Fund	22
Notes to Basic Financial Statements	23 - 52
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
Budgetary Comparison Schedule - Budget and Actual - General Fund	53
Schedule of Changes in Total OPEB Liability and Related Ratios	54
Schedule of Proportionate Share of Net Pension Liability (Asset)	55
Schedule of Contributions - Pension Plans	56

CITY OF BINGHAMTON, NEW YORK

TABLE OF CONTENTS

---

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds	58
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 <i>GOVERNMENT AUDITING STANDARDS</i>	59 - 60
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	61 - 62
Schedule of Expenditures of Federal Awards	63
Notes to Schedule of Expenditures of Federal Awards	64
Schedule of Findings and Questioned Costs	65 - 67

**INDEPENDENT AUDITOR'S REPORT**

September 27, 2019

To the City Council of the  
City of Binghamton, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Binghamton Local Development Corporation (BLDC), which represent 89% of the assets, 89% of the net position, and 85% of the revenues of the business-type activities, and 14% of the assets, 25% of the fund balance/net position, and 2% of the revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and aggregate remaining fund information, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

432 North Franklin Street, #60  
Syracuse, New York 13204  
p (315) 476-4004  
f (315) 254-2384

[www.bonadio.com](http://www.bonadio.com)

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 opinions.

### **Opinions**

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

### **Emphasis of Matter - Correction of Errors**

As described in Note 1 to the financial statements, the City restated fund balance and net position of the governmental activities, business-type activities, aggregate remaining fund information, and aggregate discretely presented component units at January 1, 2018, to reflect corrections of errors. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Binghamton, New York's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 September 27, 2019, on our consideration of the City of Binghamton, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Binghamton, New York's internal control over financial reporting and compliance.



## CITY OF BINGHAMTON, NEW YORK

### **Management's Discussion and Analysis (Unaudited)**

---

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

#### **FINANCIAL HIGHLIGHTS**

- The City's governmental assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$133,150,213 (net position).
- The General Fund recorded an operating decrease of \$2,283,703 in 2018 and had a fund balance of \$20,017,260 at year-end. This was mainly due to a couple large capital projects in 2018 where fund balance was used instead of bonding.

#### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The Government-wide financial statements are organized to provide an understanding of the fiscal performance of the City as a whole in a manner similar to a private sector business. There are two Government-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the City's finances.

##### The Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Increases and decreases in net position may serve as useful indicator of whether the financial position of the City is improving or deteriorating, respectively.

##### The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net positions are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported on the statement for some items that will result in cash flow in future fiscal periods.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the City are reported in the governmental funds and the fiduciary funds.

**Management's Discussion and Analysis (Unaudited)**

---

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period they become measurable, funded through available resources and payable within a current period.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in the future years. Consequently, the governmental fund statements provide a detailed short-term view of the City's operations and the services it provides.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, you may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds**

When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are the same as the Business-type Activities, with the exception of the Internal Service Fund that is part of Governmental Activities, we report in the Government-wide financial statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the city in its capacity as agent or trustee. All the city's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the City's Government-wide financial statements because the City cannot use these assets to finance its operations.

**CITY OF BINGHAMTON, NEW YORK**

**Management's Discussion and Analysis (Unaudited)**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

A summary of the City's Statement of Net Position at December 31, 2018 and 2017 is as follows:

	Governmental 2018	Business-type 2018	Governmental 2017 (restated)	Business-type 2017 (restated)
Current Assets	\$ 86,849,354	\$ 2,753,541	\$ 80,847,048	\$ 2,978,218
Noncurrent Assets	<u>319,931,303</u>	<u>1,561,446</u>	<u>384,443,166</u>	<u>1,312,359</u>
 Total Assets	 406,780,657	 4,314,987	 465,290,214	 4,290,577
Deferred Outflows of Resources-Pensions	12,665,846	-	16,341,340	-
Deferred Outflows of Resources-OPEB	5,706,003	-	6,847,204	-
Deferred Outflows of Resources-Joint Sewer	<u>96,206,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets and Deferred Outflows of Resources	 <u>521,358,681</u>	 <u>4,314,987</u>	 <u>488,478,758</u>	 <u>4,290,577</u>
Current Liabilities	136,161,957	3,284	103,131,361	113,156
Noncurrent Liabilities	<u>194,160,748</u>	<u>-</u>	<u>233,308,080</u>	<u>-</u>
 Total Liabilities	 330,322,705	 3,284	 336,439,441	 113,156
Deferred Inflows of Resources-Unearned revenue	1,913,018	54,774	-	-
Deferred Inflows of Resources-Pensions	9,498,442	-	3,643,659	-
Deferred Inflows of Resources-OPEB	<u>46,474,303</u>	<u>-</u>	<u>12,851,210</u>	<u>-</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>388,208,468</u>	 <u>58,058</u>	 <u>352,934,310</u>	 <u>113,156</u>
 <b>Net Position</b>				
Net investment in Capital Assets	199,549,617	576,386	142,538,795	576,386
Restricted	48,954,163	3,622,110	12,823,555	3,560,449
Unrestricted (Deficit)	<u>(115,353,567)</u>	<u>58,433</u>	<u>(19,817,902)</u>	<u>40,586</u>
 Total Net Position	 <u>\$ 133,150,213</u>	 <u>\$ 4,256,929</u>	 <u>\$ 135,544,448</u>	 <u>\$ 4,177,421</u>

**CITY OF BINGHAMTON, NEW YORK**

**Management's Discussion and Analysis (Unaudited)**

---

Current assets consist largely of \$26,744,905 in cash and cash equivalents, \$42,348,768 in restricted cash, and \$9,756,531 in due from other governments. Non-Current assets increased primarily as a result of a large increase of the Joint Sewage Treatment Plant.

Included in current liabilities are bond anticipation notes (BANs) payable of \$111,411,331, the current portion of long-term liabilities of \$8,050,670, and various payables. Noncurrent liabilities consist of bonds payable of \$117,265,000, compensated absences of \$4,005,959, other postemployment benefits payable of \$65,802,280, and the City's proportionate share of the net pension liability of \$7,006,326. The decrease in postemployment benefits is due to a significant decrease in Medicare Supplemental cost. The increase in current liabilities is primarily due to an increase in BANs payable related to the joint sewer project.

Changes in deferred outflows of resources - OPEB and deferred inflows of resources - OPEB are based on changes in the actuarial valuation of the City's OPEB plan.

**Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. Non-property tax items consist of New York State sales tax, utility tax and franchise tax.

**CITY OF BINGHAMTON, NEW YORK**

**Management's Discussion and Analysis (Unaudited)**

A summary of this statement for the years ending December 31, 2018 and 2017 is as follows:

	Governmental 2018	Business-type 2018	Governmental 2017 (restated)	Business-type 2017 (restated)
<b>Revenues</b>				
Program Revenues				
Charges for Service	\$ 20,121,444	\$ 178,663	\$ 20,797,096	\$ 250,116
Operating Grants	96,270	272,411	3,467,548	282,789
Capital Grants	45,190,821	-	39,971,341	-
General Revenues				
Property Taxes and Other Items	36,922,257	-	37,409,232	-
Nonproperty Tax items	12,948,237	-	12,163,195	-
Use of Money and Property	338,817	1,392	199,688	865
Sale of Property	1,477,958	-	-	-
Miscellaneous	2,837,949	-	14,022,748	-
State Sources	9,832,347	-	9,718,814	-
Change in Equity Interest in Joint Venture	6,504,865	-	12,540,153	-
<b>Total Revenues</b>	<u>136,270,965</u>	<u>452,466</u>	<u>150,289,815</u>	<u>533,770</u>
<b>Expenses</b>				
General Government Support	20,789,649	-	20,545,637	-
Public Safety	35,011,652	-	38,126,983	-
Public Health	90,982	-	989,867	-
Transportation	5,104,645	-	3,149,866	-
Economic Assistance and Opportunity	1,708,690	-	454,777	-
Home and Community Services	4,251,171	-	4,882,562	-
Culture & Recreation	67,806,319	-	55,735,798	-
Interest on long-term debt	3,902,092	-	4,733,299	-
BURA	-	64,330	-	82,737
BLDC	-	308,628	-	333,116
<b>Total Expenses</b>	<u>138,665,200</u>	<u>372,958</u>	<u>128,618,789</u>	<u>415,853</u>
<b>Change in Net Position</b>	<u>\$ (2,394,235)</u>	<u>\$ 79,508</u>	<u>\$ 21,671,026</u>	<u>\$ 117,917</u>

Net position of the City's activities decreased primarily due to some one time capital improvement funded through fund balance. Capital grants increased significantly as a result of reimbursements related to the Joint Sewer Project. Operating and capital grants fluctuate from year to year depending on the types of grants the City has applied for and received.

Property tax and tax items remained consistent from the prior year. Nonproperty taxes were up 6% in 2018, as compared to 2017. Other revenue increased primarily due to payments from the Village of Johnson City on joint venture debt and an increase in compensation from loss related to FEMA reimbursements. See Note 11 for more information about the City's joint ventures.

**CITY OF BINGHAMTON, NEW YORK**

**Management's Discussion and Analysis (Unaudited)**

**THE CITY'S GOVERNMENTAL FUNDS**

The following shows changes in fund balance for the year for the City's funds.

	2018	2017	Increase (Decrease)	% Change
General Fund	\$ 20,017,260	\$ 22,300,963	\$ (2,283,703)	-10%
Capital Projects Fund	(71,258,497)	(47,889,469)	(23,369,028)	49%
Non-Major Funds:				
Special Grant Fund	468,170	424,094	44,076	10%
Parking Ramp Fund	(270,700)	(390,466)	119,766	-31%
Water Fund	2,858,061	3,045,618	(187,557)	-6%
Refuse and Garbage Fund	945,790	1,064,608	(118,818)	-11%
Sewer Fund	4,712,636	4,988,390	(275,754)	-6%
 Total Fund Balance - governmental funds	 <u>\$ (42,527,280)</u>	 <u>\$ (16,456,262)</u>	 <u>\$ (26,071,018)</u>	 158%

The General Fund decrease was mainly the result of one time capital improvement projects funded by fund balance. Capital Projects Fund decreased based on issuance of bond anticipation notes that have not been converted to long term debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council as well as the management of the City revised the City General Fund budget several times. These budget amendments consist of transfers between functions, encumbrances from the prior fiscal year, and acceptance of grant awards.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2018 the City had net capital assets of \$305,210,240. Change from the prior year was a result of depreciation expense of \$14,959,316 and capital asset additions net of disposals of \$11,194,942.

	2018	2017	Increase (Decrease)	% Change
Capital Assets:				
Land	\$ 4,279,869	\$ 4,279,869	\$ -	0%
Construction in Progress	11,136,255	9,355,650	1,780,605	19%
Buildings, net	17,628,701	15,434,013	2,194,688	14%
Equipment, net	7,062,815	7,433,585	(370,770)	-5%
Infrastructure, net	265,102,600	271,954,703	(6,852,103)	-3%
 Total Capital Assets, net	 <u>\$ 305,210,240</u>	 <u>\$ 308,457,820</u>	 <u>\$ (3,247,580)</u>	 -1%

## CITY OF BINGHAMTON, NEW YORK

### Management's Discussion and Analysis (Unaudited)

---

#### Debt

Debt (bonds, BANs, and lease obligations payable), considered a liability of Governmental Activities, as shown below. Of the amount of bonds and BANs outstanding, \$72,843,853 is subject to the constitutional debt limit and represented 72% of the City's statutory debt limit. The City's bond rating was assigned an A2 by Moody's. More detailed information about the City's liabilities is presented in the notes to the financial statements.

	2018	2017	Increase (Decrease)	% Change
Outstanding Debt:				
Bond Anticipation Notes	\$ 111,411,331	\$ 68,833,754	\$ 42,577,577	62%
Serial Bonds	125,315,670	117,819,122	7,496,548	6%
Installment Purchase Debt	160,743	238,711	(77,968)	-33%
Total Outstanding Debt	<u>\$ 236,887,744</u>	<u>\$ 186,891,587</u>	<u>\$ 49,996,157</u>	27%

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City, with a land area of approximately 10.4 square miles, is situated in the southern portion of Broome County (the "County") in upstate New York. The City of Syracuse lies approximately 75 miles to the north, while the Pennsylvania border lies approximately 7 miles to the south. The City is the County Seat of the County and is part of a metropolitan area running along the Susquehanna River Valley through the incorporated Villages of Endicott and Johnson City and the unincorporated area of Vestal.

Major highways within and in close proximity to the City include U.S. Route 11, Interstate 81 which extends north to Canada and south to Tennessee, Interstate 88 which runs northeast to Albany, Route 17 (soon to be Interstate 86) which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and State Routes 7, 12, and 26.

Banking services are provided within the City by offices of Key Bank, N.A., M&T Bank, Chemung Canal, Tioga State Bank and NBT Bank, N. A. The City maintains accounts with Chase Bank, M&T Bank, and Chemung Canal Trust Company.

#### Recent and Planned Construction and Development Activity

The City has instituted an aggressive approach to develop and expand the commercial and industrial base within the City and is continuing to establish its central business district as a major retailing, cultural, convention, and entertainment center. Today, the business district is thriving during both day and evening hours. Downtown has also become an entertainment center and a place where thousands of residents and visitors come to socialize following the end of the workday and on weekends. The urban core currently hosts a variety of restaurants, coffeehouses, hotels, and taverns that attract people from throughout the region. Also located downtown is the Floyd L. Maines Veterans Memorial Arena, a 6,925 (4,679 for hockey) seat multi-purpose arena and home of the Binghamton Devils, a professional ice hockey team in the American Hockey League, which is a primary entertainment venue for residents of the Greater Binghamton area. NYSEG Stadium (former Binghamton Municipal Stadium), a stadium located in the northern section of downtown Binghamton, is home to the Binghamton Rumble Ponies of the Double-A Eastern League. The Broome County Forum Theatre (the "Forum") is a 1,500-seat performing arts theatre located in City's downtown and home to Broadway in Binghamton, the Tri-Cities Opera, and the Binghamton Philharmonic. The Forum also hosts a wide variety of other events, including concerts, comedians, conventions, talent competitions, and recitals. It also houses a Robert Morton Theatre Organ.

## CITY OF BINGHAMTON, NEW YORK

### **Management's Discussion and Analysis (Unaudited)**

---

In June 2017, the \$19 million Koffman Southern Tier Incubator opened on Hawley Street in Binghamton's urban core. The 35,000 square-foot Incubator was built by Binghamton University (the "University") and SUNY Broome to support the Southern Tier's growing entrepreneurial ecosystem and attract new companies to the area, especially those in the energy fields. The Incubator has offices, labs, common areas, and co-working spaces meant to encourage collaboration. It also offers wrap-around services such as financial, legal, and regulatory resources to help developing companies succeed. With such support, new firms increase their likelihood of success. Rather than 2 or 3 of 10 firms succeeding beyond three years, with the support available through an incubator, the success rate typically jumps to 8 of 10 thriving. The University has announced it expects to help create more than 900 jobs within the next nine years through the Incubator.

The City's Economic Development Office is working in concert with SUNY Broome and the University to identify suitable locations for the Governor's "Start-Up New York" tax free zone program. The Charles Street Business Park and a large manufacturing-ready facility on Court Street both offer build to suit and move-in opportunities. The Binghamton Local Development Corporation (the "BLDC") has worked with local business owners, Cornell University, SUNY Broome, and Cornell Cooperative Extension to attract a new generation of food businesses to take advantage of Binghamton's proximity to Cornell's technology and the City's access to three major railroads and three major interstate highways. This project is also part of the Upstate Revitalization Initiative discussed below.

#### **Recent Budget Results**

The City Council and Mayor adopted and approved the 2020 budget which included a decrease in residential tax rate of 2.31% thus complying with the statutory tax cap; however, a total appropriation of \$1,118,000 from General Fund reserves is expected to be used.

#### **Education**

Binghamton University began as a Triple Cities College in 1946, joining the State University System in 1950 as Harpur College. In 1965 the campus was formally designated the State University of New York at Binghamton. Today, the University consists of the Harpur College of Arts & Sciences, the School of Education & Human Development, the School of Management, the Decker School of Nursing, the College of Community and Public Affairs and the Thomas J. Watson School of Engineering & Applied Sciences. Binghamton University had an enrollment of 13,708 undergraduates and 3,614 graduate students for the 2017 fall semester.

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

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

SUNY Broome had an enrollment of 4,075 full-time and 1,549 part-time students for the Spring 2018 semester. The college offers 50 degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.



## **CITY OF BINGHAMTON, NEW YORK**

### **Management's Discussion and Analysis (Unaudited)**

---

The expansion of Binghamton University and SUNY Broome has led to increased demand for off-campus student housing and resulted in a housing boom in downtown Binghamton in recent years. There have been several multi-million dollar student housing projects, including new construction projects, such as 20 Hawley and Twin River Commons, and the renovation of multiple historic buildings, such as Chenango Place, The Printing House, and University Lofts. A total of 367 units with 1,445 beds are planned. A \$17.5 million waterfront housing project, called Chenango Place consisting of 178 student beds was completed in the summer of 2014, creating 50 full-time construction jobs during construction and 20 permanent jobs. This project also restored part of a historic downtown building.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Clarence E. Shager, City Comptroller, City Hall, 38 Hawley Street, Binghamton, NY 13901.

CITY OF BINGHAMTON, NEW YORK

Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-type Activities	Total Primary Government
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 26,744,905	\$ 81,717	\$ 26,826,622
Restricted cash and cash equivalents	42,348,768	2,458,578	44,807,346
Accounts receivable	-	45,750	45,750
Due from state and federal governments	2,591,346	-	2,591,346
Due from other governments	7,165,185	-	7,165,185
Other receivables, net	5,506,803	-	5,506,803
Inventory	391,833	-	391,833
Prepaid expenditures	2,100,514	-	2,100,514
Loans receivable, current portion	-	167,496	167,496
Total current assets	86,849,354	2,753,541	89,602,895
NONCURRENT ASSETS:			
Loans receivable, net	6,749,332	985,060	7,734,392
Equity interest in joint ventures	7,971,731	-	7,971,731
Capital assets, net	305,210,240	576,386	305,786,626
Total noncurrent assets	319,931,303	1,561,446	321,492,749
Total assets	406,780,657	4,314,987	411,095,644
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	12,665,846	-	12,665,846
OPEB related	5,706,003	-	5,706,003
Joint sewer related	96,206,175	-	96,206,175
Total deferred outflows of resources	114,578,024	-	114,578,024
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
Accounts payable	3,689,582	3,284	3,692,866
Accrued liabilities	10,378,043	-	10,378,043
Due to Fiduciary Fund	614,674	-	614,674
Due to other governments	557,770	-	557,770
Bond anticipation notes payable	111,411,331	-	111,411,331
Interest payable	1,146,465	-	1,146,465
Other liabilities	7,150	-	7,150
Compensated absences, current portion	226,712	-	226,712
Bonds payable, current portion	8,050,670	-	8,050,670
Lease obligations payable, current portion	79,560	-	79,560
Total current liabilities	136,161,957	3,284	136,165,241
LONG-TERM LIABILITIES:			
Bonds payable	117,265,000	-	117,265,000
Lease obligations payable	81,183	-	81,183
Compensated absences	4,005,959	-	4,005,959
Net pension liability	7,006,326	-	7,006,326
Total other postemployment benefits	65,802,280	-	65,802,280
Total long-term liabilities	194,160,748	-	194,160,748
Total liabilities	330,322,705	3,284	330,325,989
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	1,913,018	54,774	1,967,792
Pension related	9,498,442	-	9,498,442
OPEB related	46,474,303	-	46,474,303
Total deferred inflows of resources	57,885,763	54,774	57,940,537
<b>NET POSITION</b>			
Net investment in capital assets	199,549,617	576,386	200,126,003
Restricted	48,954,163	3,622,110	52,576,273
Unrestricted	(115,353,567)	58,433	(115,295,134)
Total net position	\$ 133,150,213	\$ 4,256,929	\$ 137,407,142

The accompanying notes are an integral part of these statements.

City of Binghamton, New York

Statement of Activities  
For the year ended December 31, 2018

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government
Governmental activities:							
General government support	\$ 20,789,649	\$ 185,551	\$ 94,895	\$ -	\$ (20,509,203)	\$ -	\$ (20,509,203)
Public safety	35,011,652	998,563	287,151	188,097	(33,537,841)	-	(33,537,841)
Public health	90,982	735,413	-	-	644,431	-	644,431
Transportation	5,104,645	1,630,176	-	4,141,226	666,757	-	666,757
Economic assistance and opportunity	1,708,690	-	-	-	(1,708,690)	-	(1,708,690)
Culture and recreation	4,251,171	23,389	9,800	-	(4,217,982)	-	(4,217,982)
Home and community services	67,806,319	16,548,352	(295,576)	40,861,498	(10,692,045)	-	(10,692,045)
Interest on long-term debt	3,902,092	-	-	-	(3,902,092)	-	(3,902,092)
Total governmental activities	138,665,200	20,121,444	96,270	45,190,821	(73,256,665)	-	(73,256,665)
Business-type activities:							
BURA	64,330	8,067	61,668	-	-	5,405	5,405
BLDC	308,628	170,596	210,743	-	-	72,711	72,711
Total business-type activities	372,958	178,663	272,411	-	-	78,116	78,116
Total primary government	\$ 139,038,158	\$ 20,300,107	\$ 368,681	\$ 45,190,821	(73,256,665)	78,116	(73,178,549)
General revenues:							
					35,928,310	-	35,928,310
					993,947	-	993,947
					12,948,237	-	12,948,237
					338,817	1,392	340,209
					1,477,958	-	1,477,958
					2,837,949	-	2,837,949
					9,832,347	-	9,832,347
					6,504,865	-	6,504,865
Total general revenues					70,862,430	1,392	70,863,822
Change in net position					(2,394,235)	79,508	(2,314,727)
Net position - beginning of year, as previously reported					135,142,427	(1,621,643)	133,520,784
Cumulative effect of prior period adjustment (Note 1)					402,021	5,799,064	6,201,085
Net position - beginning of year, as restated					135,544,448	4,177,421	139,721,869
Change in net position					(2,394,235)	79,508	(2,314,727)
Net position - end of year					\$ 133,150,213	\$ 4,256,929	\$ 137,407,142

The accompanying notes are an integral part of these statements.

City of Binghamton, New York

Balance Sheet  
 Governmental Funds  
 December 31, 2018

	Governmental		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,543,194	\$ 7,654,381	\$ 2,547,330	\$ 26,744,905
Restricted Cash and cash equivalents	5,387,106	35,020,946	346,129	40,754,181
Due from other funds	959,709	150,486	920,107	2,030,302
Due from state and federal governments	71,725	2,357,817	161,804	2,591,346
Due from other governments	3,092,928	3,212,403	859,854	7,165,185
Other receivables, net	414,579	58,259	5,029,619	5,502,457
Inventory	30,490	-	361,343	391,833
Prepaid expenditures	1,678,266	-	369,014	2,047,280
Loans receivable, net	-	-	6,749,332	6,749,332
	<u>-</u>	<u>-</u>	<u>6,749,332</u>	<u>6,749,332</u>
Total assets	<u>\$ 28,177,997</u>	<u>\$ 48,454,292</u>	<u>\$ 17,344,532</u>	<u>\$ 93,976,821</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 539,970	\$ 2,487,498	\$ 623,567	\$ 3,651,035
Accrued liabilities	2,191,381	5,813,960	97,247	8,102,588
Due to other funds	4,605,503	-	1,130,001	5,735,504
Due to other governments	557,767	-	3	557,770
Bond anticipation notes payable	-	111,411,331	-	111,411,331
Compensated absences	205,520	-	21,192	226,712
Other liabilities	-	-	7,150	7,150
	<u>-</u>	<u>-</u>	<u>7,150</u>	<u>7,150</u>
Total liabilities	<u>8,100,141</u>	<u>119,712,789</u>	<u>1,879,160</u>	<u>129,692,090</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue	<u>60,596</u>	<u>-</u>	<u>6,751,415</u>	<u>6,812,011</u>
<b>FUND BALANCES:</b>				
Nonspendable	2,116,932	-	730,357	2,847,289
Restricted	5,387,106	35,020,946	7,543,788	47,951,840
Committed	-	-	827,859	827,859
Assigned	1,700,887	-	-	1,700,887
Unassigned	<u>10,812,335</u>	<u>(106,279,443)</u>	<u>(388,047)</u>	<u>(95,855,155)</u>
Total fund balances	<u>20,017,260</u>	<u>(71,258,497)</u>	<u>8,713,957</u>	<u>(42,527,280)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,177,997</u>	<u>\$ 48,454,292</u>	<u>\$ 17,344,532</u>	<u>\$ 93,976,821</u>

The accompanying notes are an integral part of these statements

CITY OF BINGHAMTON, NEW YORK

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
December 31, 2018

---

Total fund balance - governmental funds		\$	(42,527,280)
Total net position reported for governmental activities in the statement of net position is different because:			
Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources.			
			7,971,731
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds.			
Cost of capital assets	\$	597,901,776	
Accumulated depreciation		<u>(292,691,536)</u>	
			305,210,240
Funds borrowed for construction at the Joint Sewer Treatment Plant are obligations of the City; however, the Plant will provide resources in the form of bill credits in the future. This is the total borrowings provided to the Plant reported as a deferred outflow of resources.			
			96,206,175
Other deferred outflows of resources not reported in the governmental funds Balance Sheet but included in the Statement of Net Position are as follows:			
Pension related	\$	12,665,846	
OPEB related		<u>5,706,003</u>	
			18,371,849
Interest payable accrued in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported as a liability in the funds.			
			(1,146,465)
Long-term debt and other noncurrent liabilities are not due and payable in the current period and; therefore, are not reported in the funds.			
Bonds payable	\$	(125,315,670)	
Lease obligations payable		(160,743)	
Compensated absences		(4,005,959)	
Net pension liability		(7,006,326)	
Other postemployment benefits		<u>(65,802,280)</u>	
			(202,290,978)
Portions of loans receivable are not available to pay for current period expenditures and are deferred in the funds.			
			4,898,993
Other deferred inflows of resources not reported in the governmental funds Balance Sheet but included in the Statement of Net Position are as follows:			
Pension related	\$	(9,498,442)	
OPEB related		<u>(46,474,303)</u>	
			(55,972,745)
Internal Service Funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.			
			<u>2,428,693</u>
Net position of governmental activities		\$	<u>133,150,213</u>

The accompanying notes are an integral part of these statements.

City of Binghamton, New York

Statement of Revenues, Expenditures and Change in Fund Balances  
 Governmental Funds  
 For the year ended December 31, 2018

	Governmental		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund		
REVENUES:				
Real property taxes	\$ 35,928,310	\$ -	\$ -	\$ 35,928,310
Other real property tax items	993,947	-	-	993,947
Non-property taxes	12,948,237	-	-	12,948,237
Departmental income	1,600,354	-	17,033,862	18,634,216
Intergovernmental charges	557,617	34,752,304	72,484	35,382,405
Interfund revenues	1,529,740	-	166,111	1,695,851
Use of money and property	274,648	59,470	4,699	338,817
Licenses and permits	400,996	-	-	400,996
Fines and forfeitures	542,134	-	-	542,134
Sale of property and compensation for loss	107,977	1,349,383	28,003	1,485,363
Miscellaneous	509,071	295,478	1,165	805,714
State aid	10,013,561	5,882,004	-	15,895,565
Federal aid	176,016	4,369,928	1,932,329	6,478,273
	<u>65,582,608</u>	<u>46,708,567</u>	<u>19,238,653</u>	<u>131,529,828</u>
Total revenues				
EXPENDITURES:				
General government support	7,378,773	1,694,974	135,542	9,209,289
Public safety	22,978,949	599,405	-	23,578,354
Public health	47,851	7,379	-	55,230
Transportation	2,084,614	6,088,920	602,097	8,775,631
Economic assistance and opportunity	-	1,545,690	163,000	1,708,690
Culture and recreation	2,978,296	183,584	10,000	3,171,880
Home and community services	1,300,764	83,526,988	10,367,108	95,194,860
Employee benefits	17,253,051	1,513	2,640,418	19,894,982
Debt Service - principal	4,851,847	-	5,637,031	10,488,878
Debt Service - interest	1,765,328	-	2,136,764	3,902,092
	<u>60,639,473</u>	<u>93,648,453</u>	<u>21,691,960</u>	<u>175,979,886</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,943,135</u>	<u>(46,939,886)</u>	<u>(2,453,307)</u>	<u>(44,450,058)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from the issuance of debt	-	14,510,670	-	14,510,670
Premiums on debt issuances	225,062	-	246,520	471,582
BANs redeemed from appropriations	-	3,396,788	-	3,396,788
Interfund transfers in	-	5,663,400	2,555,000	8,218,400
Interfund transfers out	(7,451,900)	-	(766,500)	(8,218,400)
Total other financing sources (uses) - net	<u>(7,226,838)</u>	<u>23,570,858</u>	<u>2,035,020</u>	<u>18,379,040</u>
CHANGE IN FUND BALANCE	<u>(2,283,703)</u>	<u>(23,369,028)</u>	<u>(418,287)</u>	<u>(26,071,018)</u>
FUND BALANCES AT BEGINNING OF YEAR - as previously reported	22,300,963	(47,889,469)	8,228,093	(17,360,413)
PRIOR PERIOD ADJUSTMENT (Note 1)	-	-	904,151	904,151
FUND BALANCES AT BEGINNING OF YEAR - as restated	<u>22,300,963</u>	<u>(47,889,469)</u>	<u>9,132,244</u>	<u>(16,456,262)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 20,017,260</u>	<u>\$ (71,258,497)</u>	<u>\$ 8,713,957</u>	<u>\$ (42,527,280)</u>

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

**Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances -  
Governmental Funds to the Statement of Activities  
For the year ended December 31, 2018**

Net changes in fund balances - total governmental funds		\$ (26,071,018)
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. This is the change in the investments in the City's joint ventures.		6,504,865
The cost of investment in capital assets and the depreciation expense associated with the investment in capital assets are reported as expenditures in the year they are incurred in the Balance Sheet. However, the Statement of Net Position includes those costs among the assets of the District, and their original costs are depreciated annually over the life of the asset.		
Capital outlay	\$ 11,876,391	
Depreciation expense	(14,959,316)	
Net book value of disposed asset	<u>(192,932)</u>	
		(3,275,857)
Funds provided to the Joint Sewer Treatment Plant for construction are not considered capital outlay above, but are reflected in total debt obligations. This is the amount provided in the current year.		28,075,127
Issuance of long-term debt is recognized as proceeds in the governmental funds, but recorded as a liability in the statement of net position.		(14,510,670)
Repayments of long-term serial bonds and lease obligations are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.		7,092,090
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds include the following:		
Compensated absences		136,242
Pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.		
Net pension liability/asset	\$ 8,960,519	
Deferred outflows of resources	(3,675,494)	
Deferred inflows of resources	<u>(5,854,783)</u>	
		(569,758)
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.		
Other postemployment benefits liability	\$ 36,431,012	
Deferred outflows of resources	(1,141,201)	
Deferred inflows of resources	<u>(33,623,093)</u>	
		1,666,718
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference in unearned revenue.		(2,227,905)
Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation and insurance, to individual funds. Net revenue of the Internal Service Fund is reported with Governmental Activities.		
		<u>785,931</u>
Change in net position of governmental activities		<u>\$ (2,394,235)</u>

The accompanying notes are an integral part of these statements.

City of Binghamton, New York

Statement of Net Position  
 Proprietary Funds  
 December 31, 2018

	Business-Type Activities			Governmental
	<u>BURA</u>	<u>BLDC</u>	<u>Total</u>	Activities Internal Service Fund
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 30,432	\$ 51,285	\$ 81,717	\$ -
Restricted cash and cash equivalents	-	2,458,578	2,458,578	1,594,587
Due from other funds	-	-	-	3,090,528
Accounts receivable	-	45,750	45,750	-
Other receivables, net	-	-	-	4,346
Loans receivable, current portion	-	167,496	167,496	-
Prepaid expenses	-	-	-	53,234
Total current assets	<u>30,432</u>	<u>2,723,109</u>	<u>2,753,541</u>	<u>4,742,695</u>
NONCURRENT ASSETS:				
Capital assets, net of accumulated depreciation	439,432	136,954	576,386	-
Loans receivable, net of current portion and allowance for doubtful accounts of \$327,911	-	985,060	985,060	-
Total noncurrent assets	<u>439,432</u>	<u>1,122,014</u>	<u>1,561,446</u>	<u>-</u>
Total assets	<u>469,864</u>	<u>3,845,123</u>	<u>4,314,987</u>	<u>4,742,695</u>
<b>LIABILITIES</b>				
CURRENT LIABILITIES:				
Accounts payable	-	3,284	3,284	38,547
Accrued liabilities	-	-	-	2,275,455
Total liabilities	<u>-</u>	<u>3,284</u>	<u>3,284</u>	<u>2,314,002</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	-	54,774	54,774	-
<b>NET POSITION</b>				
Net investment in capital assets	439,432	136,954	576,386	-
Restricted	20,000	3,602,110	3,622,110	1,002,323
Unrestricted	<u>10,432</u>	<u>48,001</u>	<u>58,433</u>	<u>1,426,370</u>
Total net position	<u>\$ 469,864</u>	<u>\$ 3,787,065</u>	<u>\$ 4,256,929</u>	<u>\$ 2,428,693</u>

The accompanying notes are an integral part of these statements



City of Binghamton, New York

Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds  
 Proprietary Funds  
 For the year ended December 31, 2018

	Business-Type Activities			Governmental
	BURA	BLDC	Total	Internal Service Fund
<b>OPERATING REVENUES:</b>				
Interdepartmental charges	\$ -	\$ -	\$ -	\$ 2,811,605
Rental income	8,067	-	8,067	-
Grant income	50,000	54,217	104,217	-
Interest and fees on loans	-	29,620	29,620	-
UDAG repayments	-	25,275	25,275	-
CDBG HUD funds	-	210,743	210,743	-
Other operating revenues	-	61,484	61,484	175,650
In-Kind revenue	11,668	-	11,668	-
<b>Total operating revenues</b>	<b>69,735</b>	<b>381,339</b>	<b>451,074</b>	<b>2,987,255</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	-	176,583	176,583	144,176
Contractual services	-	-	-	246,658
Workers compensation claims	-	-	-	1,857,832
Facilities, personnel, materials and supplies - CDBG HUD funds	-	9,873	9,873	-
Grant expense	-	40,733	40,733	-
Marketing	-	15,858	15,858	-
Professional fees	2,000	-	2,000	-
Utilities	662	-	662	-
Stadium maintenance	50,000	-	50,000	-
Office expenses	-	26,036	26,036	-
Other	-	39,545	39,545	-
In-Kind expense	11,668	-	11,668	-
<b>Total operating expenses</b>	<b>64,330</b>	<b>308,628</b>	<b>372,958</b>	<b>2,248,666</b>
<b>INCOME FROM OPERATIONS</b>	<b>5,405</b>	<b>72,711</b>	<b>78,116</b>	<b>738,589</b>
<b>NONOPERATING (EXPENSES) REVENUES:</b>				
Interest income	20	1,372	1,392	47,342
<b>Total nonoperating (expenses) revenues</b>	<b>20</b>	<b>1,372</b>	<b>1,392</b>	<b>47,342</b>
<b>CHANGE IN NET POSITION</b>	<b>5,425</b>	<b>74,083</b>	<b>79,508</b>	<b>785,931</b>
NET POSITION - beginning of year, as previously reported	-	-	-	1,642,762
PRIOR PERIOD ADJUSTMENT (Note 1)	464,439	3,712,982	4,177,421	-
NET POSITION - beginning of year, as restated	464,439	3,712,982	4,177,421	1,642,762
NET POSITION - end of year	\$ 469,864	\$ 3,787,065	\$ 4,256,929	\$ 2,428,693

The accompanying notes are an integral part of these statements.

City of Binghamton, New York

Statement of Cash Flows - Proprietary Funds  
For the year ended December 31, 2018

	Business-Type Activities			Governmental
	BURA	BLDC	Total	Internal Service Fund
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Cash received from providing services	\$ 58,067	\$ -	\$ 58,067	\$ 2,807,259
Cash payments for contractual services	(52,662)	-	(52,662)	(316,972)
Cash payments for salaries and benefits	-	-	-	(144,176)
Cash payments for workers compensation claims	-	-	-	(1,487,882)
Refund of prior year expenditures	-	-	-	175,650
Internal activity with other funds- net	-	-	-	(4,084,026)
BLDC cash flow from operating activities	-	100,113	100,113	-
Net cash flow from operating activities	5,405	100,113	105,518	(3,050,147)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Interest income received	20	1,372	1,392	47,342
New loans	-	(260,195)	(260,195)	-
Loan repayments	-	119,517	119,517	-
Net cash flow from investing activities	20	(139,306)	(139,286)	47,342
CHANGE IN CASH AND CASH EQUIVALENTS	5,425	(39,193)	(33,768)	(3,002,805)
CASH AND CASH EQUIVALENTS - beginning of year	25,007	2,549,056	2,574,063	4,597,392
CASH AND CASH EQUIVALENTS - end of year	\$ 30,432	\$ 2,509,863	\$ 2,540,295	\$ 1,594,587
Cash and cash equivalents - unrestricted	\$ 30,432	\$ 51,285	\$ 81,717	\$ -
Cash and cash equivalents - restricted	-	2,458,578	2,458,578	1,594,587
Total cash and cash equivalents	\$ 30,432	\$ 2,509,863	\$ 2,540,295	\$ 1,594,587
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 5,405	\$ 72,711	\$ 78,116	\$ 738,589
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Changes in:				
Due from other funds	-	-	-	(3,090,528)
Accounts receivable	-	82,500	82,500	(4,346)
Prepays	-	-	-	339,124
Accounts payable	-	(55,098)	(55,098)	(17,080)
Accrued liabilities	-	-	-	(22,408)
Due to other funds	-	-	-	(993,498)
Net cash flow from operating activities	\$ 5,405	\$ 100,113	\$ 105,518	\$ (3,050,147)

The accompanying notes are an integral part of these statements

**CITY OF BINGHAMTON, NEW YORK**

**Statement of Net Position**

**Fiduciary Fund**

**December 31, 2018**

---

	Agency <u>Fund</u>
ASSETS:	
Unrestricted cash & cash equivalents	\$ 370,927
Due from other funds	<u>614,674</u>
 Total assets	 <u><u>\$ 985,601</u></u>
LIABILITIES:	
Agency liabilities	<u>\$ 985,601</u>
 Total liabilities	 <u><u>\$ 985,601</u></u>

The accompanying notes are an integral part of these statements.

## CITY OF BINGHAMTON, NEW YORK

### Notes to Basic Financial Statements

---

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Binghamton (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### **Financial Reporting Entity**

The City, which was established in 1867, is governed by its Charter, General City Law, and other general laws of the State of New York and various local laws. The Common Council is the legislative body responsible for overall operations; the Mayor serves as chief executive officer, and the Comptroller serves as the chief fiscal officer.

The following basic services are provided: public safety (police and fire), highways and streets, sanitation, health, culture and recreation, parking facilities, economic and community development, planning and zoning, and general administration.

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

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

- The primary government, which is the City,
- 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 City's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following have been included in the City's reporting entity, and are discretely reported.

##### **Blended Component Unit - Binghamton Urban Renewal Agency**

The Binghamton Urban Renewal Agency (BURA) was created in 1963 pursuant to an act of the State Legislature (General Municipal Law Article 572). Members of the Agency consist of the Mayor, Comptroller, Corporation Counsel, City Engineer, Commissioner of Public Works, and two members of Common Council. Because of local grants in aid, municipal expenditures on behalf of BURA and municipal debt for BURA purposes, BURA provides benefits and creates burdens for the City.

**Notes to Basic Financial Statements**

---

**Blended Component Unit - Binghamton Local Development Corporation**

The Binghamton Local Development Corporation (BLDC) was incorporated in 1982 under not for profit corporation law. BLDC is governed by a Board of Directors consisting of the Mayor, Corporation Counsel, Director of the Economic Development Department, Comptroller, and several members at large. BLDC is fiscally dependent on the City because its operations are substantially funded by grants received from the City under the Federal Community Development Block Grant and Urban Development Action Grant programs. BLDC has a fiscal year end of August 31; the information included in the financial statements is for the year ended August 31, 2018.

BLDC is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the BLDC's financial information in the City's financial reporting entity for these differences. Further, the cash flows of BLDC are presented as indirect method only, as FASB standards do not require the direct method.

Financial statements for BURA and BLDC are both available from the City Department of Economic Development.

**Joint Venture - Binghamton-Johnson City Joint Sewage and Waste Water Treatment Plant**

The City jointly operates a sewage treatment operation with the Village of Johnson City. The operation is jointly controlled and the City has an ongoing financial responsibility for and an equity interest in the joint venture. Equity interest in the joint venture has been reflected in the Statement of Net Position.

**Related Organization - Binghamton Housing Authority**

The Binghamton Housing Authority was created in 1957 pursuant to an act of the State Legislature. It is governed by seven members, five of whom are appointed by the Mayor. The Authority designates management and exercises complete responsibility for all fiscal matters.

**A. Basis of Presentation**

*Financial Statements*

The City's basic financial statements include both Government-wide (reporting the City as a whole) and Governmental Fund financial statements (reporting the City's Major Funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either governmental or proprietary. The City's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The remaining activities of the Binghamton Regency Hotel and BURA and BLDC (component units described above) are classified as Business-Type Activities.

## CITY OF BINGHAMTON, NEW YORK

### Notes to Basic Financial Statements

---

#### *Government-wide Financial Statements*

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. This Government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities columns is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Direct expenses, are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the City's programs, including personnel, overall administration and finance. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the City.

#### *Fund Financial Statements*

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

The City records its transactions in the funds described below:

#### **Governmental Fund Types**

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position.

#### a) Major Governmental Funds

##### *General Fund*

Principal operating fund; includes all operations not required to be recorded in other funds.

## CITY OF BINGHAMTON, NEW YORK

### Notes to Basic Financial Statements

---

#### *Capital Projects Fund*

Accounts for financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

#### b) Non-major Governmental Funds

##### *Special Revenue Funds*

Special Grant Fund - Accounts for Community Development Block Grant activities and other federal revenue sources.

Parking Ramps Fund - Accounts for funds collected from parking garage receipts and related expenditures.

Water Fund - Accounts for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.

Refuse and Garbage Fund - Accounts for revenues derived from charges for garbage, refuse, and recycling consumption, and the application of such revenues toward related operating expenses.

Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.

#### **Proprietary Fund Types**

Proprietary Funds are used to account for activities which are similar to those often found in the private sector. The costs of providing goods or services to the general public are financed or recovered primarily through user fees. The measurement focus is upon determination of operating income, changes in net position, financial position, and cash flows.

The City reports the following Proprietary Funds:

#### a) Non-major Enterprise Funds

Regency Hotel Fund - Business-type fund accounts for the remaining activity associated with the Binghamton Regency Hotel. The City sold the property in December 2010; the Enterprise Fund accounts for remaining activity.

BURA - Accounts for activities of the blended component unit.

BLDC - Accounts for activities of the blended component unit.

**Notes to Basic Financial Statements**

---

- b) Internal Service Fund - Governmental activities fund accounts for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis, and for insurance coverage when the Council has decided to have a self-insurance program on an actuarial basis. The reimbursements and premiums are treated as operating revenues of the Internal Service Fund and as expenditures/expenses of the reimbursing or insured fund. Included is the following:

Self-Insurance Funds for Workers' Compensation - Accounts for the accumulation of resources for payment of compensation, assessments, and other obligations under Workers' Compensation Law, Article 5.

**Fiduciary Fund Types**

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

Agency Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian or agent.

**B. Basis of Accounting and 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.

**Accrual Basis**

The Government-wide financial statements, Proprietary Funds and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred inflows of resources, liabilities, and deferred outflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual Basis**

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The City has an agreement with Broome County; the County collects property taxes on behalf of the City and pays the City the full amount of taxes due prior to year-end. The City is assured of full tax collections, and has no current taxes receivable. All other revenues deemed collectible within one year after year end are recognized as revenues in the current year. 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. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.



**C. Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions and OPEB plans in the Statement of Net Position. In addition, the City has recorded a deferred outflow to reflect amounts provided for construction of the Joint Sewer Treatment Plant.

In addition to liabilities, the Statement of Net Position and the Balance Sheet - Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of deferred inflow which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the Balance Sheet - Governmental Funds. The governmental funds report unavailable revenues from loans and other receivables that remain uncollected 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows related to pensions and OPEB plans in the Statement of Net Position.

**D. Inventory**

Inventory is valued at cost utilizing the first-in, first-out method. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

**E. Property Taxes**

Real property taxes are levied annually by the City no later than December 31, and become a lien on January 1. City taxes are collected in two installments, the first due January 31 and the second due July 31.

Effective September 1, 2006, the City signed an intermunicipal agreement with Broome County (County) for the purposes of tax billing, collection, and enforcement of property taxes for the City and the Binghamton City School District. As part of this agreement, the City turned over outstanding delinquent taxes, In Rem Agreements, Payment in Lieu of Tax Agreements, and foreclosures.

**F. Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. It also includes all revenues and expenses not related to capital and related financing or investment activities.

**G. Receivables**

Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the City including sewer rents, water rents, rehabilitation loans, and assessments. Provisions have been made for uncollectible accounts as considered appropriate by management. All receivables net of estimated allowances for uncollectible amounts are expected to be collected within the subsequent fiscal year.

**H. Loans Receivable**

The City provides loans the Community Development Block Grant (CDBG) and HOME programs under the U.S. Department of Housing and Urban Development (HUD). Portions of these loans are to be forgiven provided the recipient continues to own the property for a specified number of years. In general, the loans that are not forgiven will be payable upon transfer of title. There is an offsetting deferred inflow of resources related to these loans in their full amount reported in the Special Grant Fund. The governmental activities report a deferred inflow of resources to the extent that the loans may be forgiven.

**I. Cash and Cash Equivalents**

For financial statement purposes, all highly liquid investments with initial maturities of three months or less are considered cash equivalents.

**J. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of over \$5,000, and having a useful life of greater than three years are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	30 - 60 years
Improvements other than buildings	10 - 20 years
Machinery and Equipment	6 - 15 years
Infrastructure	5 - 60 years
Water System	65 years

No interest on construction in progress has been capitalized.

**K. Insurance**

The City assumes the liability for most risk including, but not limited to, property damage and personal injury liability. 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.

**L. Vacation and Sick Leave and Compensatory Absences**

The City recognizes a liability for vacation leave and other compensated absences with similar characteristics and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and do include leave that (new) employees will (eventually) qualify for.

In addition, the City recognizes a liability for vesting sick leave and other compensated absences with similar characteristics and additional salary-related payments as employees earn benefits and to the extent it's probable that the City will compensate the employees for the benefits through cash payments (which may be conditioned on the employees' termination or retirement), rather than be taken as absences due to illness or other contingencies.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the Governmental Funds inasmuch as it will be funded from current financial resources. The Statement of Net Position records this current portion, as well as amounts to be paid from future financial resources.

**M. Other Postretirement Benefits**

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the City and the retired employee. The City recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The City follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The City's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement.

**N. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**O. Restricted Resources**

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

Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales may only be used for the stated borrowing purpose. Community Development Block Grant Funds must be used for approved programs only.

**P. Equity Classifications**

*Government-wide Financial Statements*

Equity is classified as net position and displayed in three components

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

*Governmental Fund Financial Statements*

The City reports 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 and inventories.

- 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.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In the General Fund, this includes encumbrances and amounts of fund balance appropriated in the following year's budget.
- 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.

**Q. Order of Use of Fund Balance**

The City's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted and committed fund balances for specific purposes are determined. Any remaining fund balance amounts are classified as assigned or unassigned. Funds other than the General Fund will report any remaining amounts as assigned. However, assignments of fund balance cannot cause a negative unassigned fund balance.

**R. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Notes to Basic Financial Statements

---

S. Prior Period Adjustments

Corrections of Errors

- Restatement 1 - the financial statements have been restated to include the component units BURA and BLDC as blended component units, whereas as of December 31, 2017, the City's financial statement improperly reported them as discretely presented component units. This results in a restatement of the net position of business-type activities, the BURA and BLDC enterprise funds in the aggregate remaining fund information opinion unit, and discretely presented component units.
- Restatement 2 - the financial statements have been restated to eliminate the Regency Hotel Fund, which erroneously overstated liabilities at December 31, 2017. This results in a restatement to reduce net position and increase liabilities of business-type activities and the Regency Hotel Fund in the aggregate remaining fund information opinion unit.
- Restatement 3 - the financial statements have been restated to correct a misstatement of accounts receivable in the Sewer Fund, part of the aggregate remaining fund information, at December 31, 2017. This results in an increase in fund balance of the aggregate remaining fund information and net position of governmental activities.
- Restatement 4 - the financial statements have been restated to correct a misstatement of deferred inflows and other liabilities in the Refuse and Garbage Fund, part of the aggregate remaining fund information, at December 31, 2017. This results in an increase in fund balance of the aggregate remaining fund information and net position of governmental activities.

The effect of these restatements in aggregate on each opinion unit is as follows:

	<u>Net Position</u>	<u>Other Receivables</u>	<u>Other Liabilities</u>
Governmental activities:			
As previously reported, December 31, 2017	\$ 135,142,427	\$ 6,275,235	\$ 117,564
Restatement 3	294,657	294,657	-
Restatement 4	<u>107,364</u>	<u>-</u>	<u>(107,364)</u>
As restated, December 31, 2017	<u>\$ 135,544,448</u>	<u>\$ 6,569,892</u>	<u>\$ 10,200</u>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

	<u>Net Position</u>	<u>Due to Fiduciary Funds</u>	<u>Bonds Payable</u>
Business-type activities:			
As previously reported, December 31, 2017	\$ (1,621,643)	\$ 1,276,768	\$ 344,875
Restatement 1	4,177,421	-	-
Restatement 2	<u>1,621,643</u>	<u>(1,276,768)</u>	<u>(344,875)</u>
As restated, December 31, 2017	<u>\$ 4,177,421</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Net Position</u>
Discretely presented component units:	
As previously reported, December 31, 2017	\$ 4,177,421
Restatement 1	<u>(4,177,421)</u>
As restated, December 31, 2017	<u>\$ -</u>

	<u>Regency Hotel Fund</u>				
	<u>Net Position</u>	<u>Due to Fiduciary Funds</u>	<u>Bonds Payable</u>	<u>BURA Net Position</u>	<u>BLDC Net Position</u>
Aggregate remaining fund information:					
As previously reported, December 31, 2017	\$ (1,621,643)	\$ 1,276,768	\$ 344,875	\$ -	\$ -
Restatement 1	-	-	-	464,439	3,712,982
Restatement 2	<u>1,621,643</u>	<u>(1,276,768)</u>	<u>(344,875)</u>	<u>-</u>	<u>-</u>
As restated, December 31, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,439</u>	<u>\$ 3,712,982</u>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

	Sewer Fund		Refuse and Garbage Fund		
	Fund Balance	Other receivables	Fund Balance	Other Liabilities	Deferred Inflows of Resources
Aggregate remaining fund information:					
As previously reported, December 31, 2017	\$ 4,693,733	\$ 2,549,430	\$ 455,114	\$ 107,364	\$ 502,130
Restatement 3	<u>294,657</u>	<u>294,657</u>	<u>609,494</u>	<u>(107,364)</u>	<u>(502,130)</u>
As restated, December 31, 2017	<u>\$ 4,988,390</u>	<u>\$ 2,844,087</u>	<u>\$ 1,064,608</u>	<u>\$ -</u>	<u>\$ -</u>

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- 1) No later than October 31st of each year, the Mayor submits a tentative budget to Common Council for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City.
- 2) After public hearings are conducted to obtain taxpayer comments, the Common Council adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- 3) All modifications of the budget must be approved by the City Board and all appropriations lapse at fiscal year-end.
- 4) Legally adopted budgets include the General Fund, Water Fund and the Sewer Fund.

**Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States.

**3. CASH AND INVESTMENTS**

New York State governs the City’s investment policies. The City is permitted to invest in special time deposits and certificate of deposits. In addition, the City may invest funds in direct obligations of the United States of America or obligations guaranteed by agencies of the United States of America where the payment of principal and interest are further guaranteed by the United States of America. Other eligible investments for the City include obligations of the State and repurchase agreements, subject to various conditions.



## CITY OF BINGHAMTON, NEW YORK

### Notes to Basic Financial Statements

---

The City's investment policies are governed by state statutes. In addition, the City has its own written investment policy. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Comptroller 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 not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities. At year-end, demand deposits and certificates of deposit for the City were entirely covered by FDIC insurance or collateral held by trust companies located within the State.

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

Deposits and investments are valued at cost or cost plus interest. Total financial institution (bank) balances at December 31, 2018, were insured or collateralized as follows:

FDIC Insurance	\$ 30,311,989
Collateralized by a third party	<u>39,870,858</u>
Total	<u>\$ 70,182,847</u>

#### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment and deposit policy, all deposits of the City including certificates of deposit and time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of securities with an aggregate value of 100% or more of the aggregate amount of deposits.

#### **4. SALES TAXES AND COLLECTION**

Broome County imposes a 4% sales tax on sales within the County. The County imposed tax is administered and collected by the State Tax Commission in the same manner as that relating to the State imposed 4% (June 1, 2005) sales and compensating use tax. The County remits a portion of sales tax collected to local municipalities, including the City.

Net collections, meaning monies collected after deducting expenses of administration and collections and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County, respectively. In 2018, payments from the County to the City aggregated \$11,975,515.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

5. CAPITAL ASSETS

<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 4,308,146	\$ -	\$ (28,277)	\$ 4,279,869
Construction in Progress - City	<u>9,355,650</u>	<u>9,604,891</u>	<u>(7,824,286)</u>	<u>11,136,255</u>
Subtotal	<u>13,663,796</u>	<u>9,604,891</u>	<u>(7,852,563)</u>	<u>15,416,124</u>
Depreciable:				
Buildings and Improvements	37,818,056	2,894,197	-	40,712,253
Machinery and Equipment	22,243,081	1,074,555	(653,172)	22,664,464
Infrastructure - City	494,887,052	6,127,034	-	501,014,086
Infrastructure - Joint Sewer	<u>18,094,849</u>	<u>-</u>	<u>-</u>	<u>18,094,849</u>
Subtotal	<u>573,043,038</u>	<u>10,095,786</u>	<u>(653,172)</u>	<u>582,485,652</u>
Total capital assets	<u>586,706,834</u>	<u>19,700,677</u>	<u>(8,505,735)</u>	<u>597,901,776</u>
Accumulated depreciation:				
Buildings and Improvements	(22,384,043)	(699,509)	-	(23,083,552)
Machinery and Equipment	(14,809,496)	(1,335,091)	542,938	(15,601,649)
Infrastructure - City	(224,712,922)	(12,562,819)	(54,421)	(237,330,162)
Infrastructure - Joint Sewer	<u>(16,314,276)</u>	<u>(361,897)</u>	<u>-</u>	<u>(16,676,173)</u>
Total	<u>(278,220,737)</u>	<u>(14,959,316)</u>	<u>488,517</u>	<u>(292,691,536)</u>
Net capital assets	<u>\$ 308,486,097</u>	<u>\$ 4,741,361</u>	<u>\$ (8,017,218)</u>	<u>\$ 305,210,240</u>

Depreciation was charged to governmental activities as follows:

General government support	\$ 12,072,548
Public safety	500,446
Transportation	167,195
Culture and Recreation	427,793
Home and Community Services	<u>1,791,334</u>
Total depreciation expense	<u>\$ 14,959,316</u>

Capital assets of business-type activities comprise land held by BURA in the amount of \$439,432 and BLDC in the amount of \$136,954. There were no additions or disposals during the year. Land is a non-depreciable asset.

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

**6. SHORT-TERM DEBT**

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund and used to finance capital projects. Principal payments on BANs must be made annually.

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 equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made. BANs issued to the New York State Environmental Facilities Corporation (EFC) do not renew on an annual basis; funds are drawn down as needed, and converted to long-term debt at conclusion of the project.

BANs payable at December 31, 2018 in the Capital Projects Fund and activity for the year then ended, was as follows:

Issued	Maturity	Interest Rate	Beginning Balance	Issued	Deletions	Ending Balance
2014	1/2019	0.00%	\$ 26,362,659	\$ 42,343,516	\$ -	\$ 68,706,175
4/2017	4/2018	2.50%	39,347,617	-	(39,347,617)	-
1/2017	1/2018	2.00%	3,123,478	-	(3,123,478)	-
4/2018	4/2019	3.00%	-	40,670,156	-	40,670,156
1/2018	1/2019	2.00%	-	2,035,000	-	2,035,000
<b>Total</b>			<u>\$ 68,833,754</u>	<u>\$ 85,048,672</u>	<u>\$ (42,471,095)</u>	<u>\$ 111,411,331</u>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

**7. LONG-TERM OBLIGATIONS**

**Summary of Long-Term Obligations**

The following is a summary of all long-term obligations outstanding as of December 31, 2018:

Description	Balance at 12/31/2017	New Issues/ Additions	Maturities/ Reductions	Balance at 12/31/2018	Due within One year
General obligation debt	\$ 117,819,122	\$ 14,510,670	\$ 7,014,122	\$ 125,315,670	\$ 8,050,670
Lease obligations payable	238,711	-	77,968	160,743	79,560
Net pension liability	15,966,845	-	8,960,519	7,006,326	-
OPEB	102,233,292	-	36,431,012	65,802,280	-
Compensated absences	4,142,201	-	136,242	4,005,959	-
<b>Total</b>	<b>\$ 240,400,171</b>	<b>\$ 14,510,670</b>	<b>\$ 52,619,863</b>	<b>\$ 202,290,978</b>	<b>\$ 8,130,230</b>

Additions and deletions to the liability for compensated absences are shown net, as it is impractical to determine these amounts separately.

**General Obligation Debt**

The City borrows funds on a long-term basis for the purpose of financing acquisition of equipment and construction of buildings and improvements. This policy enables the cost of capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term obligations represent a reconciling item between the fund and government-wide statements. Detail relating to general obligation bonds of the City, outstanding at December 31, 2018, is summarized as follows:

Description	Date of Issue	Interest	Maturity Date	Outstanding
Wastewater projects	2000	3.8%	2019	\$ 205,000
Water projects	2000	4.6%	2022	3,115,000
Combined sewer overflow	2003	4.5%	2031	3,040,000
Wastewater projects	2005	3.0%	2034	11,825,000
Wastewater projects	2010	4.1%	2039	3,905,000
Refunding bonds	2012	3.0%	2026	8,130,000
Various projects	2012	2.0%	2029	6,818,704
Various projects	2012	2.0%	2029	2,486,296
General capital improvements	2014	3.8%	2034	3,827,172
Water and sewer improvements	2014	3.8%	2034	4,622,828
Refunding bonds	2014	2.6%	2029	14,265,000
Refunding bonds	2014	3.9%	2029	825,000
Various projects	2015	3.0%	2040	11,145,000
EFC financing	2016	0.6-3.5%	2046	27,500,000
Public improvement	2016	2.0-3.0%	2036	9,095,000
Public improvement	2018	3.0%	2043	14,510,670
<b>Total</b>				<b>\$ 125,315,670</b>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

Principal and interest payments due on the bonds outstanding at December 31, 2018, for the primary government, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 8,050,670	\$ 3,480,525
2020	8,170,000	3,073,682
2021	8,350,000	2,851,165
2022	8,545,000	2,629,465
2023	7,710,000	2,399,351
2024-2028	37,220,000	8,668,489
2029-2033	22,675,000	4,316,779
2034-2038	12,640,000	1,951,172
2039-2043	8,340,000	740,371
2044-2046	<u>3,615,000</u>	<u>121,976</u>
Total	<u>\$ 125,315,670</u>	<u>\$ 30,232,975</u>

**8. RETIREMENT PLANS**

**Plan Descriptions and Benefits Provided**

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

The City participates in the New York State and Local Employees' Retirement System (the System) which includes 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 City 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](http://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.

## CITY OF BINGHAMTON, NEW YORK

### Notes to Basic Financial Statements

---

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.

#### 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>2018</u>	<u>2017</u>	<u>2016</u>
ERS	\$ 1,666,901	\$ 1,737,859	\$ 2,101,209
PFRS	4,483,847	4,558,458	4,209,210

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

At December 31, 2018, the City reported the following liability for its proportionate share of the net pension liability for each of the System plans. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, as actuarially determined. This information was derived from the report provided to the City by each System.

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	April 1, 2017	April 1, 2017
Net pension liability	\$ 3,227,444,946	\$ 1,010,756,881
City's proportionate share of the Plan's total net pension liability	\$ 1,492,037	\$ 5,514,289
City's share of the net pension liability	0.0462297%	0.5455604%
Pension expense recognized	\$ 1,655,118	\$ 5,109,120

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

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

<b>Deferred Outflows of Resources</b>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 532,161	\$ 2,269,626
Changes of assumptions	989,344	4,178,072
Changes in proportion and differences between the City's contributions and proportionate share of contributions	34,802	38,979
City's contributions subsequent to the measurement date	<u>1,259,977</u>	<u>3,362,885</u>
 Total	 <u>\$ 2,816,284</u>	 <u>\$ 9,849,562</u>
<b>Deferred Inflows of Resources</b>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 439,758	\$ 1,465,273
Net differences between projected and actual earnings on pension plan investments	2,110,505	4,525,413
Changes in proportion and differences between the City's contributions and proportionate share of contributions	<u>195,036</u>	<u>762,457</u>
 Total	 <u>\$ 2,745,299</u>	 <u>\$ 6,753,143</u>

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>PFRS</u>
2019	\$ 238,220	\$ 965,013
2020	203,727	838,969
2021	(1,121,877)	(1,351,960)
2022	(509,062)	(900,703)
2023	<u>-</u>	<u>182,215</u>
 Total	 <u>\$ (1,188,992)</u>	 <u>\$ (266,466)</u>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

**Actuarial Assumptions**

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

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.80% ERS, 4.50% PFRS, indexed by service
Investment rate of return, including inflation	7.00% compounded annually, net of investment expenses
Projected COLAs	1.30% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Long Term Expected Rate of Return

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0%	4.55
International Equity	14.0%	6.35
Private Equity	10.0%	7.50
Real Estate	10.0%	5.55
Absolute Return	2.0%	3.75
Opportunistic Portfolio	3.0%	5.68
Real Asset	3.0%	5.29
Bonds & Mortgages	17.0%	1.31
Cash	1.0%	-0.25
Inflation Indexed Bonds	<u>4.0%</u>	1.25
Total	<u>100.0%</u>	



**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

**Discount Rate**

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
City's proportionate share of the net pension liability	\$ 11,289,156	\$ 1,492,037	\$ (679,593)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
PFRS			
City's proportionate share of the net pension liability	\$ 27,010,481	\$ 5,514,289	\$ (12,515,973)

**Pension Plan Fiduciary Net Position (000's)**

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

	ERS	PFRS
Total pension liability	\$ 183,400,590	\$ 32,914,423
Net position	<u>(180,173,142)</u>	<u>(31,903,666)</u>
Net pension liability (asset)	<u>\$ 3,227,448</u>	<u>\$ 1,010,757</u>
Net position as a percentage of total pension liability	98.24%	96.93%

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

**Plan Description**

The City's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The specifics of each contract are on file at the City offices and are available upon request. The plan is a single-employer defined benefit healthcare plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Council. As of the date of the financial statement, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding other post employment benefits. As such, there are no assets accumulated in a trust that meets all of the criteria in *GASB Statement No. 75, Paragraph 4*. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

**Funding Policy**

The obligations of the Plan members, employees, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the member vary depending on the applicable agreement. The retirees currently contribute enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the City.

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries receiving benefits	357
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>511</u>
Total Participants	<u><u>868</u></u>

**Total OPEB Liability**

The City's total OPEB liability of \$65,802,280 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017.

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

**Changes in the Total OPEB Liability**

Balance at December 31, 2017	<u>\$ 102,233,292</u>
Changes for the year:	
Service cost	4,416,599
Interest cost	3,745,694
Changes of benefit terms	-
Differences between expected and actual experience	(33,491,478)
Changes in assumptions	(8,234,310)
Benefit payments	<u>(2,867,517)</u>
Net change	<u>(36,431,012)</u>
Balance at December 31, 2018	<u>\$ 65,802,280</u>

Changes in assumptions reflect a change in the discount rate from 3.56% percent in 2017 to 4.11% in 2018.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.56% as of December 31, 2017; 4.11% as of December 31, 2018, based on an analysis of 20-Year Municipal Bond Index.
Payroll Growth	2.50%
Inflation Rate	3.00%
Health Care Cost Trends	8.5% for 2019, decreasing to an ultimate trend rate of 4.5% in 2027 and beyond.
Mortality	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 (RPH-2017 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2017 using MP-2017 improvement.)
Retirement Rates	The retirement rates are based on assumptions used in the NYS ERS actuarial valuation as of April 1, 2015.

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

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

The following presents that the total OPEB liability for the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.11%) or 1 percentage point higher (5.11%) than the current discount rate:

	1 % Decrease (3.11%)	Current Discount Rate (4.11%)	1 % Increase (5.11%)
Total OPEB Liability	\$ 75,144,102	\$ 65,802,280	\$ 58,073,948

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

The following present the total OPEB Liability of the County, as well as what the County's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	1 % Decrease	Current Healthcare Trend Rate	1 % Increase
Total OPEB Liability	\$ 55,966,623	\$ 65,802,280	\$ 78,287,225

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$1,200,799.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 39,416,323
Changes in assumptions or other inputs	5,706,003	7,057,980
Contributions subsequent to measurement date	-	-
<b>Total</b>	<b>\$ 5,706,003</b>	<b>\$ 46,474,303</b>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

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

<u>Year Ended December 31:</u>	<u>Amount</u>
2019	\$ (6,961,494)
2020	(6,961,494)
2021	(6,961,494)
2022	(6,961,494)
2023	(6,961,494)
Thereafter	<u>(5,960,830)</u>
Total	<u>\$ (40,768,300)</u>

**10. INTERFUND BALANCES AND ACTIVITY**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services, which are routine annual events for the budget and accounting process.

Interfund balances at December 31, 2018, and activity for the year then ended, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 959,709	\$ 4,605,503	\$ -	\$ 7,451,900
Capital Projects Fund	150,486	-	5,663,400	-
Non-Major Funds	<u>920,107</u>	<u>1,130,001</u>	<u>2,555,000</u>	<u>766,500</u>
 Total Governmental Funds	 2,030,302	 5,735,504	 8,218,400	 8,218,400
 Internal Service Fund	 3,090,528	 -	 -	 -
Agency Fund	<u>614,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 5,735,504</u>	 <u>\$ 5,735,504</u>	 <u>\$ 8,218,400</u>	 <u>\$ 8,218,400</u>

**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

**11. JOINT VENTURE**

The following is the activity undertaken jointly with another municipality. Except for their equity interest in the joint venture, this activity is excluded from the financial statements of the participating municipalities. Separate financial statements are issued for this joint venture and may be obtained from the City Comptroller's office.

A sewage project is operated jointly with the Village of Johnson City (Village), under an agreement originally dated July 14, 1965 and most recently amended February 3, 2016. The agreement is for an indefinite period. A six member board constitutes the governing body; three members of the board are appointed by the City, and three by the Village. Ownership of the project, operational and capital costs are shared by the participants as follows: City - 54.8%; Village - 45.2%. The board of the project has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. In addition to providing services for the City and Village, the project also provides services for several other municipalities.

The following is a summary of financial information included in financial statements for the joint venture:

	Year Ending <u>12/31/2018</u>
Total Assets and Deferred Outflows of Resources	\$ 243,578,767
Total Liabilities and Deferred Inflows of Resources	229,031,812
Joint Venture Equity	14,546,955
Total Revenues	35,131,748
Total Expenses	19,876,064

**12. PUBLIC ENTITY RISK POOL**

**Risk Financing**

The City's Corporation Counsel reviews all claims made against the City and estimates liabilities, if any, based on expertise and experience. All amounts reflected as an estimated liability are at present value with no discount. No annuity contracts have been purchased to satisfy claims.

Effective June 1, 1985, the City became self-insured for general liability exposure. A self- insurance fund was established as an internal service fund to administer the City's insurance program for general liability for all City departments and funds.

Effective July 1, 1995, the City became self-insured for workers' compensation insurance. The City annually appropriates funds for compensation pay awarded to disabled employees or surviving family. The City is negotiating premium costs related to claims incurred prior to July 1, 1995 with the insurance carrier in force at that time. Effective December 1, 1999 the City purchased stop loss insurance for workers compensation claims. City officials believe annual appropriations, reserves and stop loss insurance are sufficient to liquidate the City's obligations. In 2010, the City purchased workers compensation insurance.

**13. SUMMARY OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**General Information**

The City is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**Judgments and Claims**

The City and/or its agencies are named in several lawsuits, some of which are for substantial amounts. Except as described in Note 16, these claims are either adequately covered by insurance or, in the opinion of City officials, will not result in material judgments against the City or will not be pursued and, therefore, are not expected to have a material effect on the basic financial statements.

**State and Federally Assisted Programs**

The City receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory and/or contractual requirements. The City makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the City will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. City officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

**Tax Certiorari Proceedings**

Various tax certiorari proceedings pending against the City as of December 31, 2018 seek reductions in property tax assessments. The City's Assessment Rolls were changed to full market value in 1994, and are updated on a regular basis. Negotiations continue to settle open cases.

**Stadium**

In 1992 the BURA agreed to make certain payments as an incentive for private investment in a municipal stadium development plan located on blighted railroad land. The obligations to Sterling Doubleday, L.P. as developer were satisfied in 1996. The other obligation is to the Binghamton Mets Baseball Club, Inc. for an annual repair and replacement payment. During 2018, a payment of \$50,000 was made.

**14. LITIGATION ISSUES**

In 2014 a Plaintiff commenced an action against the City and individual police officers alleging excessive force and other claims. In January 2017, a jury returned a verdict (i) that the police officer did not use excessive force, did not assault or battery Plaintiff, and was not negligent; (ii) however, the City was negligent under a theory of respondent superior and awarded the Plaintiff \$2,750,000; \$500,000 in compensatory damages is to be paid initially and the remainder is to be paid over the term of 30 years. Given the inconsistent verdict, the Court afforded the parties an opportunity to submit a motion to set aside the verdict. The City's motion to set aside the verdict was granted on September 27, 2017. The Plaintiff has appealed to the United States Court of Appeals for the Second Circuit. This matter has been briefed, argued, and is awaiting a decision. The City has established a reserve in the amount of \$1,500,000 to account for a potential resolution of the matter.

**15. TAX ABATEMENTS**

For the year ended December 31, 2018, property in the City was subject to property tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA), the Binghamton Housing Authority (BHA), and the Binghamton Urban Renewal Agency (BURA).

BCIDA enters into PILOT agreements with businesses within Broome County under New York State General Municipal Law 858. Economic development agreements entered into by BCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which BCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

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



**CITY OF BINGHAMTON, NEW YORK**

**Notes to Basic Financial Statements**

---

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

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
BURA	
Economic Development:	
Real property tax	\$ 36,233
BCIDA	
Economic Development:	
Real property tax	1,218,637
BHA	
Economic Development:	
Real property tax	<u>1,162,501</u>
Total	<u>\$ 2,417,371</u>

**16. SUBSEQUENT EVENTS**

On April 18, 2019, the City issued bond anticipation notes in the amount of \$43,357,295 due April 17, 2020 with an interest rate of 3.5%.

On January 24, 2019, the City issued bond anticipation notes in the amount of \$347,000 due January 24, 2020 with an interest rate of 2.75%.

On May 7, 2019, the City issued refunding serial bonds in the amount of \$7,525,000 with maturity dates through February 1, 2029 and interest rates between 4.5% and 5.0%.

On May 1, 2019, the City entered into a long-term Project Finance Agreement with the New York State Environmental Facilities Corporation in the amount of \$59,296,786 with maturity dates through February 1, 2049 and interest rates between 1.3% and 3.8%.

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)  
 Budgetary Comparison Schedule  
 Budget and Actual - General Fund  
 For the year ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Encumbrances	Variance Positive (Negative)
	Original	Modified			
Resources:					
Real property taxes	\$ 35,947,477	\$ 35,947,477	\$ 35,928,310	\$ -	\$ (19,167)
Other real property tax items	836,053	871,633	993,947	-	122,314
Non-property taxes	11,650,000	11,800,486	12,948,237	-	1,147,751
Departmental revenues	1,509,700	2,544,100	1,600,354	-	(943,746)
Intergovernmental charges	533,828	541,328	557,617	-	16,289
Tribal Compact moneys	1,604,932	1,604,932	1,529,740	-	(75,192)
Use of money and property	130,449	152,451	274,648	-	122,197
Licenses and permits	291,100	291,100	400,996	-	109,896
Fines and forfeitures	621,500	621,500	542,134	-	(79,366)
State aid	10,022,684	10,060,684	10,013,561	-	(47,123)
Federal aid	56,101	56,101	176,016	-	119,915
Sale of property and compensation for loss	136,000	136,000	107,977	-	(28,023)
Miscellaneous	65,000	794,400	509,071	-	(285,329)
	<u>63,404,824</u>	<u>65,422,192</u>	<u>65,582,608</u>	<u>-</u>	<u>160,416</u>
Amounts available for appropriation					
Charges to appropriations:					
General government support	7,016,621	8,017,665	7,378,773	567,245	71,647
Public safety	22,858,888	23,176,500	22,978,949	76,730	120,821
Health	46,625	48,305	47,851	-	454
Transportation	1,980,604	2,133,595	2,084,614	4,743	44,238
Economic assistance and opportunity	303,275	299,657	-	-	299,657
Culture and recreation	991,270	1,067,652	1,300,764	44,376	(277,488)
Home and community services	3,145,004	3,155,295	2,978,296	8,293	168,706
Employee benefits	19,016,314	18,616,691	17,253,051	-	1,363,640
Debt service - principal	4,844,053	4,844,053	4,851,847	-	(7,794)
Debt service - interest	1,765,329	1,765,329	1,765,328	-	1
	<u>61,967,983</u>	<u>63,124,742</u>	<u>60,639,473</u>	<u>701,387</u>	<u>1,783,882</u>
Total charges to appropriations					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,436,841</u>	<u>2,297,450</u>	<u>4,943,135</u>	<u>(701,387)</u>	<u>1,944,298</u>
OTHER FINANCING SOURCES (USES):					
Premiums on debt issuances	-	-	225,062	-	225,062
Interfund transfers out	(3,318,674)	(7,585,327)	(7,451,900)	-	133,427
	<u>(3,318,674)</u>	<u>(7,585,327)</u>	<u>(7,226,838)</u>	<u>-</u>	<u>358,489</u>
Total other financing sources (uses)					
NET CHANGE IN FUND BALANCE	<u>\$ (1,881,833)</u>	<u>\$ (5,287,877)</u>	<u>\$ (2,283,703)</u>	<u>\$ (701,387)</u>	<u>\$ 2,302,787</u>

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 For the year ended December 31, 2018

	Last 10 Fiscal Years									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total OPEB Liability</b>										
Service cost	\$ 4,416,599	\$ 4,538,756								
Interest	3,745,694	4,207,633								
Changes of benefit terms	-	(3,818,625)								
Differences between expected and actual experience	(33,491,478)	(14,993,078)								
Changes in assumptions	(8,234,310)	7,988,405								
Benefit payments	(2,867,517)	(3,145,818)								
<b>Total change in total OPEB liability</b>	<b>(36,431,012)</b>	<b>(5,222,727)</b>								
<b>Total OPEB liability - beginning</b>	<b>102,233,292</b>	<b>107,456,019</b>								
<b>Total OPEB liability - ending</b>	<b>\$ 65,802,280</b>	<b>\$ 102,233,292</b>								
<b>Covered-employee payroll</b>	<b>\$ 29,387,491</b>	<b>\$ 28,811,266</b>								
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>223.9%</b>	<b>354.8%</b>								

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

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

Discount rate	4.11%	3.56%	3.81%
---------------	-------	-------	-------

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Plan assets:** No assets are accumulated in a trust that meets all of the criteria of GASB Statement No. 75, paragraph 4 to pay benefits.

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)  
 Schedule of Proportionate Share of Net Pension Liability (Asset)  
 For the year ended December 31, 2018

	Last 10 Fiscal Years									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN:</b>										
Proportion of the net pension liability (asset)	0.0462297%	0.0450603%	0.0548793%	0.0559201%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.					
Proportionate share of the net pension liability (asset)	\$ 1,492,037	\$ 4,233,966	\$ 7,645,586	\$ 1,889,118						
Covered-employee payroll	13,728,217	11,560,295	11,685,808	13,572,847						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.87%	36.63%	65.43%	13.92%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.70%	97.90%						
<b>NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN:</b>										
Proportion of the net pension liability (asset)	0.5455604%	0.5660805%	0.6077317%	0.5556400%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.					
Proportionate share of the net pension liability (asset)	\$ 5,514,289	\$ 11,732,879	\$ 17,993,642	\$ 1,529,449						
Covered-employee payroll	19,857,567	19,420,231	17,854,786	18,452,614						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.77%	60.42%	100.78%	8.29%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.93%	93.46%	90.20%	99.00%						

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)  
 Schedule of Contributions - Pension Plans  
 For the year ended December 31, 2018

	Last 10 Fiscal Years															
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>						
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN:</b>																
Contractually required contribution	\$ 1,666,901	\$ 1,737,859	\$ 2,101,209	\$ 2,470,316	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.											
Contributions in relation to the contractually required contribution	<u>(1,666,901)</u>	<u>(1,737,859)</u>	<u>(2,101,209)</u>	<u>(2,470,316)</u>												
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -												
Covered-employee payroll	13,728,217	11,560,295	11,685,808	13,572,847												
Contributions as a percentage of covered-employee payroll	12.14%	15.03%	17.98%	18.20%												
<b>NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN:</b>																
Contractually required contribution	\$ 4,483,847	\$ 4,558,458	\$ 4,209,210	\$ 4,944,560							Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.					
Contributions in relation to the contractually required contribution	<u>(4,483,847)</u>	<u>(4,558,458)</u>	<u>(4,209,210)</u>	<u>(4,944,560)</u>												
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -												
Covered-employee payroll	19,857,567	19,911,823	19,028,870	18,004,243												
Contributions as a percentage of covered-employee payroll	22.58%	22.89%	22.12%	27.46%												

CITY OF BINGHAMTON, NEW YORK

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2018

	Special Revenue Funds					Nonmajor Governmental Funds
	Special Grant Fund	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Sewer Fund	
<b>ASSETS</b>						
Unrestricted cash & cash equivalents	\$ 468,358	\$ 73,689	\$ 14,907	\$ 1,165,687	\$ 824,689	\$ 2,547,330
Restricted cash	-	124,498	106,076	5,541	110,014	346,129
Due from other funds	-	-	774,776	-	145,331	920,107
Due from state and federal governments	161,804	-	-	-	-	161,804
Due from other governments	-	-	-	-	859,854	859,854
Other receivables, net	-	-	2,009,186	360,984	2,659,449	5,029,619
Inventory	-	-	226,781	-	134,562	361,343
Prepaid expenditures	-	-	198,410	112,390	58,214	369,014
Cash with fiscal agent	-	-	-	-	-	-
Loans receivable, net	6,749,332	-	-	-	-	6,749,332
<b>Total assets</b>	<b>\$ 7,379,494</b>	<b>\$ 198,187</b>	<b>\$ 3,330,136</b>	<b>\$ 1,644,602</b>	<b>\$ 4,792,113</b>	<b>\$ 17,344,532</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 160,614	\$ 51,478	\$ 247,275	\$ 137,839	\$ 26,361	\$ 623,567
Accrued liabilities	1,378	-	43,552	34,850	17,467	97,247
Due to other funds	-	408,176	170,292	520,567	30,966	1,130,001
Due to other governments	-	-	-	3	-	3
Compensated absences	-	-	10,956	5,553	4,683	21,192
Other liabilities	-	7,150	-	-	-	7,150
<b>Total liabilities</b>	<b>161,992</b>	<b>466,804</b>	<b>472,075</b>	<b>698,812</b>	<b>79,477</b>	<b>1,879,160</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue	6,749,332	2,083	-	-	-	6,751,415
<b>FUND BALANCES:</b>						
Nonspendable	-	-	425,191	112,390	192,776	730,357
Restricted	468,170	117,347	2,432,870	5,541	4,519,860	7,543,788
Committed	-	-	-	827,859	-	827,859
Unassigned	-	(388,047)	-	-	-	(388,047)
<b>Total fund balances</b>	<b>468,170</b>	<b>(270,700)</b>	<b>2,858,061</b>	<b>945,790</b>	<b>4,712,636</b>	<b>8,713,957</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,379,494</b>	<b>\$ 198,187</b>	<b>\$ 3,330,136</b>	<b>\$ 1,644,602</b>	<b>\$ 4,792,113</b>	<b>\$ 17,344,532</b>

CITY OF BINGHAMTON, NEW YORK

Combining Statement of Revenues, Expenditures and Change in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended December 31, 2018

	Special Revenue Funds					Nonmajor Governmental Funds
	Special Grant Fund	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Sewer Fund	
REVENUES:						
Departmental income	\$ -	\$ 1,120,441	\$ 6,694,965	\$ 850,183	\$ 8,368,273	\$ 17,033,862
Intergovernmental charges	72,484	-	-	-	-	72,484
Interfund revenues	-	-	166,111	-	-	166,111
Use of money and property	-	246	1,861	454	2,138	4,699
Sale of property and compensation for loss	-	-	2,661	25,342	-	28,003
Miscellaneous	-	-	979	-	186	1,165
Federal aid	1,932,329	-	-	-	-	1,932,329
<b>Total revenues</b>	<b>2,004,813</b>	<b>1,120,687</b>	<b>6,866,577</b>	<b>875,979</b>	<b>8,370,597</b>	<b>19,238,653</b>
EXPENDITURES:						
General government support	-	-	52,467	7,290	75,785	135,542
Transportation	-	602,097	-	-	-	602,097
Economic assistance and opportunity	163,000	-	-	-	-	163,000
Culture and recreation	10,000	-	-	-	-	10,000
Home and community services	1,787,737	-	3,563,832	2,405,148	2,610,391	10,367,108
Employee benefits	-	-	1,119,068	1,117,123	404,227	2,640,418
Debt Service - principal	-	360,349	1,475,972	18,000	3,782,710	5,637,031
Debt Service - interest	-	142,652	597,033	4,050	1,393,029	2,136,764
<b>Total expenditures</b>	<b>1,960,737</b>	<b>1,105,098</b>	<b>6,808,372</b>	<b>3,551,611</b>	<b>8,266,142</b>	<b>21,691,960</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	44,076	15,589	58,205	(2,675,632)	104,455	(2,453,307)
OTHER FINANCING SOURCES (USES):						
Premiums on debt issuances	-	109,177	104,738	3,814	28,791	246,520
Interfund transfers in	-	-	-	2,555,000	-	2,555,000
Interfund transfers out	-	(5,000)	(350,500)	(2,000)	(409,000)	(766,500)
<b>Total other financing sources (uses) - net</b>	<b>-</b>	<b>104,177</b>	<b>(245,762)</b>	<b>2,556,814</b>	<b>(380,209)</b>	<b>2,035,020</b>
CHANGE IN FUND BALANCE	44,076	119,766	(187,557)	(118,818)	(275,754)	(418,287)
FUND BALANCES AT BEGINNING OF YEAR - as previously reported	424,094	(390,466)	3,045,618	455,114	4,693,733	8,228,093
PRIOR PERIOD ADJUSTMENT (Note 1)	-	-	-	609,494	294,657	904,151
FUND BALANCES AT BEGINNING OF YEAR - as restated	424,094	(390,466)	3,045,618	1,064,608	4,988,390	9,132,244
FUND BALANCES AT END OF YEAR	\$ 468,170	\$ (270,700)	\$ 2,858,061	\$ 945,790	\$ 4,712,636	\$ 8,713,957

**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**

September 27, 2019

To the City Council of  
City of Binghamton, New York

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 27, 2019. Our report includes a reference to other auditors who audited the financial statements of Binghamton Local Development Corporation (BLDC) as described in our report on the City of Binghamton, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item number 2018-001, that we consider to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Binghamton, New York'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 matter that are required to be reported under *Government Auditing Standards*.

#### **City of Binghamton, New York's Response to Finding**

The City of Binghamton, New York's response to the finding identified in our audit is described in the schedule of findings and questioned costs. The City of Binghamton, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

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

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

September 27, 2019

To the City Council of  
City of Binghamton, New York

**Report on Compliance for Each Major Federal Program**

We have audited the City of Binghamton, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

432 North Franklin Street, #60  
Syracuse, New York 13204  
p (315) 476-4004  
f (315) 254-2384

[www.bonadio.com](http://www.bonadio.com)

***Opinion on Each Major Federal Program***

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

**Report on Internal Control over Compliance**

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

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

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

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

City of Binghamton, New York

Schedule of Expenditures of Federal Awards  
For the year ended December 31, 2018

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Agency or Pass-Through Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.218	N/A	\$ 1,250,397	\$ 267,000
Community Development Block Grant - Section 108 Loan	14.218	N/A	<u>180,560</u>	
Total Community Development Block Grant			<u>1,430,957</u>	
Emergency Shelter Grants Program	14.231	N/A	157,608	145,567
HOME Investment Partnership Program	14.239	N/A	<u>372,172</u>	
Total U.S. Department of Housing and Urban Development			<u>1,960,737</u>	
U.S. Department of Justice				
Organized Crime Drug Enforcement Task Force Grant	16.111	N/A	44,863	
Equitable Sharing Program	16.922	N/A	2,997	
Bryne Justice Assistance Grant	16.738	N/A	<u>58,302</u>	
Total U.S. Department of Justice			<u>106,162</u>	
U.S. Department of Transportation				
Passed-through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	D032021	2,817,931	
Highway Planning and Construction	20.205	D035014	18,115	
Highway Planning and Construction	20.205	D035470	105,897	
Highway Planning and Construction	20.205	D035913	<u>53,701</u>	
Total Passed-through NYS Department of Transportation			<u>2,995,644</u>	
Total U.S. Department of Transportation			<u>2,995,644</u>	
U.S. Department of Homeland Security				
Passed-through NYS Division of Homeland Security:				
Hazard Mitigation Grant	97.039	N/A	<u>1,555,641</u>	
Homeland Security Grant Program	97.067	CP17-106-E00	38,761	
Homeland Security Grant Program	97.067	C172479	<u>64,002</u>	
Total Homeland Security Grant Program			<u>102,763</u>	
Total Passed-through NYS Department of Homeland Security			<u>1,658,404</u>	
Total U.S. Department Homeland Security			<u>1,658,404</u>	
Total Expenditures of Federal Awards			<u>\$ 6,720,947</u>	

The accompanying notes are an integral part of this schedule.

**Notes to Schedule of Expenditures of Federal Awards  
For the year ended December 31, 2018**

---

**1. BASIS OF PRESENTATION**

**Pass-Through Programs**

Where the City of Binghamton, New York (the City) receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number when advised by the pass-through grantor. Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in the City's financial management system. City management has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards (SEFA).

**2. BASIS OF ACCOUNTING**

The SEFA is presented in accordance with accounting principles generally accepted in the United States of America and is derived from the City's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the SEFA up to such amounts.

**3. LOANS RECEIVABLE**

**Community Development Block Grant (CFDA 14.218)**

The City of Binghamton provides low-interest microenterprise, facade and revolving fund loans to support your business growth through property acquisition, start-up and expansion. The program is funded through the City's Federal Community Development Block Grant. The various loans awarded range from \$5,000 to \$100,000. The loans are to be repaid in monthly installments over 5 to 10 years at an interest rate of 4.75%. The interest received is considered to be program income and is used to pay administrative costs associated with the program as well as for subsequent loans. At December 31, 2018 the outstanding principal balance of those loans were \$1,963,429.

**HOME Investment Partnership Program (CFDA 14.239)**

The City of Binghamton provides deferred renovation loans to eligible owner-occupants of single unit structures. The program is funded through the City's Federal HOME Investment Partnerships Program. The various loans awarded in amounts up to \$25,000 plus additional funds needed for the mitigation of lead hazards. The loans are to be repaid based upon the post renovation period of owner-occupancy. At December 31, 2018 the outstanding principal balance of those loans were \$4,701,512.

**4. INDIRECT COSTS**

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**5. MATCHING COSTS**

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

Schedule of Findings and Questioned Costs  
For the year ended December 31, 2018

---

**Part 1 Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the City's financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR Section 200.516(a)?

Yes  No

The dollar threshold to distinguish between Type A and B programs was \$750,000.

The major federal programs of the City for the year ended December 31, 2018 were as follows:

**U.S. Department of Housing and Urban Development**

Community Development Block Grant (14.218)

**U.S. Department of Homeland Security**

Hazard Mitigation Grant (97.039)

The City was considered a low-risk auditee for the year ended December 31, 2018.

**City of Binghamton, New York**

**Schedule of Findings and Questioned Costs  
For the year ended December 31, 2018**

---

**Part II Financial Statement Findings**

**Reference:** 2018-001

**Financial Reporting**

**Criteria:**

Internal controls over financial reporting should be properly designed, documented and implemented to ensure all material transactions are recorded properly in accordance with Generally Accepted Accounting Principles (GAAP).

**Cause/Condition:**

Binghamton Urban Renewal Agency (BURA) and Binghamton Local Development Corporation (BLDC) were improperly reported as discretely presented component units instead of blended component units. In addition, deferred inflows of resources and other liabilities were overstated in the Refuse and Garbage Fund. Lastly, there was improper cutoff over revenue in the Capital Project Funds related to a failure to match grant revenues with expenditures. Errors were detected as a result of audit procedures performed.

**Effect:**

Material audit adjustments were necessary to present the financial statement in accordance with GAAP.

**Discretely Presented Component Units & Business-type Activities / Proprietary Funds**

Net Position - Discretely Presented			
Component Units	\$	4,177,421	
Net Position - BURA / Business-type Activities			\$ 464,439
Net Position - BLDC / Business-type Activities			3,712,982

**Refuse and Garbage Fund**

Deferred Inflows	\$	441,424	
Other Liabilities		102,468	
Departmental Income		65,602	
Fund Balance			\$ 609,494

**Capital Projects Fund**

Due from State and Federal Governments	\$	813,717	
Federal Aid			\$ 813,717

**Governmental Activities Opinion Unit**

Other Liabilities	\$	102,468	
Charges for Services		65,602	
Due from State and Federal Governments		813,717	
Net Position			\$ 168,070
Operating Grants and Contributions			813,717

**Schedule of Findings and Questioned Costs  
For the year ended December 31, 2018**

---

**Recommendation:**

We recommend management develop and document policies and procedures that require all activity and transactions be recorded in the correct fiscal year in accordance with GAAP. Management should review the processes related to grant accounting to ensure revenue is recorded at the time of expenditures.

**Management's Response:**

The City will update internal procedures to ensure transactions are recorded and financial statements are presented in accordance with current accounting standards. As we have done in the past, the City will seek guidance from the external auditors in interpreting generally accepted accounting principles.

The corrective action for recording grant revenue will include requesting a full time grant administrator to do the proper invoicing and recording the revenue. This activity takes place throughout the city outside of finance office. Centralizing this procedure will minimize the potential of this error occurring again.

**Part III Federal Award Findings and Questioned Costs**

None noted.

**Part IV Status of Prior Year Findings**

None noted.



**FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS**Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means “financial obligation” as such term is used in the Rule 15c2-12.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **City of Binghamton**, in the County of Broome, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Comptroller as of April 16, 2020.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$47,284,163 Various Purpose Bond Anticipation Note-2020 Series A, dated April 16, 2020, maturing on April 16, 2021, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Fiscal Advisors & Marketing, Inc. 120 Walton Street, Suite 600 Syracuse, New York, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;

- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Issuance of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **April 16, 2020**.

**CITY OF BINGHAMTON, NEW YORK**

By \_\_\_\_\_  
City Comptroller

## FORM OF OPINION

April 16, 2020

The City Council of the  
City of Binghamton, in the  
County of Broome, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Binghamton (the "City"), in the County of Broome, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$47,284,163 Various Purpose Bond Anticipation Note-2020 Series A (the "Note"), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the City will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the City's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,