

SEPTEMBER 17, 2019

ERRATUM NOTICE

TO THE PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 11, 2019
RELATING TO THE ISSUANCE OF

\$12,483,740

VILLAGE OF JOHNSON CITY

BROOME COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$12,483,740 Bond Anticipation Notes, 2019 Series B

(referred to herein as the "Notes")

Dated: October 2, 2019

Due: October 2, 2020

Please be advised that the Preliminary Official Statement for the above referenced issue, which is selling via competitive bid on Wednesday, September 18, 2019 at 11:00 A.M., has been revised as follows:

The section entitled "RATINGS" contained in the Preliminary Official Statement for the above referenced issue has been revised to read as follows:

RATINGS

The Notes are not rated. The Village did not apply for a rating on the Notes.

Moody's Investors Service, Inc. (Moody's) has assigned its rating of "Baa3" (with a stable outlook) to the Village's outstanding uninsured general obligation limited tax debt. Such rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant.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 of the bonds may have an adverse effect on the market price of the Notes.

NEW and RENEWAL**BOND ANTICIPATION NOTES**

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

The Notes will NOT be designated "qualified tax-exempt obligations" pursuant to Section 265(b) (3) of the Code.

\$12,483,740

VILLAGE OF JOHNSON CITY

BROOME COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$12,483,740 Bond Anticipation Notes, 2019 Series B

(referred to herein as the "Notes")

Dated: October 2, 2019

Due: October 2, 2020

The Notes are general obligations of the Village of Johnson City, New York, (the "Village") all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bond and Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES – Nature of the Obligation" and "TAX LEVY LIMITATION 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 a 360-day year basis, and will be payable at maturity.

At the option of the successful bidder(s), the Notes will be issued registered in the name of the purchaser, in the denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes \$8,740, as may be determined by the successful bidder(s). Principal and interest will be payable at maturity in Federal Funds 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 such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

Alternatively, at the option of the purchaser(s), the Notes will be issued as registered notes in the denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes \$8,740, as may be determined by the successful bidder(s), and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Registered noteholders will not receive certificates representing their ownership interest in the Notes purchased. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York City. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or at such place as may be agreed upon with the purchaser(s), on or about October 2, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction ") accessible via www.FiscalAdvisorsAuction.com, on September 18, 2019 by no later than 11:00 A.M. ET. 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. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the Village, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

September __, 2019

THE VILLAGE DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE VILLAGE WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS RELATED TO THE NOTES AS DEFINED IN THE RULE. SEE "APPENDIX C - MATERIAL EVENT NOTICES" HEREIN.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. 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 any such jurisdiction.

VILLAGE OF JOHNSON CITY

BROOME COUNTY, NEW YORK



VILLAGE BOARD

HON. GREGORY W. DEEMIE

Mayor

TRUSTEES

MARTIN MEANEY
CLARK GIBLIN
JOHN WALKER
BEN REYNOLDS

* * * * *

CINDY KENNERUP

Village Clerk/Treasurer

THOMAS A. JOHNSON

Deputy Treasurer



MUNICIPAL ADVISOR



Fiscal Advisors & Marketing, Inc.

120 Walton Street, Suite 600

Syracuse, New York 13202

(315) 752-0051

www.fiscaladvisors.com

BOND COUNSEL



ORRICK, HERRINGTON & SUTCLIFFE, LLP.

Bond Counsel

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

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OFFICIAL STATEMENT
of the
VILLAGE OF JOHNSON CITY
BROOME COUNTY, NEW YORK

Relating To
\$12,483,740 Bond Anticipation Notes, 2019 Series B

This Official Statement, which includes the cover page and inside cover page, has been prepared by the Village of Johnson City, Broome County, New York (the “Village”, “County” and “State”, respectively) in connection with the sale by the Village of \$12,483,740 Bond Anticipation Notes, 2019 Series B (the “Notes”).

The factors affecting the Village’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 Village tax base, revenues and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Village 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 Village relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

Description of the Notes

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

The Notes are dated October 2, 2019 and mature, without the option of prior redemption, on October 2, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be registered in either (i) the name of the purchaser(s), in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes \$8,740, as may be determined by the successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

No Optional Redemption

The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

Purpose of Issue

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

Renewal Amounts Purpose	Amount Outstanding	Paydown	Renewal Amount
2014 - Radio Upgrades	\$ 1,900	\$ 1,900	\$ 0
2014 - DPW Garage Repairs	14,680	14,680	0
2014 - Security Cameras (3)	13,200	13,200	0
2014 - Curbs & Gutters Replacement	32,600	32,600	0
2014 - Kubota Tractor	2,400	2,400	0
2015 - Village Street Repairs	160,000	75,000	85,000
2015 - Reynolds Road	354,000	9,000	345,000
2015 - Arch Street Bridge	1,950,000	40,000	1,910,000
2015 - Financial Accounting Software Package	13,000	6,500	6,500
2015 - Main Server Replacement	7,354	3,500	3,854
2015 - Boiler & HVAC Software	28,000	13,000	15,000
2015 - Patrol Car - Police	12,500	12,500	0
2015 - Truck #7 Dump Body Replacement	24,500	12,000	12,500
2015 - Truck #7 Replace Engine & Front End	30,000	14,000	16,000
2015 - Roller/Bobcat Trailer	4,000	2,000	2,000
2015 - Crew Cab Dump	60,000	27,500	32,500
2015 - Annual Sidewalk/Curbs Replacement	70,000	32,500	37,500
2015 - Kubota Tractor	4,000	2,000	2,000
2015 - Oakdale Mall Sewer Sink Hole Repair	56,000	27,000	29,000
2016 - New Financial Software	37,500	12,500	25,000
2016 - Replace V/Hall Roof	190,000	10,000	180,000
2016 - New Police Vehicle (1)	20,240	20,240	0
2016 - Vehicle Equipment	4,610	1,500	3,110
2016 - Highway Capital Project (Streets)	242,000	18,000	224,000
2016 - Sidewalk & Curbs Repairs	108,000	12,000	96,000
2017 - V/Hall Renovations	252,000	25,000	227,000
2017 - Justice Bldg Roof Renovations	287,000	10,000	277,000
2017 - Justice Bldg Boiler & HVAC	54,000	2,000	52,000
2017 - Chevy Tahoe EMS Vehicle	58,000	6,000	52,000
2017 - Tower Ladder Truck	997,500	50,000	947,500
2017 - Harry L Dr Design	54,000	13,000	41,000
2017 - Reynolds Rd Design	135,000	32,000	103,000
2017 - Streets Reconstruction	350,000	23,000	327,000
2017 - Capital Proj-Wren Street Tank (2) (Water)	963,766	22,000	941,766
2017 - 30 Yard Packer Body (Refuse)	191,000	13,000	178,000
2018 - 2 Patrol Cars & 1 Detective Car	87,224	0	87,224
2018 - Equipment for 3 Cars	12,580	0	12,580
2018 - 4X4 Single Axle Dump w/Plow (2)	217,000	0	217,000
2018 - Combo Dump Body w/Salt Spreader	60,000	0	60,000
2018 - Street Paving	400,000	0	400,000
2018 - Reynolds Rd to Overbrook to Deyo	890,000	0	890,000
2018 - HLD to Oakdale to Valley Plaza	320,000	0	320,000
2018 - Streets Reconstruction	120,000	0	120,000
2018 - Capital Proj-Wren Street Tank (2)	963,766	0	963,766
2018 - Water Maintenance Bldg	537,950	0	537,950
2018 - Dodge 1500 Truck	33,500	0	33,500
2018 - Dodge 3500 Truck	48,000	0	48,000
Total Renewal:	\$10,472,770	\$611,520	\$9,861,250

<u>New Amounts Purpose</u>	<u>Amount Borrowed</u>
2019 - Replace Library Flat Roof	\$ 60,000.00
2019 - New DPW Facility	700,000.00
2019 - Police Vehicles (2 Patrol Cars & 1 Detective Car)	87,000.00
2019 - New Police Cars Equipment	12,580.00
2019 - New 4x4 Multipurpose Dump w/plow	115,000.00
2019 - New Street Sweeper	237,000.00
2019 - Sidewalks & Curbs	120,000.00
2019 - Floral Park Pool Rehabilitation	200,000.00
2019 - Capital Project-Wren Street Water Tanks (2)	963,766
2019 - Capital Project - Reynolds Rd Water Tank Rehab	<u>127,144</u>
Total New Money:	\$ 2,622,490
Total Note Borrowing:	<u>\$ 12,483,740</u>

Nature of the Obligation

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

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

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

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

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Village’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW” herein.

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

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

provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Notes, if book-entry-only format is chosen by the successful bidder(s). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Fully-registered note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 110 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either

directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment, principal and interest to DTC is the responsibility of the Village, 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 Village. 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 Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE VILLAGE 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 VILLAGE 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 OR 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 VILLAGE MAKES NO REPRESENTATIONS 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 under Certain Circumstances

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

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes \$8,740. Interest on the Notes will remain payable at maturity. 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 as fiscal agent by the Village. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE VILLAGE

There follows in this Official Statement a brief description of the Village, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds.

General Information

The Village is located in upstate New York in the geographical location commonly known as the Southern Tier. It is situated in the Town of Union, Broome County, adjacent to the City of Binghamton (the "City") and part of the metropolitan area of that City running along the Susquehanna River Valley through the Villages of Johnson City and Endicott and the unincorporated areas of Endwell and Vestal. The Village encompasses approximately 4.5 square miles and has a 2018 estimated population of 14,299.

Transportation

Major expressways in and around the Village include State highways #17, #88 and Interstate highway #81, which extends from Canada to Tennessee and connects to the national Interstate System at various locations.

Air transportation through the Binghamton Regional Airport is provided by various national, commuter and regional airlines which include American Airlines, NorthWest Air Link, Atlantic Coast, Commuter Air, and Continental Express. United Express Air Service/MESADA also operates from the airport. The Village is also served by the Tri-Cities Airport, located in Johnson City. Railroads providing freight service to the Village include Conrail, the Canadian Pacific Railroad, New York Susquehanna Railroad and Western Railroad.

Utilities & Services

Electric utility and natural gas services are provided by the New York State Electric and Gas Corporation ("NYSEG"). Fire and police protection are provided by full time paid staffs of the Village. Water, sewer and refuse service are all provided by the Village. (See "*Joint Sewage Treatment Plant*" herein for more information regarding sewer services).

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 and the Thomas J. Watson School of Engineering & Applied Sciences. Binghamton University had an enrollment of 13,694 undergraduates and 3,615 graduate students for the 2018 fall semester.

The University is nationally recognized as a world-class institution, Binghamton University offers students a broad, interdisciplinary education with an international perspective and one of the most elite research institutions in the nation. For 16 straight years, U.S. News & World Report has ranked Binghamton as one of the nation's top 50 public universities, and has been rated a Best Buy and one of the premier public universities in the Northeast, "with a four-year graduation rate that is among the highest of any public university, Binghamton has a reputation for an excellence education at a reasonable price," by Fiske Guide to Colleges, 2014.

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.

Broome Community College had an enrollment of 3,780 full-time and 3,220 part-time students for the 2018 fall semester. The college offers 54 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; a total of 367 units with 1,445 beds are planned. A \$17.5 million waterfront housing project, called Chenango Place, was completed in the summer of 2014, creating 50 full-time construction jobs and 20 permanent jobs as part of restoring a historic downtown building.

Binghamton University has created a new School of Pharmacy and Pharmaceutical Sciences which is located in a newly constructed building on a new, 8 acre health sciences campus being developed in the Village. The 84,000 square-foot, four-story building includes state-of-the-art research labs, offices for faculty and staff, a lecture hall, classrooms and teaching labs. It will also house the University's Decker School of Nursing, which will open in 2019, and other healthcare-based organizations and high-tech businesses.

Source: Village officials.

Joint Sewage Treatment Plant

The sewage treatment plant servicing ten municipalities, including the Village, as well as Binghamton University (the "Plant") is jointly owned by the City and 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. The original Plant was constructed in 1958. Starting in 1998, the City and the Village commenced a major sewer 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 expected to be \$365,000,000, including design costs, contingencies and softs costs. The current aggregate principal amount of bonds authorized for the project is \$330,000,000, with 54.8% (\$180,840,000) attributable or allocated to the City and 45.2% (\$149,160,000) attributable or allocated to the Village. The Village has issued approximately \$48,419,009 in bonds through EFC to finance its share of the cost of the Project. In addition, the City and the Village are utilizing short term financing options through EFC to fund Project costs, which is expected to be redeemed with the proceeds of bonds expected to be issued through EFC and/or other sources, including Federal Emergency Management Agency ("FEMA") aid in the future. (See "*INDEBTEDNESS OF THE VILLAGE - Capital Project Plans*" herein.).

The City and the Village anticipate current and future financing relating to the Plant to rely on EFC financing. 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 for to the borrower. To date, EFC has committed to \$20 million in long-term interest free financing. Recently, the City met with EFC to discuss the Project and the financing thereof. Although EFC cannot commit to funding the entire Project at this time, EFC has provided financing for substantially all of the costs of the Project to date, which is expected to be sufficient to pay Project costs incurred through 2018. In the event that EFC financing is not available to fund any portion of the Project, the City is authorized to issue its own bonds or notes to provide financing for the Project.

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 is 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 the Federal Emergency Management Agency (“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 and Village plan 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. The assistance from the State is expected to include a \$24.8 million interest-free short-term loan from EFC, which has been approved by the EFC Board of Directors. Such short-term loan 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.

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. The City, Village and the Binghamton-Johnson City Joint Sewage Board filed a \$20 million State Supreme Court lawsuit in late 2011 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; 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 and Village officials.

Banking Facilities

The following banks are located in the Village:

Chemung Canal Trust Company
Manufacturers & Traders Trust Company (M&T Bank)
NBT Bank, N.A.
Community Bank, N.A.

Population Trends

	<u>Village of Johnson City</u>	<u>Broome County</u>	<u>New York State</u>
1970	18,045	221,815	18,236,882
1980	17,126	213,648	17,558,072
1990	16,578	212,160	17,990,455
2000	15,535	200,536	18,976,457
2010	15,174	200,600	19,378,102
2018 (estimated)	14,299	191,659	19,542,209

Source: U.S. Census Bureau Decennial Census 1970-2010, 2018 Population Estimates

Larger Employers within Broome County

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

The ten largest 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
Broome County Government	Binghamton	2,500	Government
Lourdes Hospital	Binghamton	2,311	Healthcare
New York State	Binghamton	2,034	Government
Broome Developmental Center	Binghamton	1,400	Human Services
BAE Systems	Endicott	1,300	Mission Systems
Maines Paper & Food Service	Conklin	1,100	Food Distribution
Broome-Tioga BOCES	Binghamton	1,049	Education
NBT Bank	Binghamton	1,039	Financial Institution

Sources: Broome County Industrial Development Agency - Larger Employers.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from U.S. Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Village of:						
Johnson City	\$ 17,511	\$ 21,049	\$ 23,904	\$ 39,241	\$ 49,342	\$ 50,662
County of:						
Broome	19,168	24,314	26,790	45,422	57,545	65,022
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Unemployment Rate Statistics

Unemployment statistics are not available for the Village as such. The smallest area for which such statistics are available (which includes the Village) is the County. The information set forth below with respect to the County is included for information purposes only. It should not be implied from the inclusion of such data here that the County is necessarily representative of the Village, or vice versa.

	<u>Annual Average</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Broome County	8.7%	7.8%	6.6%	6.0%	5.4%	5.6%	4.9%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

	<u>2019 Monthly Figures</u>							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
Broome County	5.4%	5.1%	4.9%	4.1%	4.0%	4.1%	4.7%	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.2%	N/A

Note: Unemployment rates for August, 2019 are unavailable as of the date of this Official Statement.

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

Form of Village Government

The Chief Executive Officer of the Village is the Mayor who is elected for a term of four years and is eligible to succeed himself. He is also a member of the Board of Trustees. The legislative and administrative body of the Village is the Board of Trustees, composed of the Mayor and four Trustees. Trustees are elected for a term of two years. Each term is staggered so that two Trustees run every year for election. There is no limitation as to the number of terms which may be served by members of the Board of Trustees.

The Village Mayor is the chief administrative and executive officer of the Village and is the chief administrator of all Village departments. The Mayor, with the approval of the Board of Trustees appoints the Village Clerk/Treasurer to serve a two-year term who serves as the Chief Fiscal Officer.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is generally permitted to invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, in tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district, or district corporation, other than the Village; (6) obligations of New York public benefit corporations which are made lawful investments by the Village pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of Village moneys held in certain reserve funds established pursuant to law, in obligations issued by the Village. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the Village's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the Village may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian with regular valuation. The Village does not invest in revenue repurchase agreements or other derivative-type investments.

Employees

The Village currently employs approximately 130 full-time employees, of which 107 are represented by labor organizations. The following is a breakdown of employee representation by collective bargaining agents which represent them and the dates of expiration of their agreements:

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
26	Firefighters' Association	May 31, 2021
35	AFSCME (Public works)	May 31, 2021
30	Police Benevolent Association (PBA)	May 31, 2020
13	Administrative Unit	May 31, 2021
1	Management Unit	May 31, 2021
2	Court Employees	May 31, 2019 ⁽¹⁾

⁽¹⁾ Court Employees unit is now part of Administrative Unit effective June 1, 2019.

Source: Village officials.

Employee Pension Payments

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

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

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

For both ERS & PFRS, Tier 5 provides for:

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

For both ERS & PFRS, Tier 6 provides for:

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

The Village's payments to ERS and PFRS since the 2015 fiscal year and budgeted payments for 2020 are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2015	\$ 465,576	\$ 1,062,122
2016	469,174	845,953
2017	421,336	993,875
2018	373,182	1,006,069
2019	369,927	1,043,910
2020 (Budgeted)	372,948	1,076,765

Source: Village officials

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

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

A chart of average ERS and PFRS rates (2014 to 2019) 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.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Village, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City's employees is not subject to the direction of the Village. 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 Village which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

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

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Village is not certain that municipalities will be mandated to implement GASB 45 since the potential liability will have to be determined by an actuarial and will be astronomical with the potential of bankrupting municipalities.

The Village contracted with Armory Associates LLC to prepare its OPEB valuation. Based on the most recent actuarial evaluation dated June 1, 2016 and financial data as of May 31, 2017 and 2018, the following tables shows the components of the Village’s annual OPEB cost, the amount actuarially contributed to the plan, changes in the Village’s net OPEB obligation and funding status for the fiscal year ended May 31, 2017 and 2018:

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2017</u>	<u>2018</u>
Annual required contribution (ARC)	\$ 7,685,798	\$ 7,966,652
Interest on net OPEB obligation	1,446,743	1,600,325
Adjustment to ARC	(2,171,465)	(2,401,982)
Annual OPEB cost (expense)	6,961,076	7,164,995
Expected Contributions made)	<u>(2,573,010)</u>	<u>(2,723,900)</u>
Increase in net OPEB obligation	4,388,066	4,441,095
Net OPEB obligation - beginning of year	<u>41,335,503</u>	<u>45,723,569</u>
Net OPEB obligation - end of year	<u>\$ 45,723,569</u>	<u>\$ 50,164,664</u>
Percentage of annual OPEB cost contributed	36.96%	38.0%

Funding Status:

Actuarial Accrued Liability (AAL)	\$ 90,026,393	\$ 93,395,251
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 90,026,393</u>	<u>\$ 93,395,251</u>
Funded Ratio (Assets as a Percentage of AAL)	0%	0%

Source: Audited financial statements of the Village. The above tables are not audited.

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

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state’s OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller’s proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced or enacted if introduced.

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending May 31, 2019. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Villages were required to adopt the provisions of Statement No. 75 for the year ending May 31, 2019. The Village will be in compliance with GASB 75 for the 2019 fiscal year.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the Village (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 Village and the Notes:

Purpose and Pledge. The Village 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 Village may contract indebtedness only for a Village 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 within three years, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average period of probable usefulness thereof; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Village has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Village 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 Village has the power to contract indebtedness for any Village 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 Village 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 Village 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 Village so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village 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 Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See "TAX LEVY LIMITATION LAW" herein.)

Statutory Procedure

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, the finance board of the Village. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Board of Trustees. A bond resolution that is submitted to voters at the discretion of the Board of Trustees requires only a 3/5 vote of the Board.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution, which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution thereafter except for alleged constitutional violations. The Village has complied with said procedure with respect to the Notes.

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

Each bond resolution also provides for 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 reductions are made within two years of the original date of borrowing and provided that such renewals do not generally extend five years beyond 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 they were originally issued. (See “*Payment and Maturity*” under “*Constitutional Requirements*” herein.)

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending May 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 27,988,100	\$ 26,469,000	\$ 51,139,695	\$ 49,712,695	\$ 96,589,983
Bond Anticipation Notes	7,545,425	9,254,982	6,682,784	8,319,050	11,322,770
New York State EFC Advance ⁽¹⁾	3,994,366	19,891,581	15,163,630	36,540,000	12,101,614
Lease Installment Purchase	0	0	0	48,000	32,000
Energy Performance Contract	<u>1,021,846</u>	<u>929,377</u>	<u>825,437</u>	<u>721,182</u>	<u>616,927</u>
Totals	<u>\$ 40,549,737</u>	<u>\$ 56,544,940</u>	<u>\$ 73,811,546</u>	<u>\$ 95,292,927</u>	<u>\$ 120,663,294</u>

⁽¹⁾ See “*New York State Environmental Facilities Corporation Loan Advance*” for additional details.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village evidenced by bonds and notes as of September 11, 2019.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2019-2047	\$ 101,549,983
<u>Bond Anticipation Notes</u>		
New York State EFC Advance (STIFF & SMRF)	January 30, 2021	3,361,547 ⁽¹⁾
New York State EFC Advance (STIFF & SMRF)	September 20, 2021	5,821,353 ⁽¹⁾
Repairs related to flood damage	February 22, 2019	850,000
Various Purposes	October 3, 2019	<u>10,472,770</u> ⁽²⁾
	Total Debt Outstanding	<u>\$ 122,055,653</u>

⁽¹⁾ As of September 11, 2019, the Village had \$9,182,901 of STIFF & SMRF drawn against the aggregate principal amount authorized for the Advance. See “*New York State Environmental Facilities Corporation Loan Advance*” herein for additional details.

⁽²⁾ To be redeemed at maturity with proceeds of the Notes, and available funds of the Village.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 11, 2019:

Five-Year Average Full Valuation of Taxable Real Property	\$ 687,892,490
Debt Limit - 7% thereof.....	48,152,474

Inclusions:

Bonds.....	\$ 101,549,983	
Bond Anticipation Notes	11,322,770	
New York State EFC Advance (Sewer) ⁽¹⁾	<u>9,182,901</u>	
Total Inclusions.....		\$ 122,055,653

Exclusions:

Appropriations – Bonds.....	\$ 730,000	
Sewer Debt-Notes ⁽²⁾	425,000	
New York State EFC Advance (Sewer) ⁽²⁾	9,182,901	
New York State EFC Bonds (Sewer) ⁽²⁾	77,389,983	
Water Debt ⁽³⁾	<u>18,941,982</u>	
Total Exclusions.....		\$ <u>106,669,866</u>

Total Net Indebtedness Subject to Debt Limit.....	\$ <u>15,385,787</u>
Net Debt-Contracting Margin.....	\$ <u>32,766,687</u>
Percent of Debt Contracting Power Exhausted.....	31.95%

- (1) As of September 11, 2019, the Village had \$9,182,901 of STIFF & SMRF drawn against the aggregate principal amount authorized for the Advance. See “New York State Environmental Facilities Corporation Loan Advance” herein for additional details.
- (2) Sewer Debt excluded pursuant to Section 124.10 of the Local Finance Law.
- (3) Water Debt excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: The issuance of the Notes will increase the net indebtedness of the Village by \$950,560.

Bonded Debt Service

A schedule of Bonded Debt Service, including principal of the Bonds, may be found in APPENDIX - B to this Official Statement.

Cash Flow Borrowings

The Village has not found it necessary to borrow revenue anticipation notes or tax anticipation notes in the last five years, and has no other plans to borrow for such in the foreseeable future.

Capital Project Plans

The Village reviews annual improvement projects and needs and develops a plan on repair and/or replacement of equipment and facilities.

The Village plans to finance 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 Sewage Treatment Plant*” under “*THE VILLAGE - Joint Sewage Treatment Plant*” and “*New York State Environmental Facilities Corporation Loan Advance*” herein). The City and the Village commenced a major sewer treatment plant facilities reconstruction and improvement project. 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 “*THE VILLAGE - Joint Sewage Treatment Plant*” herein).

The Village has no other capital projects authorized or contemplated at this time.

New York State Environmental Facilities Corporation Loan Advance

The Village entered into agreements with the New York State Environmental Facilities Corporation (the “Corporation”) to receive Short-term Market-Rate Financing (“SMRF”) and Short-term Interest Free Financing (“STIFF”) to finance costs associated with the design, construction, restoration and rehabilitation of the Binghamton-Johnson City Joint Sewage Treatment Plant. The Corporation agreed to provide SMRF and STIFF by making advances of funds (“Advance”) to the Village from time to time. The Village shall be obligated to repay each Advance in one or more principal installments in amounts and at times specified or determined in accordance with the Financing Agreement with the Corporation, plus any accrued interest. Interest, if any, shall accrue on Advances from the date of disbursement in accordance with the respective notes.

On January 30, 2014, The Village entered an agreement with the Corporation (Project No. C7-6201-03-03) for the advance of short-term funds during the period from January 30, 2014 through January 30, 2019, subsequently amended through January 30, 2021, in an aggregate principal amount not to exceed \$13,714,748 (the “2014 Advance”). As of September 11, 2019, the Village had drawn \$13,714,748 against the 2014 Advance, of which \$3,361,547 is currently outstanding after applying \$10,353,200 of principal reductions and FEMA payments received.

On May 26, 2016, The Village entered an agreement with the Corporation (Project No. C7-6201-03-04) for the advance of short-term funds during the period from May 26, 2016 through January 15, 2021 in an aggregate principal amount not to exceed \$51,980,000 (the “2016 Advance”). As of September 11, 2019, the Village had drawn \$51,980,000 against the 2016 Advance. On September 22, 2016, the Village closed on \$24,054,695 long term financing with the Corporation which refinanced \$5,774,867 of the 2016 Advance into long-term financing with the Corporation, and also financed an additional \$18,279,828 of project costs not included as part of the 2016 Advance. On June 13, 2019, the Village closed on \$55,979,983 long term financing with the Corporation which refinanced \$46,010,633 of the 2016 Advance into long-term financing with the Corporation after applying a principal reduction of \$194,500.

On March 29, 2018, The Village entered an agreement with the Corporation (Project No. C7-6201-03-05) for the advance of short-term funds during the period from March 29, 2018 through March 29, 2021 in an aggregate principal amount not to exceed \$9,433,240 (the “2018A Advance”). As of September 11, 2019, the Village had drawn \$9,433,240 against the 2018A Advance. On June 13, 2019, the Village closed on \$55,979,983 long term financing with the Corporation which refinanced \$2,992,376 of the 2016 Advance into long-term financing with the Corporation and also financed an additional \$6,440,864 of funds authorized but previously unissued against the 2018A Advance.

On September 20, 2018, The Village entered an agreement with the Corporation (Project No. C7-6201-03-06) for the advance of short-term funds during the period from September 20, 2018 through September 20, 2021 in an aggregate principal amount not to exceed \$20,340,000 (the “2018B Advance”). As of September 11, 2019, the Village had drawn \$5,821,353 against the 2018B Advance, of which \$5,821,353 is currently outstanding.

As of September 11, 2019, the Village has also applied \$13,560,000 of grant funds received for the project. The Village expects to draw additional short-term Advances to fund project costs associated with the Plant (See the sub-caption “*Flood Damage to the Joint Sewage Treatment Plant*” under “*THE VILLAGE - Joint Sewage Treatment Plant*” herein.)

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Broome	6/26/2019 ⁽⁴⁾	\$ 136,679,000	\$ - ⁽²⁾	\$ 136,679,000	9.69%	\$ 13,244,195
Town of:						
Union	6/24/2019 ⁽⁴⁾	10,052,630	199,240 ⁽²⁾	9,853,390	24.79%	2,442,655
School District:						
Johnson City SD	7/24/2019 ⁽⁴⁾	50,386,674	44,844,140 ⁽³⁾	5,542,534	58.57%	<u>3,246,262</u>
Total:						<u>\$ 18,933,113</u>

Notes:

- (1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.
- (2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.
- (3) Estimated State building aid.

Sources of information:

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

Debt Ratios

The following table sets forth certain ratios relating to the Village's net indebtedness as of September 11, 2019:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Gross Indebtedness (see Debt Statement Summary)	\$ 122,055,653	\$ 8,535.96	17.58%
Net Indebtedness (see Debt Statement Summary)	15,385,787	1,076.00	2.22%
Gross Plus Net Overlapping Indebtedness ^(c)	140,988,766	9,860.04	20.31%
Net Plus Net Overlapping Indebtedness ^(c)	34,318,900	2,400.09	4.94%

- (a) According to the 2018 Census, the population of the Village is 14,299. (See "THE VILLAGE - Population Trends" herein.)
- (b) The Village's full value of taxable real estate for the 2019-20 fiscal year is \$694,286,941. (See "TAX INFORMATION - Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" for the calculation of Gross and Net Indebtedness, herein.
- (d) The Village's applicable share of net overlapping indebtedness is estimated to be \$18,933,113. (See "Estimated Overlapping Indebtedness" herein.)

FINANCIAL FACTORS

The Village derives its revenues from a direct tax levy on real property, a utilities gross receipts tax, departmental fees, fines from Village Court and charges and State aid. The Village's fiscal year begins June 1 and ends May 31.

Revenues

Village finances are operated through its General Fund. All property taxes and most non-tax revenues are paid into the General Fund. All current operating expenditures are made from the fund pursuant to appropriations of the Village Board of Trustees.

Budgetary Procedures

The budget officer prepares the proposed budget each year, pursuant to the Laws of the State of New York, and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year. The budget is not subject to referendum. The tax levy for all budgets adopted for the fiscal year ended May 31, 2012 and beyond are subject to the provisions of the Tax Levy Limitation Law. (See "TAX LEVY LIMITATION LAW" herein).

Financial Statements

In certain years, when required, the Village has retained an independent certified public accountant firm for an independent audit of all financial transactions of the Village. The financial affairs of the Village are also subject to annual audits by the State Comptroller. The last independent audit covers the fiscal year ending May 31, 2018 and is attached hereto as "APPENDIX – E". In addition, the Village's audited financial statement for fiscal year ending May 31, 2019 is not complete as of the date of this Official Statement.

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

Beginning with the fiscal year ending December 31, 2003, the Village is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Village hired an outside consultant to assist in implementation of GASB 34, inclusive of a physical review and documentation of all assets owned by the Village. The Village is currently in full compliance with GASB 34.

Unaudited Results of Operations for Fiscal Year Ended 2019

A summary of such unaudited financial results for the General Fund for the period ended May 31, 2019 is as follows:

Revenues:	\$ 19,751,621
Expenditures:	<u>18,893,800</u>
Excess (Deficit) Revenues over Expenditures:	<u>\$ 857,821</u>
Total General Fund Balance FYE 2018:	\$ 4,750,687
Total Projected General Fund Balance FYE 2019:	\$ 5,608,508

For a summary of the Village's adopted budgets, see "APPENDIX-A2" hereof.

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

Source: Village officials.

Sewer Fund Deficit Fund Balances

The Sewer Fund had an audited deficit fund balance of (\$477,198) for fiscal year ended May 31, 2016 and an unaudited deficit fund balance of \$(1,215,041) due to expenditures in the years 2014 through 2015 exceeding revenues, which was affected by prior period adjustments related to the operation of the Binghamton-Johnson City Joint Sewage Treatment Plant. To address the issue of declining Sewer Fund balance, the Village raised sewer use rates in the fiscal year beginning June 1, 2018. As of fiscal year ending May 31, 2018, the Sewer Fund had a fund balance of \$2,212,787.

New York State Comptroller Reports of Examination

The State Comptroller's office released an audit report of the Village on June 5, 2015. The purpose of the audit was to evaluate the Village's internal controls over the Justice Court's financial operations for the period June 1, 2013 through August 21, 2014. A copy of the audit and response of the Village can be found via the website of the Office of the New York State Comptroller.

In addition, the State Comptroller recently 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 via the website of the Office of the New York State Comptroller.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	0.0%
2017	No Designation	0.0%
2016	No Designation	11.3%
2015*	-	-%
2014*	-	-%

*Since the inception of the FSMS and through fiscal year ending May 31, 2015, the Village had not filed its Annual Financial Report Update Documents, which are unaudited and not prepared in accordance with GAAP, to the State Comptroller's Office by the required filing dates, and therefore a fiscal stress score could not be calculated.

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

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

Investment Policy

Pursuant to the statutes of the State of New York, the Village is generally permitted to invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, in tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district, or district corporation, other than the Village; (6) obligations of New York public benefit corporations which are made lawful investments by the Village pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of Village moneys held in certain reserve funds established pursuant to law, in obligations issued by the Village. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the Village's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the Village may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian with regular valuation. The Village does not invest in revenue repurchase agreements or other derivative-type investments.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Notes are to be issued is the Village Law and the Local Finance Law.

No principal or interest upon any obligation of the Village is past due. The Village was one day late on making a \$826,775.04 loan payment due August 1, 2018 to the New York State Environmental Facilities Corporation. The reason for the late payment was that the Village was in the process of setting up a new debt service fund in their accounting software, which also required establishing a new bank account. That process had not been completed as of August 1, 2018, so the Village had to make alternative arrangements to send the payment, however, the payment was not sent out until the following day on August 2, 2018.

The fiscal year of the Village is June 1st to May 31st.

The procedure for the validation of the renewal portion of the Notes provided in Title 6 of Article 2 of the Local Finance Law has been complied with. The procedure for the validation of the new money portion of the Notes provided in Title 6 of Article 2 of the Local Finance Law is in the process of being complied with.

This Official Statement does not include the financial data of any other political subdivision having power to levy taxes within the Village.

TAX INFORMATION

Source of Revenues

The Village derives its revenues from a direct tax levy on real property, a utilities gross receipts tax, departmental fees, fines from Village Court and charges and State aid. Village revenues for the fiscal years ending May 31, 2013 through May 31, 2017 are summarized in the Appendices attached hereto.

Valuations and Rates

Fiscal Year Ending May 31:	Taxable Assessed Valuation	State Equalization Rate	Total Taxable Full Valuation
2016	\$ 30,179,909	4.60%	\$ 656,084,978
2017	30,058,969	4.27%	703,957,119
2018	30,103,712	4.38%	687,299,361
2019	30,146,431	4.32%	697,834,051
2020	29,507,195	4.25%	694,286,941

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending May 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Village	\$ 329.52	\$ 338.23	\$ 339.41	\$ 345.36	\$ 358.47

Tax Collection Procedure

Tax payments are due on June 1 to and including June 30 in each year without penalty. Penalties for tax delinquencies are imposed at the rate of 5% for the first month delinquent and an additional 1% for each month or fraction thereof thereafter. The County remits to the Village the amount of uncollected taxes, and then administers the delinquent collections, so that the Village receives its entire levy in the same fiscal year.

Tax Collection Record

<u>Fiscal Year Ending May 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Tax Levy	\$ 9,700,948	\$ 9,944,990	\$ 10,166,767	\$ 10,217,444	\$ 10,577,435
Amount Uncollected ⁽¹⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

⁽¹⁾ See 'Tax Collection Procedure' herein.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal year ending May 31:

<u>Fiscal Year Ending May 31:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Five Year Average Full Valuation.....	\$ 685,642,486	\$ 671,000,575	\$ 656,567,294
Tax Limit - (2%).....	13,712,850	13,420,012	13,131,346
Total Additions.....	5,275,642	1,957,464	3,779,666
Total Taxing Power.....	\$ 18,988,492	\$ 15,377,476	\$ 16,911,012
Less: Total Levy of the Village.....	10,577,435	10,411,361	10,217,444
Constitutional Tax Margin.....	<u>\$ 8,411,057</u>	<u>\$ 4,966,115</u>	<u>\$ 6,693,568</u>

Assessment Information

Real property in the Village is assessed by the Town of Union.

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

The assessment roll of the Village is constituted approximately as follows: 54% Commercial and 46% Residential. The estimated total property tax for an average residence valued at \$100,000 is \$3,000 per year.

Ten Largest Taxpayers – 2019 Assessment for 2019-20 Village Tax Roll

<u>Name</u>	<u>Taxable Full Valuation</u>
Oakdale Mall II LLC	\$ 2,835,557 ⁽¹⁾
NYSEG	945,398
Feinberg Ridge Associates	557,500
Wegmans Food Markets, Inc.	441,600
JCTC Holdings LLC	423,760
Susquehanna Realty Holding	245,865
Seritage SRC Finance LLC (Sears)	236,978 ⁽²⁾
Binghamton Giant Market, Inc	204,600
JLL Retail Property Mgt (Toys R Us)	179,600
Olums of Binghamton	155,700

- (1) Has filed claim seeking a reduction in assessment. The potential tax liability and outcome of this claim is not known at this time.
- (2) Has been granted an assessment reduction of \$128,843 for 3 yrs, 2019-20 being the last year.

The ten largest taxpayers listed above have a total estimated assessed valuation of \$6,196,558 which represents 21% of the Village tax base.

The Village is subject to a number of tax certiorari cases particularly in relation to the utility companies. The ultimate result of these cases is not expected to have a significant impact on the finances of the Village. As of the date of this Official Statement; the Village does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the Village.

Source: Village officials.

Sales Tax Comparison

The following table sets forth a comparison of the budgeted and actual total sales tax collected during each of the five fiscal years and the budgeted amount for the current fiscal year:

<u>Fiscal Year</u>	<u>Budgeted Amount</u>	<u>Actual</u>
2014-15	\$ 3,300,000	\$ 3,201,433
2015-16	3,300,000	3,271,558
2016-17	3,325,000	3,393,696
2017-18	3,375,000	3,584,472
2018-19	3,585,000	3,882,505
2019-20	3,960,000	N/A

Source: Village officials.

TAX LEVY LIMITATION LAW

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020, however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may

exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

No Past Due Debt. No principal of or interest on Village indebtedness is past due. The Village was one day late on making a \$826,775.04 loan payment due August 1, 2018 to the New York State Environmental Facilities Corporation. The reason for the late payment was that the Village was in the process of setting up a new debt service fund in their accounting software, which also required establishing a new bank account. That process had not been completed as of August 1, 2018, so the Village had to make alternative arrangements to send the payment, however, the payment was not sent out until the following day on August 2, 2018.

MARKET AND RISK FACTORS

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

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

The Village is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Village. In some years, the Village has received delayed payments of State aid which resulted from the State’s delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also “THE VILLAGE - State Aid”).

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

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Village and hence upon the market price of the Notes. See “TAX LEVY LIMITATION LAW” herein.

Cybersecurity. The Village, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Village faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Village digital networks and systems and the costs of remedying any such damage could be substantial.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into a Continuing Disclosure Undertaking, descriptions of which are attached hereto as “APPENDIX – C, MATERIAL EVENT NOTICES”.

Historical Continuing Disclosure Compliance

Under previous continuing disclosure undertakings, the Village is required to file its annual financial information and operating data on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Village of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year. Beginning with fiscal year ending May 31, 2014, this prior requirement was superseded to include that in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date.

Below is a chart listing applicable EMMA filing dates for fiscal years 2014 through 2018:

Fiscal Year Ending May 31 st	Annual Financial Information and Operating Data Filing Date	Audit Certification Date	Audit Filing Date	Unaudited Financial Report Certification Date	Unaudited Financial Report Filing Date
2014	11/26/2014	01/17/2015	05/11/2015	12/16/2015	12/29/2015
2015	11/23/2015	02/19/2016	04/02/2016	03/29/2016	03/30/2016
2016	11/25/2016	09/30/2016	11/30/2016	08/31/2016	08/31/2016
2017	11/28/2017	02/20/2018	06/15/2018	11/28/2017	11/28/2017
2018	11/28/2018	01/31/2019	03/15/2019	02/15/2019	02/15/2019

- The audited financial statement for the fiscal year ending May 31, 2014 was completed on January 17, 2015, however the audit was filed late to EMMA on May 11, 2015. The 2014 annual financial report update document (unaudited) (“AUD”) was required to have been filed to EMMA no later than November 30, 2014, if available; however, the 2014 AUD was not completed until December 16, 2015 and was filed to EMMA on December 29, 2015.
- The 2015 AUD was required to have been filed to EMMA no later than November 30, 2015, if available; however, the 2015 AUD was not completed until March 29, 2016 and was filed to EMMA on March 30, 2016.
- The audited financial statement for the fiscal year ending May 31, 2017 was completed on February 20, 2018, however, the was filed late to EMMA on June 15, 2018.
- The Village was one day late in filing a notice of event relating to a late interest payment incurred on August 1, 2018. The notice was not filed to EMMA until September 19, 2018.
- The 2018 AUD was required to have been filed to EMMA no later than November 30, 2018, if available; however, the 2018 AUD was not completed until February 15, 2019 and was filed to EMMA on February 15, 2019.

The Village has provided notices of its above failures to file to EMMA.

TAX MATTERS

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The Village has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel’s opinion will be in substantially the form attached hereto as APPENDIX – D.

LITIGATION

The Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village, after consultation with the Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have an adverse material effect on the financial condition of the Village.

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

RATINGS

The Notes are not rated.

Moody's Investors Service, Inc. (Moody's) has assigned the Village's outstanding bonds its bond rating of "Ba1", with a negative outlook. The Village's rating was downgraded to "Ba1" from "A3" on July 12, 2016. Such rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 99 Church Street— 9th Floor, 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 of the bonds may have an adverse effect on the market price of the Notes.

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 Village on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the Village 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 Village provided, however; the Village assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which 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 Village management's beliefs as well as assumptions made by, and information currently available to, the Village'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 Village's files with the repositories. When used in Village documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

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

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The Village contact information is as follows: Ms. Cindy Kennerup, Village Clerk/Treasurer, Village of Johnson City, 243 Main Street, Johnson City, New York 13790, Phone: (607) 798-7861, Fax: (607) 798-7865, email: cindyk@villageofjc.com.

This Official Statement was prepared with the assistance of Fiscal Advisors & Marketing, Inc. Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

**VILLAGE of JOHNSON CITY
BROOME COUNTY, NEW YORK**

Dated: September 11, 2019

/s/

**CINDY KENNERUP
VILLAGE CLERK / TREASURER**

GENERAL FUND

Balance Sheets

Fiscal Years Ending May 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ 217,258	\$ 309,291	\$ 1,047,121	\$ 2,154,405	\$ 2,046,669
Taxes Receivable	854,616	5,688	3,870	-	-
Other Receivables	30,000	30,000	113,789	969,601	1,113,057
Due from Other Governments	-	474,118	851,174	113,789	-
Due from Fiduciary Funds	-	-	-	30,000	-
Due from Other Funds	-	-	1,348,078	1,717,773	1,747,772
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,101,874</u>	<u>\$ 819,097</u>	<u>\$ 3,364,032</u>	<u>\$ 4,985,568</u>	<u>\$ 4,907,498</u>
<u>LIABILITES AND FUND EQUITY</u>					
Accounts Payable	\$ 47,133	\$ 39,194	\$ -	\$ 283,516	\$ 152,703
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	124,920	645,288	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 172,053</u>	<u>\$ 684,482</u>	<u>\$ -</u>	<u>\$ 283,516</u>	<u>\$ 152,703</u>
<u>FUND EQUITY</u>					
Restricted	-	103,438	89,662	89,662	100,454
Assigned	146,632	-	-	-	-
Unassigned	783,189	31,177	3,274,370	4,612,390	4,654,341
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>\$ 929,821</u>	<u>\$ 134,615</u>	<u>\$ 3,364,032</u>	<u>\$ 4,702,052</u>	<u>\$ 4,754,795</u>
TOTAL LIABILITES and FUND EQUITY	<u><u>\$ 1,101,874</u></u>	<u><u>\$ 819,097</u></u>	<u><u>\$ 3,364,032</u></u>	<u><u>\$ 4,985,568</u></u>	<u><u>\$ 4,907,498</u></u>

Source: Audited financial statements of the Village. This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending May 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Real Property Taxes	\$ 9,431,090	\$ 9,684,206	\$ 9,944,989	\$ 10,166,767	\$ 10,519,739
Real Property Tax Items	285,286	338,030	354,235	274,215	-
Non-Property Tax Items	3,483,805	3,549,334	4,105,030	4,644,660	3,957,427
Departmental Income	163,829	140,252	146,162	160,381	159,411
Intergovernmental Charges	260,400	256,400	170,000	165,000	179,069
Use of Money & Property	60,828	51,478	55,694	59,412	62,968
Licenses and Permits	70,128	66,024	77,100	97,350	91,427
Fines and Forfeitures	172,635	137,931	117,442	163,006	203,993
Sale of Property and Compensation for Loss	43,540	26,974	7,260	978	126,095
Miscellaneous	220,354	295,625	292,568	261,752	248,997
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	1,724,098	1,310,708	3,127,075	3,094,527	1,788,842
Revenues from Federal Sources	163,401	345,459	18,784	-	-
Total Revenues	<u>\$ 16,079,394</u>	<u>\$ 16,202,421</u>	<u>\$ 18,416,339</u>	<u>\$ 19,088,048</u>	<u>\$ 17,337,968</u>
EXPENDITURES					
General Government Support	\$ 1,769,747	\$ 1,614,689	\$ 1,416,785	\$ 1,781,992	\$ 1,738,371
Public Safety	5,409,275	5,569,994	5,320,898	5,148,184	6,059,866
Health	-	-	-	-	-
Transportation	1,998,126	828,511	816,318	798,617	924,897
Culture and Recreation	500,096	523,558	252,707	239,301	269,513
Home and Community Services	277,773	12,271	21,373	13,476	30,362
Employee Benefits	6,381,642	6,792,737	6,367,058	6,742,014	6,778,383
Debt Service	816,714	927,551	1,033,628	1,178,398	859,831
Capital Outlay	-	864,280	4,087,803	2,692,109	2,777,493
Total Expenditures	<u>\$ 17,153,373</u>	<u>\$ 17,133,591</u>	<u>\$ 19,316,570</u>	<u>\$ 18,594,091</u>	<u>\$ 19,438,716</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,073,979)</u>	<u>\$ (931,170)</u>	<u>\$ (900,231)</u>	<u>\$ 493,957</u>	<u>\$ (2,100,748)</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	135,964	4,625,310	844,063	2,153,491
Operating Transfers Out	(391,951)	-	(495,662)	-	-
Total Other Financing	<u>\$ (391,951)</u>	<u>\$ 135,964</u>	<u>\$ 4,129,648</u>	<u>\$ 844,063</u>	<u>\$ 2,153,491</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,465,930)</u>	<u>(795,206)</u>	<u>3,229,417</u>	<u>1,338,020</u>	<u>52,743</u>
FUND BALANCE					
Fund Balance - Beginning of Year	\$ 2,395,751	\$ 929,821	\$ 134,615	\$ 3,364,032	\$ 4,702,052
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 929,821</u>	<u>\$ 134,615</u>	<u>\$ 3,364,032</u>	<u>\$ 4,702,052</u>	<u>\$ 4,754,795</u>

Source: Audited financial statements of the Village. This Appendix itself is not audited.

GENERAL FUND

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

Fiscal Years Ending May 31:

	2018			2019	2020
	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Audited Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
REVENUES					
Real Property Taxes	\$ 10,554,365	\$ 10,554,365	\$ 10,519,739	\$ 10,411,361	\$ 10,577,435
Real Property Tax Items	24,757	24,757	-	284,277	325,000
Non-Property Tax Items	3,375,000	3,375,000	3,957,427	4,020,133	4,370,912
Departmental Income	160,175	160,175	159,411	175,555	172,441
Intergovernmental Charges	170,000	170,000	179,069	188,000	188,000
Use of Money & Property	54,447	54,447	62,968	54,447	58,560
Licenses and Permits	105,686	105,686	91,427	123,079	106,294
Fines and Forfeitures	176,500	176,500	203,993	200,391	200,000
Sale of Property and Compensation for Loss	-	-	126,095	4,528	48,500
Miscellaneous	285,500	285,500	248,997	315,000	307,500
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	970,283	970,283	1,788,842	2,323,528	4,154,520
Revenues from Federal Sources	872,371	872,371	-	1,302,241	212,000
Total Revenues	\$ 16,749,084	\$ 16,749,084	\$ 17,337,968	\$ 19,402,540	\$ 20,721,162
EXPENDITURES					
General Government Support	\$ 2,206,509	\$ 2,206,509	\$ 1,738,371	\$ 1,692,409	\$ 2,711,832
Public Safety	6,019,377	6,082,377	6,059,866	7,100,913	7,384,072
Health	-	-	-	-	-
Transportation	1,527,560	1,364,560	924,897	3,360,890	2,741,995
Culture and Recreation	284,757	284,757	269,513	1,897,524	3,782,152
Home and Community Services	33,925	33,925	30,362	33,925	41,700
Employee Benefits	6,720,795	6,820,795	6,778,383	6,380,211	4,914,363
Debt Service	859,831	859,831	859,831	-	-
Capital Outlay	2,269,849	2,777,493	2,777,493	-	-
Total Expenditures	\$ 19,922,603	\$ 20,430,247	\$ 19,438,716	\$ 20,465,872	\$ 21,576,114
Excess of Revenues Over (Under) Expenditures	\$ (3,173,519)	\$ (3,681,163)	\$ (2,100,748)	\$ (1,063,332)	\$ (854,952)
Other Financing Sources (Uses):					
Operating Transfers In	3,008,567	3,008,567	2,153,491	2,619,521	2,186,398
Operating Transfers Out	(1,304,924)	(797,280)	-	(1,556,189)	(1,762,880)
Total Other Financing	\$ 1,703,643	\$ 2,211,287	\$ 2,153,491	\$ 1,063,332	\$ 423,518
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,469,876)	(1,469,876)	52,743	-	(431,434)
FUND BALANCE					
Fund Balance - Beginning of Year	\$ 1,469,876	\$ 1,469,876	\$ 4,702,052	\$ -	\$ 431,434
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 4,754,795	\$ -	\$ -

Source: 2018 Audited financial statement and adopted budgets (unaudited) of the Village. This Appendix itself is not audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending May 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ENTERPRISE WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 4,491,974	\$ 4,188,680	\$ 4,449,876	\$ 4,290,081	\$ 4,671,445
Prior Period Adjustments (net)	-	-	(92,048)	-	(4,188,920)
Revenues & Other Sources	2,345,532	2,882,349	2,746,695	3,017,764	3,077,934
Expenditures & Other Uses	2,648,826	2,621,153	2,814,442	2,636,400	3,213,316
Fund Equity - End of Year	\$ 4,188,680	\$ 4,449,876	\$ 4,290,081	\$ 4,671,445	\$ 347,143
<u>ENTERPRISE SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ (2,837,618)	\$ (2,176,707)	\$ (1,150,132)	\$ (477,197)	\$ 602,638
Prior Period Adjustments (net)	-	-	(9,205)	-	1,269,592
Revenues & Other Sources	2,559,099	2,806,465	2,593,009	3,161,622	4,200,935
Expenditures & Other Uses	1,898,188	1,779,890	1,910,869	2,081,787	3,860,378
Fund Equity - End of Year	\$ (2,176,707)	\$ (1,150,132)	\$ (477,197)	\$ 602,638	\$ 2,212,787
<u>ENTERPRISE REFUSE/GARBAGE</u>					
Fund Equity - Beginning of Year	\$ (406,156)	\$ (540,014)	\$ (448,938)	\$ (221,195)	\$ (532,064)
Prior Period Adjustments (net)	-	-	(2,117)	-	1,466,637
Revenues & Other Sources	1,670,289	1,859,596	1,849,009	1,660,488	1,706,456
Expenditures & Other Uses	1,804,147	1,768,520	1,619,149	1,971,357	1,566,805
Fund Equity - End of Year	\$ (540,014)	\$ (448,938)	\$ (221,195)	\$ (532,064)	\$ 1,074,224
<u>CAPITAL PROJECTS</u>					
Fund Equity - Beginning of Year	\$ (6,389,883)	\$ (10,166,682)	\$ (8,400,090)	\$ (20,727,935)	\$ (41,426,380)
Prior Period Adjustments (net)	-	1,556,788	-	-	827,059
Revenues & Other Sources	813,103	1,794,644	977,167	7,820,924	6,918,695
Expenditures & Other Uses	4,589,902	1,584,840	13,305,012	28,519,369	38,986,865
Fund Equity - End of Year	\$ (10,166,682)	\$ (8,400,090)	\$ (20,727,935)	\$ (41,426,380)	\$ (72,667,491)

Source: Audited financial statements of the Village. This Appendix itself is not audited.

APPENDIX - B
Village of Johnson City

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	Principal	Interest	Total
2020	\$ 3,850,810	\$ 2,356,293	\$ 6,207,103
2021	3,833,903	2,730,435	6,564,338
2022	3,887,030	2,653,996	6,541,026
2023	3,840,140	2,574,791	6,414,931
2024	3,823,270	2,495,607	6,318,877
2025	3,821,390	2,413,744	6,235,134
2026	3,879,500	2,341,842	6,221,342
2027	3,957,620	2,228,859	6,186,479
2028	4,035,740	2,145,707	6,181,447
2029	4,073,860	2,045,342	6,119,202
2030	4,161,970	1,939,818	6,101,788
2031	4,105,090	1,831,471	5,936,561
2032	3,638,210	1,718,895	5,357,105
2033	3,506,320	1,624,577	5,130,897
2034	3,564,440	1,528,881	5,093,321
2035	2,957,560	1,428,040	4,385,600
2036	2,990,680	1,341,868	4,332,548
2037	3,048,790	1,251,933	4,300,723
2038	3,116,910	1,157,766	4,274,676
2039	3,180,030	1,057,919	4,237,949
2040	3,248,140	952,750	4,200,890
2041	2,981,260	849,378	3,830,638
2042	3,049,380	749,474	3,798,854
2043	3,117,500	648,064	3,765,564
2044	3,190,610	545,075	3,735,685
2045	3,243,730	439,952	3,683,682
2046	3,281,850	331,681	3,613,531
2047	3,319,970	221,096	3,541,066
2048	2,323,080	126,697	2,449,777
2049	2,341,200	48,627	2,389,827
TOTALS	\$ 103,369,983	\$ 43,780,577	\$ 147,150,560

CURRENT BONDS OUTSTANDING

Ending May 31st	2002 NYSEFC Series 2002G			2005 NYSEFC Series 2005A			2010 NYSEFC Series 2010C			2012 2012 NYSEFC Refunding of Series 2003B		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 35,000	\$ 16,825	\$ 51,825	\$ 560,000	\$ 247,579	\$ 807,579	\$ 220,000	\$ 228,017	\$ 448,017	\$ 85,000	\$ 71,237	\$ 156,237
2021	35,000	15,786	50,786	565,000	234,620	799,620	220,000	221,632	441,632	90,000	66,178	156,178
2022	35,000	14,719	49,719	575,000	220,551	795,551	225,000	214,696	439,696	95,000	60,721	155,721
2023	35,000	13,633	48,633	580,000	205,889	785,889	230,000	207,152	437,152	100,000	54,885	154,885
2024	40,000	12,445	52,445	590,000	190,821	780,821	235,000	199,048	434,048	105,000	48,663	153,663
2025	40,000	11,151	51,151	595,000	175,192	770,192	240,000	190,448	430,448	110,000	42,053	152,053
2026	40,000	9,849	49,849	605,000	172,333	777,333	240,000	181,479	421,479	110,000	35,245	145,245
2027	40,000	8,533	48,533	615,000	131,672	746,672	245,000	172,038	417,038	115,000	28,282	143,282
2028	45,000	7,130	52,130	620,000	126,816	746,816	250,000	162,051	412,051	125,000	20,811	145,811
2029	45,000	5,638	50,638	630,000	109,511	739,511	255,000	151,637	406,637	130,000	12,831	142,831
2030	45,000	4,142	49,142	635,000	91,758	726,758	265,000	140,699	405,699	140,000	4,381	144,381
2031	50,000	2,564	52,564	645,000	73,858	718,858	270,000	129,370	399,370	-	-	-
2032	50,000	896	50,896	650,000	55,675	705,675	275,000	117,417	392,417	-	-	-
2033	-	-	-	660,000	37,351	697,351	280,000	104,807	384,807	-	-	-
2034	-	-	-	665,000	18,746	683,746	285,000	91,970	376,970	-	-	-
2035	-	-	-	-	-	-	295,000	78,793	373,793	-	-	-
2036	-	-	-	-	-	-	300,000	65,274	365,274	-	-	-
2037	-	-	-	-	-	-	305,000	51,439	356,439	-	-	-
2038	-	-	-	-	-	-	315,000	37,169	352,169	-	-	-
2039	-	-	-	-	-	-	320,000	22,555	342,555	-	-	-
2040	-	-	-	-	-	-	330,000	7,595	-	-	-	-
TOTALS	\$ 535,000	\$ 123,309	\$ 658,309	\$ 9,190,000	\$ 2,092,373	\$ 11,282,373	\$ 5,600,000	\$ 2,775,284	\$ 8,037,689	\$ 1,205,000	\$ 445,287	\$ 1,650,287

Ending May 31st	2013 Advance Refunding of 2000 & 2005 bonds			2014 Public Improvements			2016 Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 345,000	\$ 178,013	\$ 523,013	\$ 90,000	\$ 19,538	\$ 109,538	\$ 185,000	\$ 77,700	\$ 262,700
2021	355,000	170,250	525,250	90,000	17,288	107,288	195,000	70,100	265,100
2022	360,000	161,375	521,375	90,000	15,038	105,038	205,000	61,075	266,075
2023	375,000	151,475	526,475	90,000	12,788	102,788	95,000	53,575	148,575
2024	385,000	140,225	525,225	90,000	10,425	100,425	100,000	48,700	148,700
2025	400,000	126,750	526,750	25,000	8,813	33,813	105,000	43,575	148,575
2026	420,000	111,750	531,750	25,000	8,063	33,063	115,000	38,363	153,363
2027	440,000	96,000	536,000	25,000	7,297	32,297	120,000	33,075	153,075
2028	460,000	78,400	538,400	25,000	6,500	31,500	125,000	27,563	152,563
2029	480,000	60,000	540,000	25,000	5,672	30,672	130,000	21,825	151,825
2030	500,000	40,800	540,800	25,000	4,813	29,813	135,000	15,863	150,863
2031	520,000	20,800	540,800	25,000	3,938	28,938	140,000	9,675	149,675
2032	-	-	-	25,000	3,063	28,063	145,000	3,263	148,263
2033	-	-	-	25,000	2,188	27,188	-	-	-
2034	-	-	-	25,000	1,313	26,313	-	-	-
2035	-	-	-	25,000	438	25,438	-	-	-
TOTALS	\$ 5,040,000	\$ 1,335,838	\$ 6,375,838	\$ 725,000	\$ 127,169	\$ 852,169	\$ 1,795,000	\$ 504,350	\$ 2,299,350

CURRENT BONDS OUTSTANDING

Ending May 31st	2016 NYSEFC Series 2012B SRF			2017 Public Improvements			2019 NYSEFC 2019 Clean Water SIB			2019A NYSEFC Series 2019A SRF		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 680,000	\$ 581,407	\$ 1,261,407	\$ 110,000	\$ 28,750	\$ 138,750	\$ 180,810	\$ -	\$ 180,810	\$ 1,360,000	\$ 907,229	\$ 2,267,229
2021	685,000	576,335	1,261,335	115,000	23,125	138,125	183,920	-	183,920	1,299,983	1,335,121	2,635,104
2022	685,000	570,628	1,255,628	115,000	17,375	132,375	187,030	-	187,030	1,315,000	1,317,818	2,632,818
2023	695,000	563,945	1,258,945	115,000	11,625	126,625	190,140	-	190,140	1,335,000	1,299,825	2,634,825
2024	700,000	556,110	1,256,110	35,000	7,875	42,875	193,270	-	193,270	1,350,000	1,281,294	2,631,294
2025	705,000	547,412	1,252,412	35,000	6,125	41,125	196,390	-	196,390	1,370,000	1,262,226	2,632,226
2026	710,000	537,944	1,247,944	35,000	4,375	39,375	199,500	-	199,500	1,380,000	1,242,442	2,622,442
2027	720,000	527,660	1,247,660	35,000	2,625	37,625	202,620	-	202,620	1,400,000	1,221,678	2,621,678
2028	725,000	515,742	1,240,742	35,000	875	35,875	205,740	-	205,740	1,420,000	1,199,819	2,619,819
2029	735,000	501,250	1,236,250	-	-	-	208,860	-	208,860	1,435,000	1,176,977	2,611,977
2030	745,000	484,443	1,229,443	-	-	-	211,970	-	211,970	1,460,000	1,152,920	2,612,920
2031	755,000	465,895	1,220,895	-	-	-	215,090	-	215,090	1,485,000	1,125,372	2,610,372
2032	765,000	445,854	1,210,854	-	-	-	218,210	-	218,210	1,510,000	1,092,729	2,602,729
2033	780,000	424,712	1,204,712	-	-	-	221,320	-	221,320	1,540,000	1,055,519	2,595,519
2034	795,000	402,560	1,197,560	-	-	-	224,440	-	224,440	1,570,000	1,014,293	2,584,293
2035	805,000	379,338	1,184,338	-	-	-	227,560	-	227,560	1,605,000	969,472	2,574,472
2036	820,000	355,139	1,175,139	-	-	-	230,680	-	230,680	1,640,000	921,455	2,561,455
2037	835,000	329,952	1,164,952	-	-	-	233,790	-	233,790	1,675,000	870,542	2,545,542
2038	850,000	303,883	1,153,883	-	-	-	236,910	-	236,910	1,715,000	816,714	2,531,714
2039	870,000	275,280	1,145,280	-	-	-	240,030	-	240,030	1,750,000	760,084	2,510,084
2040	885,000	244,287	1,129,287	-	-	-	243,140	-	243,140	1,790,000	700,868	2,490,868
2041	905,000	212,676	1,117,676	-	-	-	246,260	-	246,260	1,830,000	636,702	2,466,702
2042	920,000	180,446	1,100,446	-	-	-	249,380	-	249,380	1,880,000	569,028	2,449,028
2043	940,000	148,449	1,088,449	-	-	-	252,500	-	252,500	1,925,000	499,614	2,424,614
2044	960,000	116,615	1,076,615	-	-	-	255,610	-	255,610	1,975,000	428,461	2,403,461
2045	980,000	84,110	1,064,110	-	-	-	258,730	-	258,730	2,005,000	355,842	2,360,842
2046	1,000,000	50,935	1,050,935	-	-	-	261,850	-	261,850	2,020,000	280,746	2,300,746
2047	1,020,000	17,090	1,037,090	-	-	-	264,970	-	264,970	2,035,000	204,006	2,239,006
2048	-	-	-	-	-	-	268,080	-	268,080	2,055,000	126,697	2,181,697
2049	-	-	-	-	-	-	271,200	-	271,200	2,070,000	48,627	2,118,627
TOTALS	\$ 22,670,000	\$ 10,400,098	\$ 33,070,098	\$ 630,000	\$ 102,750	\$ 732,750	\$ 6,780,000	\$ -	\$ 6,780,000	\$ 49,199,983	\$ 25,874,120	\$ 75,074,103

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

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

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village 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 Village, 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 Village.

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

The Village reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Note within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Note). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village’s obligations under its material event notices undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

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

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

Please see the heading titled “CONTINUING DISCLOSURE – Historical Compliance” within the Official Statement for an overview of the Village’s past disclosure compliance.

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FORM OF BOND COUNSEL'S OPINION

October 2, 2019

Village of Johnson City,
County of Broome
State of New York

Re: Village of Johnson City, County of Broome, New York
\$12,483,740 Bond Anticipation Notes, 2019 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$12,483,740 Bond Anticipation Notes, 2019 Series B (the "Obligation"), of the Village of Johnson City, County of Broome, State of New York (the "Obligor"), dated October 2, 2019, in the denomination of \$ _____, bearing interest at the rate of ___% per annum, payable at maturity, and maturing October 2, 2020.

We have examined:

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

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

In our opinion:

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**VILLAGE OF JOHNSON CITY
BROOME COUNTY, NEW YORK**

ANNUAL FINANCIAL REPORT WITH INDEPENDENT AUDITOR'S REPORT

For the Year Ended May 31, 2018

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

VILLAGE OF JOHNSON CITY

ANNUAL FINANCIAL REPORT

MAY 31, 2018

**VILLAGE OF JOHNSON CITY
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INDEPENDENT AUDITORS' REPORT

Mayor and Trustees
Village of Johnson City
Johnson City, New York

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Modified
Governmental Funds:	
General Fund	Unmodified
Capital Projects Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Refuse Fund	Unmodified

Basis for Modified Opinion on Governmental Activities

As discussed in Note 11 to the financial statements, management did not prepare a financial report for a joint sewage treatment plant that they operate with the City of Binghamton. A report was prepared for the year ended December 31, 2017. Accounting principles generally accepted in the United States of America require management to maintain an investment account for joint activities, adequate disclosure be provided, which may affect net position. Also, the changes for the current year directly impact the Statement of Activities and changes in net position. The amount by which this departure would affect the current activity has not been determined.

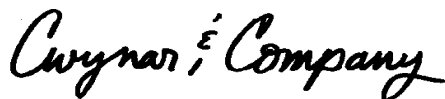
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, on our consideration of the Village of Johnson City, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Johnson City, New York's internal control over financial reporting and compliance.



Norwich, New York
January 31, 2019

Management's Discussion and Analysis

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited) Year ended May 31, 2018

This section of the Village of Johnson City's (the Village) Annual Financial Report presents a narrative overview and analysis of the financial activities of the Village for the year ended May 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information in the financial statements. Certain amounts presented as 2017 have been reclassified to conform to the presentation in the 2018 basic financial statements.

FINANCIAL HIGHLIGHTS

The Village'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 \$8.5 million (net position). The year end net position was composed of \$49.6 million in net investment in capital assets and (\$41.2 million) deficit in unrestricted net position. The deficit is primarily attributable to recognition of Other Post Employment Benefits liability of \$50.2 million and Net Pension Liabilities of \$1.7 million.

The Village's General Fund expenses were \$2.1 million more than the \$17.3 million generated in tax and other general government activities. Expenses of the Non-Major Special Revenue Funds (Water, Sewer, and Refuse Funds) were \$1.1 million less than revenues.

The Village records its proportionate share of net pension (asset) liability along with deferred inflows and deferred outflows related to pensions in accordance with parameters of GASB Statement No 68 "Accounting and Financial Reporting for Pensions." Current year recognition resulted in an additional \$164 thousand of employee benefits expense.

The Village other post employment benefits in accordance with parameters of GASB Statement No 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions." Current year recognition resulted in an additional \$4.4 million of employee benefits expense.

The Village's long-term liabilities decreased by \$674 thousand. Bond Anticipation Notes that were used for general governmental activities increased by \$1.6 million. Bond Anticipation Notes that were related to the Joint Sewage Treatment Plant increased \$29 million.

The Village has substantial investment in a joint venture with the City of Binghamton for a sewage treatment plant. The cost of construction is partially funded with grant revenues from Federal and New York State sources. The total estimated cost of construction is expected to be \$365 million, however since it is a shared project the Village's portion is \$165 million. The current aggregate principal amount of bonds authorized for the project is \$330 million, with 54.8% attributable or allocated to the City of Binghamton and 45.2% (\$149 million) attributable or allocated to the Village of Johnson City. The Village has approximately \$17.4 million in bonds to New York State Environmental Facilities Corporation (EFC) to finance its share of the cost of the Project. In addition, the project is currently utilizing and additional \$65 million in short term financing options through EFC and received approximately \$4 million in grants this year to fund project costs. When the project is completed in 2021 all the short term financing is expected to be redeemed with the proceeds of bonds expected to be issued through EFC and/or other sources, including additional Federal Emergency Management Agency ("FEMA") aid in the future. Last fiscal year the Joint Sewage Treatment Plant passed through income of \$5.5 million to the Village.

VILLAGE OF JOHNSON CITY

**Management’s Discussion and Analysis (Unaudited)
Year ended May 31, 2018**

This discussion and analysis are intended to serve as an introduction to the Village’s basic financial statements. The Village’s basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These various elements of the Annual Financial Report are related as shown in the graphic below.

Management’s Discussion and Analysis			
Basic Financial Statements	Government-wide Financial Statements	Fund Financial Statements	
	Statement of Net Position	Governmental Funds	Fiduciary Funds
		Balance Sheet	Statement of Fiduciary Net Position
		Statement of Revenues, Expenditures, and Changes in Fund Balance	
	Statement of Activities		
	Notes to the Financial Statements		
Required Supplementary Information Other Than Management Discussion and Analysis			

This annual report consists of three parts: management discussion & analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village. The government-wide financial statements provide both short term and long term information about the Village’s overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Village, reporting the Village’s operations in more detail than the government-wide statements. The fund financial statements concentrate on the Village’s most significant funds, with all other non-major funds listed in total in one column. The governmental funds statements tell how basic services such as public safety and transportation, were financed in the short term as well as what remains for future spending. Fiduciary funds statements provide information about the financial relationships in which the Village acts solely as a trustee or agent for the benefit of others. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the Village’s budget for the year.

VILLAGE OF JOHNSON CITY

**Management's Discussion and Analysis (Unaudited)
Year ended May 31, 2018**

The following figure summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

Government-Wide		Fund Financial Statements
		Governmental Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as special education and building maintenance
Required Financial Statements	Statement of Net Position Statement of Activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of Asset or Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of Inflow or Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited) Year ended May 31, 2018

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Village is improving or deteriorating.

The **statement of activities** presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include public safety, public works, transportation and commerce, human welfare and neighborhood development, community health, culture and recreation, general administration and finance, and general Village responsibilities. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements include only the Village itself (known as the primary government). Financial information for any related component unit, such as the village library is reported separately from the financial information presented for the primary government.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Village can be divided into the following two categories: **governmental** funds and **fiduciary** funds.

Governmental funds. All of the Village's services are reported in the Governmental funds, which focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can easily be converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the village's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Village programs.

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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited) Year ended May 31, 2018

The Village maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital project funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annually appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. The Village employees' pension and health plans and the agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the Village's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Village's adopted budget and progress on capital projects. Budgetary comparison statements have been provided for the General and Capital Project Funds to demonstrate compliance with the adopted budgets.

Combining Statements and Schedules

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds, such as the water fund, sewer fund, refuse fund, and fiduciary funds are presented immediately following the required supplementary information on pensions and other postemployment benefits.

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited)
Year ended May 31, 2018

Analysis of Net Position

The Village's total net position which serves as a useful indicator of the government's overall financial position was positive \$8.5 million. However, all the positive net position is invested in capital assets, the unrestricted net position is negative.

Net Position		
In thousands of dollars (000s)		
	<u>2018</u>	<u>2017</u>
Assets:		
Current and other assets.....	\$ 9,602	\$ 10,543
Investment in joint venture.....	87,616	46,117
Capital assets.....	<u>67,765</u>	<u>64,736</u>
	164,983	121,396
Deferred Outflows.....	3,560	2,769
Liabilities:		
Current liabilities.....	74,623	44,433
Noncurrent liabilities.....	<u>80,239</u>	<u>78,853</u>
	154,862	123,286
Deferred Inflows.....	4,089	1,039
Net Position:		
Invested in capital assets, net of related debt.....	49,636	39,323
Restricted.....	100	90
Unrestricted (deficit).....	<u>(41,210)</u>	<u>(39,573)</u>
	<u>\$ 8,526</u>	<u>\$ (160)</u>

The investment in capital assets includes a significant investment in a joint venture with the City of Binghamton for a joint sewage treatment plant. That is the cost of land, buildings, and equipment less any outstanding debt related to the acquisition of these assets.

The governmental activities unrestricted net position is a deficit in part largely due to the required adjustments to record long term employee contractual obligations for net pension liability and other post employment benefit items. The village contributes to established New York State Pension Plans for their employees. The village also is obligated to fund retired employee potential health insurance and some out of pocket benefits. That other post employment benefit is funded annually for actual expense incurred. The amount invested in capital assets is used to provide services, and therefore not available for future spending. Further, the resources required to pay this debt must come from other sources since the capital assets themselves cannot be liquidated to pay that liability.

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited)
Year ended May 31, 2018

Statement of Activities

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Condensed Statement of Activities
In thousands of dollars (000s)

	<u>2018</u>	<u>2017</u>
Expenses:		
General government support.....	2,777	3,433
Public safety.....	14,475	13,379
Transportation.....	2,682	2,371
Culture & recreation.....	86	88
Home & community service.....	736	729
Interest on long-term debt.....	1,519	923
Water.....	2,871	3,057
Sewer.....	1,404	1,636
Refuse.....	1,606	1,670
	<u>28,156</u>	<u>27,286</u>
Program revenues:		
Charges for Services.....	\$ 6,988	\$ 7,405
Operating Grants.....	1,863	383
	<u>8,851</u>	<u>7,788</u>
General revenues:		
Property taxes.....	10,520	10,441
Nonproperty taxes.....	4,019	4,710
Use of money and property.....	67	101
Gifts and Donations.....	10	-
Sale of property & compensation for loss.....	141	84
Miscellaneous.....	12	13
Federal sources.....	6,179	5,883
State sources.....	1,728	3,029
Change in equity interest in joint venture.....	5,529	(6,571)
	<u>28,205</u>	<u>17,690</u>
Total revenues.....	<u>37,056</u>	<u>25,478</u>
Change in net position.....	<u>\$ 8,900</u>	<u>\$ (1,808)</u>

Analysis of Changes In Net Position

The Village's net position increased \$8.9 million in 2017-18. The increase was largely due to an increase in equity position of the joint venture for the Sewage treatment plant along with the related Federal and State grant income from the project.

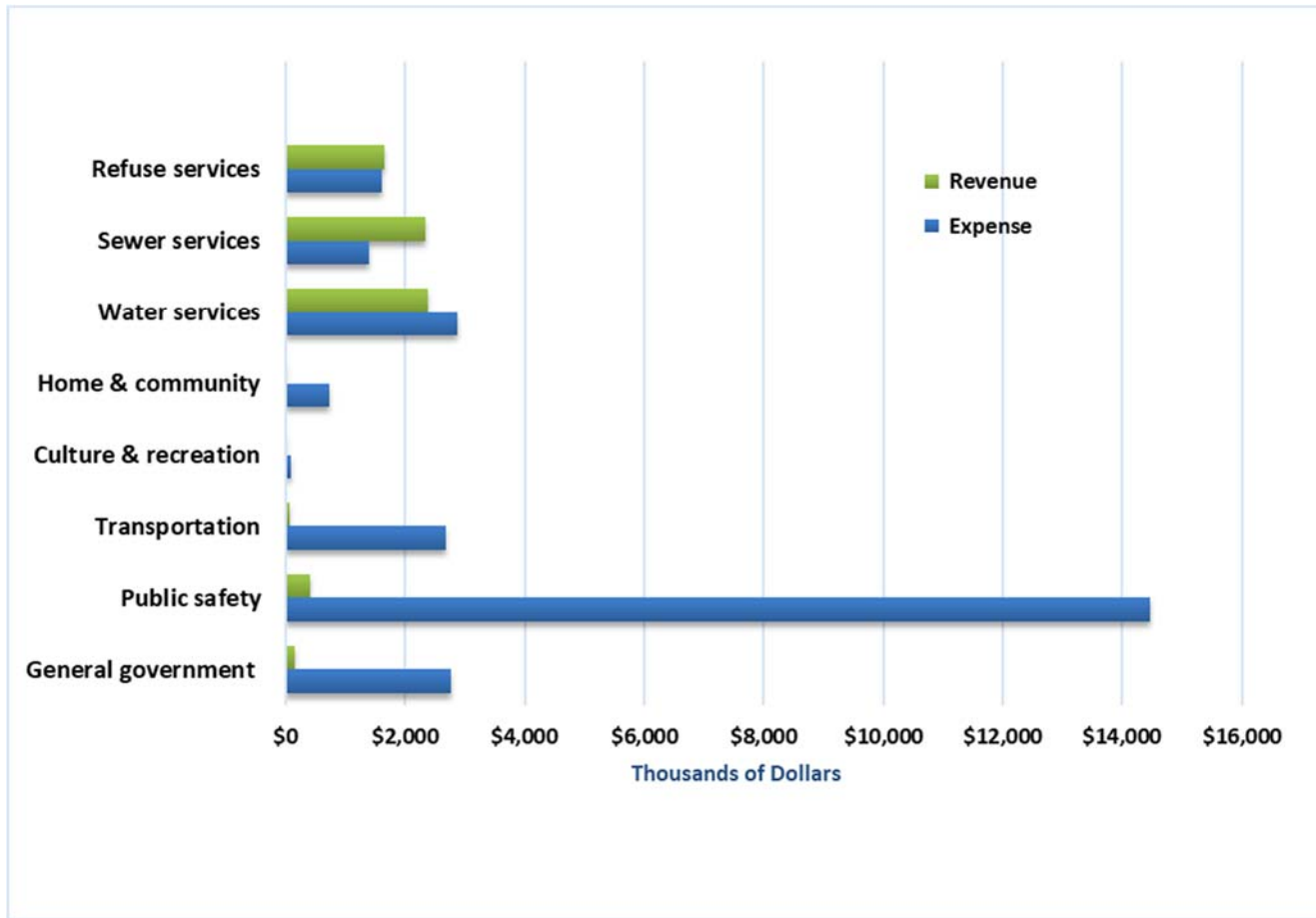
VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited)
Year ended May 31, 2018

Program Revenues and Expenses – Governmental Activities

The charts illustrate program revenues and expenses by functional areas and revenues by source for governmental activities. Program revenues include charges for services, that are direct payments to the Village for services such as payments from other governments for services. As shown, public safety is the largest functional area, followed by general government, transportation, library, and other small funds including debt service.

Program Revenues and Expenses
In thousands of dollars (000s)

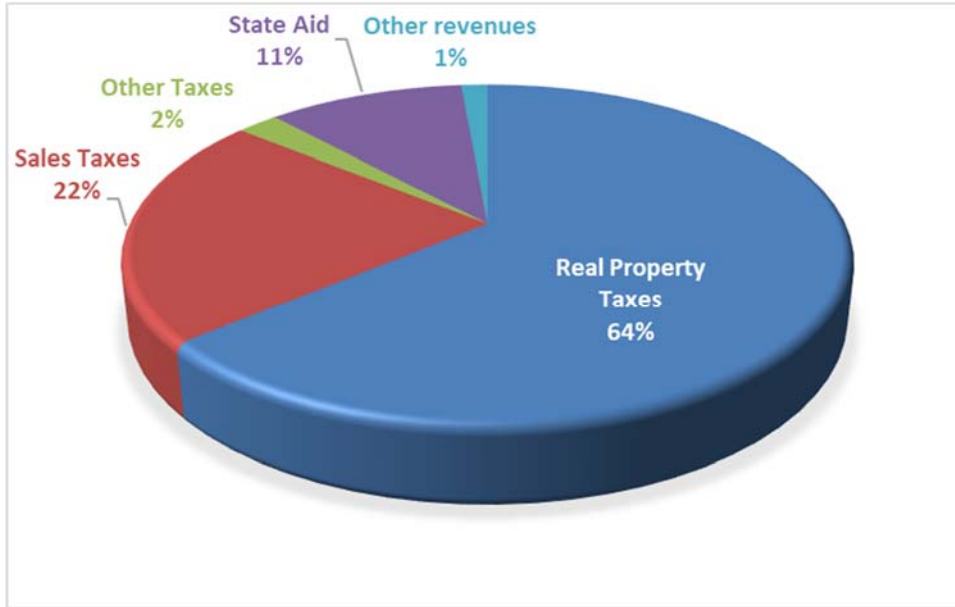


VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited)
Year ended May 31, 2018

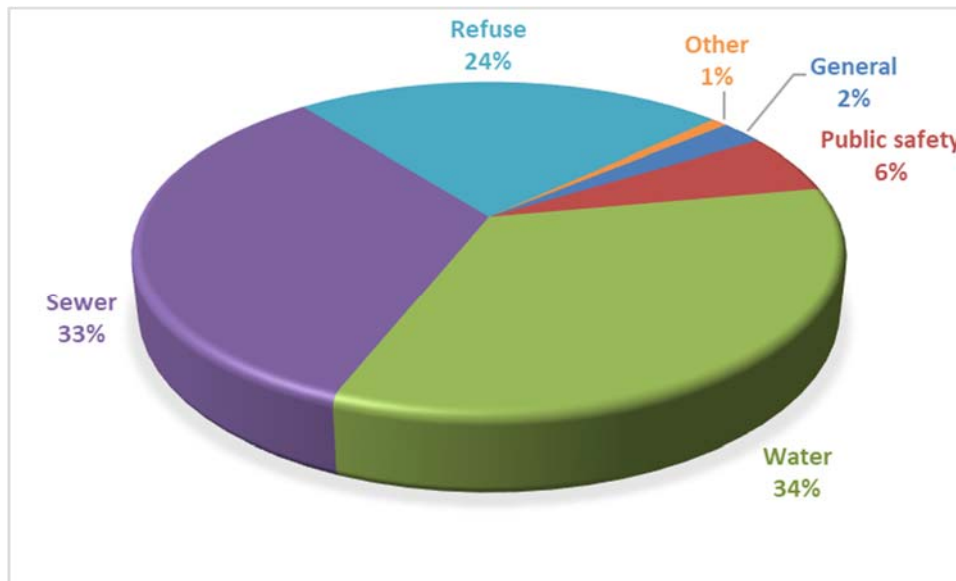
Revenues by Source – General Governmental Activities

General revenues are not shown by program or function because they are used to support activities Villagewide. The distribution of these revenues shows property tax as the single largest funding source, followed by sales tax and federal sources.



Revenues by Source – Special Program Activities

Program revenues are shown by program or function because they are used to support specific activities. The distribution of these revenues shows charges for services for utilities and garbage pickup as the largest source of funds in addition to support from the general fund.



VILLAGE OF JOHNSON CITY

**Management’s Discussion and Analysis (Unaudited)
Year ended May 31, 2018**

FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village’s governmental funds statements is to provide information on near-term inflows, outflows, and balances of resources available for future spending. Such information is useful in assessing the Village’s financing requirements. Unassigned and assigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Village include the General Fund, Special Revenue Funds (Water, Sewer and Refuse Funds), Capital Project Funds, and the Debt Service Fund.

At the end of the current fiscal year, the Village governmental funds reported combined fund deficit balances of \$36.7 million. However \$41.4 million of the deficit is the capital projects fund, this deficit will be converted to an asset when projects are completed. Included in this deficit is the costs associated with the City of Binghamton and Village of Johnson City Joint Sewage Treatment Plant.

A total of \$4.8 million is general fund balance that is accessible to meet the Village’s operating needs.

The General Fund is the chief operating fund of the Village. As a measure of liquidity, both assigned fund balance and total fund balance can be compared to total fund expenditures. Unassigned fund balance is \$4.7 million which is approximately 25 percent of total fund expenditures.

The capital project fund has a negative balance of \$72.7 million related to a joint venture with the City of Binghamton for a sewage treatment plant . The negative balance is a normal account balance since the fund accounts for a spend down of money received from short term borrowings related to the project expenditures. The Village is in the middle stages of the project currently budgeted for \$365 million total. The Village’s share is \$149 million, upon completion the project will be closed along with negative fund balance to an asset. The capital project’s fund deficit does not reflect any expected principal indebtedness forgiveness to be recognised as grant income when the project is eventually closed.

Governmental Utility Funds

The Village provides utility services to their residents these funds are used to account for the proceeds of these revenue sources that are restricted to the related fund expenditures.

Governmental Utility Funds - Revenues and Expenses

In thousands of dollars (000s)

	Operating		Income	Non-Operating	Interfund	Change in Fund Balance
	Revenues	Expenditures		Revenues (Expenses)	Transfers In(Out)	
Water Fund.....	2,137	3,213	(1,076)	304	636	(135)
Sewer Fund.....	2,336	2,422	(87)	1,865	(1,438)	341
Refuse Fund.....	1,646	1,567	79	45	16	140
	<u>6,119</u>	<u>7,202</u>	<u>(1,084)</u>	<u>2,214</u>	<u>(786)</u>	<u>346</u>

The table shows actual revenues, expenses and results of operations for the current year in the Village’s Utility Special Revenue Funds. The total fund balance increased \$346 thousand for these funds combined.

Fiduciary Funds

The Village maintains fiduciary funds to temporarily hold assets of employees related to payroll processing.

VILLAGE OF JOHNSON CITY

Management’s Discussion and Analysis (Unaudited)
Year ended May 31, 2018

General Fund Budgetary Highlights

The Village’s final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year for changes in revenue estimates.

Revenues received from local sources primarily for taxes and fees are \$15.5 million, the village budgeted to receive \$14.9 million. In addition, revenues from Federal and State sources are \$1.8 million. Total revenues received is \$17.3 million that is \$589 thousand more than anticipated.

Expenditures were budgeted for a total of \$20.4 million however the actual expenditures were \$19.4 million, \$992 thousand less than the budget.

The net effect of revenues received, expenditures made and transfers to and from other governmental funds was and increase in fund balance of \$53 thousand. Total fund balance available for next year is approximately \$4.8 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village’s capital assets for its governmental and business-type activities as of May 31, 2018 increased by \$1.3 million to \$66.1 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, bridges and intangible assets.

	<u>2018</u>	<u>2017</u>
Land.....	\$ 6,417	\$ 6,417
Buildings.....	13,297	13,479
Vehicles and equipment.....	4,426	3,808
Pavement of roadway.....	22,610	22,092
Water and Sewer system infrastructure.....	19,950	18,940
Total.....	<u>\$ 66,700</u>	<u>\$ 64,736</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from the acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

The Village reviews annual improvement projects and needs and develops a plan to repair and or replace equipment and facilities. The Village will undertake a Water Tank Project of approximately \$1 million in the next fiscal year.

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited)
Year ended May 31, 2018

Debt Administration

Debt includes all bonds, installment purchase loans, and bond anticipation notes. The Village has paid \$3.7 million in principal and \$1.3 million in interest on all outstanding debt. Below is a summary for the debt:

Outstanding Long-Term Debt (in thousands)

	<u>2018</u>	<u>2017</u>
General obligation bonds:		
Bonds issued 10-04-2017.....	\$ 738	-
Bonds issued 08-17-2017.....	48	-
Bonds issued 10-06-2016.....	1,975	2,100
Bonds issued 09-28-2014.....	815	905
Bonds issued 02-28-2013.....	5,375	5,700
Bonds issued 06-21-2012.....	1,290	1,370
Bonds issued 06-19-2010.....	5,820	6,040
Bonds issued 11-06-2008.....	40	80
Bonds issued 03-03-2005.....	9,745	10,295
Bonds issued 07-25-2002.....	565	595
	<u>\$ 26,411</u>	<u>27,085</u>
Installment purchase contracts:		
Contract dated 12-04-2008.....	721	825
	<u>721</u>	<u>825</u>
Bond Anticipation Notes		
BAN dated 02-25-2016.....	950	960
BAN dated 10-08-2017.....	7,359	-
BAN dated 10-08-2016.....	-	5,723
BAN EFC JC-05 SD.....	282	-
BAN EFC JC-04 SD.....	37,708	6,177
BAN EFC JC-04 LL.....	23,350	19,824
BAN EFC JC-03.....	3,983	9,013
BAN dated 05-23-2013.....	-	898
	<u>73,631</u>	<u>42,595</u>
	<u>\$ 100,763</u>	<u>\$ 70,505</u>

At the end of the year, the Village had long-term and commercial paper debt outstanding of \$100.7 million. Of the total amount, \$26.4 million is general obligation bonds backed by the full faith and credit of the Village and \$721 thousand is an installment loan, secured solely by purchased assets. Bond anticipation notes including the amounts due to New York State's Environmental Facilities Corporation (EFC) amounted to \$73.6 million.

The Village's constitutional debt limit imposes a limit on the amount of general obligation bonds the Village can have outstanding at any given time. That limit is seven percent of the five-year average full assessed value of property in the Village – approximately \$657 million in value as of the close of the year. As of May 31, 2018, the Village had \$11.2 million in authorized, outstanding property tax-supported general obligation bonds at par, which is equal to approximately 24.3 percent of the debt limit.

VILLAGE OF JOHNSON CITY

Management's Discussion and Analysis (Unaudited) Year ended May 31, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village is located at the center of the Triple Cities of the Southern Tier of New York. Binghamton is two miles to the east, and Endicott, the third of the Triple Cities is six miles to the West. Johnson City, at 4 1/2 square miles in area, is situated halfway between New York City & Buffalo, seventy miles south of Syracuse and sixty miles north of Scranton, PA. I-86 runs east-west through the Village.

Johnson City is served by 5 major parks, and 5 smaller parks and playgrounds. Considering the size of the Village, these parks are accessible to all. Softball, basketball, and tennis are popular activities among the residents, and the major parks have facilities for these. Two swimming/wading pools exist that are aimed at providing entertainment for pre-adolescent children. The Recreation Department, in conjunction with the school district, coordinates an extensive summer-winter recreation program. The Village has an independent senior citizens center with a current enrollment of some 1200 persons. Activities range from card games to vacation trips that are organized through the center.

The Village is the proud home to the "Crown Jewel" of Broome County's unique collection of six wooden carousels donated by the George F. Johnson family in the 1920's. One of the largest remaining carousels in the country, it contains 4 rows of 72 horses. In 1993 the horses, scenic panels & rounding boards were completely restored returning them to their original beauty. In 2010 the eighteen-sided, two story pavilion and cupola housing the carousel was restored. Located in CJF Park, the carousel has been run free of charge since its installation. This is another powerful legacy of the Johnson family.

Construction of the George Korutz Justice Building, a state-of-the-art Police Station and Court Facility Building was completed in late 2002. The redevelopment of the Goodwill Theater and the establishment of an Arts Center will bolster the revitalization of the central business district. The redevelopment of the Endicott-Johnson factory sites will provide great hope and expectations for many years.

The Village is proud to be the future home of the Binghamton University School of Pharmacy and Pharmaceutical Sciences which is scheduled to open in 2018 and the Decker School of Nursing.

Demographics:

- Population of the Village is approximately 15 thousand
- Average area unemployment rate in 2018 is 5.4 the percent which is slightly above the state average of 4.8. However, the rate is down percent from the prior year.
- Median home values are \$80 thousand, approximately the same as the prior year.
- Median household income is \$50.3 thousand

The Mayor and Village Trustees approved a budget of \$21.2 million which includes departmental expenditure reductions, deferral of projected increased funding for capital and other needs, improved revenue forecasts, the use of a projected fund balance available from the prior year, and other actions.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Below is an address for questions about this report or requests for additional financial information.

Treasurer
Village of Johnson City
243 Main Street
Johnson City, New York 13790

Basic Financial Statements

**VILLAGE OF JOHNSON CITY
STATEMENT OF NET POSITION
MAY 31, 2018**

ASSETS

Current assets:

Cash & cash equivalents.....	\$ 7,450,890
Receivables (net, where applicable, of allowance for uncollectables) Accounts.....	2,050,857
Total current assets.....	<u>9,501,747</u>

Restricted assets:

Cash & cash equivalents.....	100,454
Total restricted assets.....	<u>100,454</u>

Noncurrent assets:

Investment in joint venture.....	87,615,961
Capital assets:	
Land.....	6,417,284
Buildings.....	20,909,364
Improvements other than buildings.....	778,070
Machinery and equipment.....	7,633,975
Infrastructure.....	66,869,306
Less accumulated depreciation.....	<u>(35,908,137)</u>
Total noncurrent assets.....	<u>154,315,823</u>

Total Assets.....	<u>163,918,024</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions.....	3,559,857
Total deferred outflows of resources.....	<u>\$ 3,559,857</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

LIABILITIES AND DEFERRED INFLOWS

Current liabilities:

Accounts payable.....	\$ 249,723
Accrued payroll.....	371,371
Interest payable.....	371,317
Bond anticipation notes payable.....	73,631,020
Current portion of long-term bonds payable.....	1,649,000
Current portion of installment purchase debt.....	104,255
Current portion of compensated absences.....	261,842
Total current liabilities.....	<u>76,638,528</u>

Long-term liabilities, net of current portion

Bonds payable.....	24,762,000
Installment purchase debt.....	616,927
Compensated absences.....	983,012
Other post employment benefits.....	50,164,663
Net pension liability.....	1,696,873
Total long-term liabilities.....	<u>78,223,475</u>

Total Liabilities.....	<u>154,862,003</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions.....	4,089,354
Total deferred inflows of resources.....	<u>4,089,354</u>

NET POSITION

Investment in capital assets, net of related debt.....	55,305,876
Restricted for:	
Other restrictions.....	100,454
Unrestricted (deficit).....	<u>(46,879,806)</u>
Total Net Position.....	<u>\$ 8,526,524</u>

**VILLAGE OF JOHNSON CITY
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MAY 31, 2018**

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
EXPENDITURES				
General government support.....	\$ 2,776,823	\$ 163,125	\$ -	\$ (2,613,698)
Public safety.....	14,474,762	408,546	-	(14,066,216)
Transportation.....	2,681,779	58,608	-	(2,623,171)
Culture & recreation.....	86,217	3,620	-	(82,597)
Home & community service.....	736,070	-	-	(736,070)
Interest on long-term debt.....	1,518,860	-	-	(1,518,860)
Water.....	2,870,857	2,372,351	-	(498,506)
Sewer.....	1,404,021	2,335,793	1,862,658	2,794,430
Refuse.....	1,605,547	1,646,123	-	40,576
Total Expenditures.....	\$ 28,154,936	\$ 6,988,166	\$ 1,862,658	\$ (19,304,112)
GENERAL REVENUES				
Taxes:				
Real property taxes & tax items.....				\$ 10,519,739
Nonproperty taxes.....				4,018,603
Use of money and property.....				66,812
Gifts and donations.....				10,000
Sale of property and compensation for loss.....				141,214
Miscellaneous.....				12,463
Federal government sources.....				6,179,390
State government sources.....				1,727,666
Change of equity interest in joint venture.....				5,529,400
Total General Revenues.....				\$ 28,205,287
Change in Net Position.....				\$ 8,901,175
Total Net Position - Beginning of year.....				(160,285)
Other changes in net position.....				(214,366)
Total Net Position - End of year.....				\$ 8,526,524

**VILLAGE OF JOHNSON CITY
BALANCE SHEET – GOVERNMENTAL FUNDS
MAY 31, 2018**

	<u>Major Funds</u>			<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
ASSETS					
Cash & cash equivalents					
Unrestricted.....	\$ 1,946,215	\$ 1,080,241	\$ -	\$ 4,424,434	\$ 7,450,890
Restricted.....	100,454	-	-	-	100,454
Receivables					
Other Receivables.....	1,113,057	-	-	937,800	2,050,857
Due from other funds.....	1,747,772	-	-	66,078	1,813,850
Total	<u>4,907,498</u>	<u>1,080,241</u>	<u>-</u>	<u>5,428,312</u>	<u>11,416,051</u>
LIABILITIES AND DEFERRED INFLOWS					
Payables					
Accounts payable.....	152,703	-	-	97,020	249,723
Due to other funds.....	-	116,712	-	1,697,138	1,813,850
Bond anticipation note payable.....	-	73,631,020	-	-	73,631,020
Total Liabilities.....	<u>152,703</u>	<u>73,747,732</u>	<u>-</u>	<u>1,794,158</u>	<u>75,694,593</u>
FUND BALANCES					
Restricted.....	100,454	-	-	-	100,454
Unassigned.....	4,654,341	(72,667,491)	-	3,634,154	(64,378,996)
Total Fund Balances.....	<u>4,754,795</u>	<u>(72,667,491)</u>	<u>-</u>	<u>3,634,154</u>	<u>(64,278,542)</u>
Total	<u>\$ 4,907,498</u>	<u>\$ 1,080,241</u>	<u>\$ -</u>	<u>\$ 5,428,312</u>	<u>\$ 11,416,051</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

VILLAGE OF JOHNSON CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2018

	Major Funds			Non-Major	Total Governmental Funds
	General	Capital Projects	Debt Service	Special Revenue	
REVENUES					
Real property taxes.....	\$ 10,519,739	\$ -	\$ -	\$ -	\$ 10,519,739
Nonproperty tax items.....	3,957,427	-	-	-	3,957,427
General governmental fees income.....	159,411	-	-	-	159,411
Departmental income.....	-	-	-	6,119,189	6,119,189
Intergovernmental charges.....	179,069	-	-	2,097,736	2,276,805
Use of money and property.....	62,968	1,305	-	2,539	66,812
Licenses and permits.....	91,427	-	-	-	91,427
Fines and forfeitures.....	203,993	-	-	-	203,993
Sale of property & compensation for loss.....	126,095	-	-	22,620	148,715
Miscellaneous.....	238,997	-	-	91,529	330,526
Gifts and donations.....	10,000	-	-	-	10,000
State sources.....	1,788,842	-	-	-	1,788,842
Federal sources.....	-	6,179,390	-	-	6,179,390
	<u>17,337,968</u>	<u>6,180,695</u>	<u>-</u>	<u>8,333,613</u>	<u>31,852,276</u>
EXPENDITURES					
General government support.....	1,738,371	-	-	-	1,738,371
Public Safety - Law enforcement.....	3,000,754	-	-	-	3,000,754
Public Safety - Fire protection.....	2,825,341	-	-	-	2,825,341
Public Safety - Other services.....	233,771	-	-	-	233,771
Transportation.....	924,897	-	-	-	924,897
Culture & recreation.....	269,513	-	-	-	269,513
Home & community service.....	30,362	-	-	2,890,284	2,920,646
Employee benefits.....	6,778,383	-	-	904,641	7,683,024
Debt Service					
Principal.....	596,373	-	-	967,882	1,564,255
Interest.....	263,458	-	656,075	441,403	1,360,936
Capital outlay.....	2,777,493	37,011,483	-	1,998,393	41,787,369
	<u>19,438,716</u>	<u>37,011,483</u>	<u>656,075</u>	<u>7,202,603</u>	<u>64,308,877</u>
Excess (Deficiency) of Revenues Over Expenditures.....	<u>(2,100,748)</u>	<u>(30,830,788)</u>	<u>(656,075)</u>	<u>1,131,010</u>	<u>(32,456,601)</u>
OTHER FINANCING SOURCES AND USES					
Proceeds from debt.....	48,000	738,000	-	-	786,000
Operating transfers in.....	2,105,491	-	656,075	651,712	3,413,278
Operating transfers (out).....	-	(1,975,382)	-	(1,437,896)	(3,413,278)
Total Other Sources (Uses).....	<u>2,153,491</u>	<u>(1,237,382)</u>	<u>656,075</u>	<u>(786,184)</u>	<u>786,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other (Uses).....	<u>52,743</u>	<u>(32,068,170)</u>	<u>-</u>	<u>344,826</u>	<u>(31,670,601)</u>
Fund Balances - Beginning of year.....	<u>4,702,052</u>	<u>(40,599,321)</u>	<u>-</u>	<u>3,289,328</u>	<u>(32,607,941)</u>
Fund Balances - End of year.....	<u>\$ 4,754,795</u>	<u>\$ (72,667,491)</u>	<u>\$ -</u>	<u>\$ 3,634,154</u>	<u>\$ (64,278,542)</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

**VILLAGE OF JOHNSON CITY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2018**

Amounts reported for governmental activities in the statement of net position are different due to the following:

Total fund balances of governmental funds.....	\$ (64,278,542)
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown as assets in the statement of net position and depreciation is allocated over their useful lives.</p>	
Net capital assets recorded in statement of net position.....	66,699,862
<p>Equity interest in joint ventures with other governments are not considered current financial resources and, therefore, are not reported in funds.</p>	
This is the investment in a Joint Sewage Treatment Plant.....	87,615,961
<p>Other Post Employment Benefits are paid over several years, and are not due and payable for current year expenditures, and therefore are not reported in the funds.</p>	
This is the actuarial calculated liability.....	(50,164,663)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:</p>	
Serial bonds.....	(26,411,000)
Intallment purchase obligation.....	(721,182)
Accrued Interest on long-term debt.....	(371,317)
<p>Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in governmental funds:</p>	
Net pension liability.....	(1,696,873)
Deferred outflows.....	3,559,857
Deferred inflows.....	(4,089,354)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Compensated absences.....	(1,244,854)
Accrued wages.....	(371,371)
Net Position of governmental activities.....	<u>\$ 8,526,524</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

VILLAGE OF JOHNSON CITY
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
MAY 31, 2018

Net changes in fund balance for total Governmental Funds..... \$ (31,670,601)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown as assets in the statement of net position and then expensed over their useful lives as depreciation expenses in the statement of activities.

Capital outlays.....	71,905,821
Depreciation expense.....	(2,820,313)

Proceeds from the sale of assets are recorded as revenue in the governmental funds, while only the net gain or loss on the sale is reported in the statement of activities.

Net gain or loss on sale of fixed assets.....	(7,500)
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Changes in Investment in a Joint Venture with another government reported in the statement of activities does not provide for or require the use of current financial resources and therefore is not reported as revenues or expenditures in the government funds.

Net activity from joint venture.....	5,529,400
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Changes in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the government funds.

Police & Fireman's retirement system.....	(158,404)
Employees' retirement system.....	(6,006)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of bond principal.....	1,460,000
Repayment of installment purchase debt.....	104,255
Proceeds from debt.....	(786,000)

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Compensated Absences.....	261,841
Change in Other Post Employment Benefits Payable.....	(4,441,095)
Change in accrued interest expense.....	(157,924)
Change in accrued expenses.....	(175,280)
Change in accrued wage expenses.....	(34,517)

Change in Net Position - Governmental Activities	\$ 39,003,677
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See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

**VILLAGE OF JOHNSON CITY
SUPPLEMENTARY BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
MAY 31, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Non-Major Governmental Funds</u>
ASSETS				
Cash & cash equivalents				
Unrestricted.....	\$ 1,457,572	\$ 1,795,285	\$ 1,171,577	\$ 4,424,434
Receivables				
Other Receivables.....	340,456	351,424	245,920	937,800
Due from other funds.....	-	66,078	-	66,078
Total	<u>1,798,028</u>	<u>2,212,787</u>	<u>1,417,497</u>	<u>5,428,312</u>
LIABILITIES AND DEFERRED INFLOWS				
Payables				
Accounts payable.....	97,020	-	-	97,020
Due to other funds.....	1,353,865	-	343,273	1,697,138
Total Liabilities.....	<u>1,450,885</u>	<u>-</u>	<u>343,273</u>	<u>1,794,158</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	347,143	2,212,787	1,074,224	3,634,154
Total Fund Balances.....	<u>347,143</u>	<u>2,212,787</u>	<u>1,074,224</u>	<u>3,634,154</u>
Total	<u>\$ 1,798,028</u>	<u>\$ 2,212,787</u>	<u>\$ 1,417,497</u>	<u>\$ 5,428,312</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

**VILLAGE OF JOHNSON CITY
SUPPLEMENTARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Special Revenue Funds</u>
REVENUES				
Departmental income.....	\$ 2,137,273	\$ 2,335,793	\$ 1,646,123	\$ 6,119,189
Intergovernmental charges.....	235,078	1,862,658	-	2,097,736
Use of money and property.....	1,091	665	783	2,539
Sale of property & compensation for loss.....	18,792	1,819	2,009	22,620
Miscellaneous.....	49,534	-	41,995	91,529
	<u>2,441,768</u>	<u>4,200,935</u>	<u>1,690,910</u>	<u>8,333,613</u>
EXPENDITURES				
Home & community service.....	1,212,127	511,660	1,166,497	2,890,284
Employee benefits.....	530,516	159,716	214,409	904,641
Debt Service				-
Principal.....	87,882	880,000	-	967,882
Interest.....	119,455	321,948	-	441,403
Capital outlay.....	1,263,336	549,158	185,899	1,998,393
	<u>3,213,316</u>	<u>2,422,482</u>	<u>1,566,805</u>	<u>7,202,603</u>
Excess (Deficiency) of Revenues Over Expenditures.....	<u>(771,548)</u>	<u>1,778,453</u>	<u>124,105</u>	<u>1,131,010</u>
OTHER FINANCING SOURCES AND USES				
Operating transfers in.....	636,166	-	15,546	651,712
Operating transfers (out).....	-	(1,437,896)	-	(1,437,896)
Total Other Sources (Uses).....	<u>636,166</u>	<u>(1,437,896)</u>	<u>15,546</u>	<u>(786,184)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other (Uses).....	<u>(135,382)</u>	<u>340,557</u>	<u>139,651</u>	<u>344,826</u>
Fund Balances - Beginning of year.....	<u>482,525</u>	<u>1,872,230</u>	<u>934,573</u>	<u>3,289,328</u>
Fund Balances - End of year.....	<u>\$ 347,143</u>	<u>\$ 2,212,787</u>	<u>\$ 1,074,224</u>	<u>\$ 3,634,154</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

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**VILLAGE OF JOHNSON CITY
STATEMENT OF FIDUCIARY NET POSITION
MAY 31, 2018**

	<u>Agency</u>
ASSETS	
Cash.....	<u>\$ 368,795</u>
Total Assets.....	<u>368,795</u>
LIABILITIES	
Other payroll related liabilities.....	<u>368,795</u>
Total Liabilities.....	<u>\$ 368,795</u>

See Independent Auditors' Report
See Accompanying Notes to the Financial Statements

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(1) THE FINANCIAL REPORTING ENTITY

Johnson City is a Village incorporated in 1892 and as such is governed by New York State village and municipal law. The Board of Trustees Village is the legislative body responsible for the overall operations which includes a mayor and four trustees. As required by generally accepted accounting principles, the accompanying financial statements present the Village of Johnson City (the Village or primary government) and its funds.

As a government agency, the Village is exempt from both federal income taxes and New York State franchise taxes.

Joint Venture

A legal entity or other organization that was the result of a contractual agreement between two or more governments. The joint venture is typically owned, operated, and (or) governed by two or more participants. It has a separate and specific activity that benefits more than one government. The participants retain an ongoing financial interest that entitles the participant to the joint venture's financial resources and obligates them contribute for operating and capital costs. A description of the joint venture and the criteria for inclusion and their relationship with the Village is as follows:

- (a) **Binghamton-Johnson City Joint Sewage and Waste Water Treatment Plant** (the Sewage Treatment Plant) was established in 1965 by the Village and the City of Binghamton whereby the parties agree to jointly own and operate a sewage treatment plant and related facilities located in the Town of Vestal, New York. A six member board, which is appointed by the mayors of the respective municipalities, administers the operations of the facility. The equity interest in the joint venture has been reflected in the Statement of Net Position.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds, however, report only assets and liabilities and cannot be said to have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are generally collected within 90 days of the end of the current fiscal period. It is the Village's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle and payment is generally received within the first or second quarter of the following fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, grants and subventions, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Village receives cash.

The Village reports the following major governmental funds:

- **General Fund:** This is the Village's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specified purposes. The major special revenue fund is the Special Grant Fund, which accounts for grants.
- **Capital Projects Funds:** These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities, other than those financed by proprietary funds and equipment purchases financed in whole or in part from the proceeds of obligations. An individual capital projects fund should be established for each authorized project.
- **Debt Service Fund:** This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The Village reports the following non-major governmental funds:

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

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

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

The Village reports the following additional fund type:

- **Fiduciary Funds:** These funds account for assets held by the Village in a trustee capacity or as an agent. The agency funds are custodial in nature and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other Village departments from the General, Water, Sewer and Refuse Funds. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the Village's proprietary funds are charges for customer services for water and sewer services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(c) Budgetary Data

The Village adopts annual budgets for all governmental funds on a substantially modified accrual basis of accounting except for capital project funds and debt service funds, which substantially adopt project length budgets.

The budget of the Village is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the year, (2) the estimated resources (inflows) available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are deliberated, implemented, and controlled. The Village Charter prohibits expending funds for which there is no legal appropriation.

The Village's general budgetary procedures detail the budget timeline. A summary of the key budgetary steps are summarized as follows:

No later than October 1, the budget officer submits a tentative budget to the common council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village. After public hearings are conducted to obtain taxpayer comments, the common council adopts the Village budget. The common council must approve all budget revisions that alter appropriations of any department or fund. Unencumbered budgetary appropriations lapse at the close of each year. Budgets for the special grant fund are prepared based on

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

project time frames rather than on an annual basis. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects that remain in effect for the life of the project.

(d) Deposits and Investments

The Village considers all highly-liquid debt instruments with original maturities of three months or less to be cash equivalents.

State statutes require that collateral be pledged for demand deposits, time deposits, and certificates of deposit at 100% of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States Treasury and its agencies, obligations of the state and its municipalities, Village debt, irrevocable letters of credit, and surety bonds issued by the state-authorized insurance companies.

(e) Restricted Assets

Certain assets are classified as restricted assets because their use is completely restricted according to the capital project, bond instrument, grant agreement, or other legal document. These funds are offset by a "restriction of fund balance" in the fund financial statements to indicate that they are not available for appropriation.

(f) Property Taxes

Property taxes are levied annually, no later than May 31, and become a tax lien on January 1. Collection of real property taxes starts June 1 and continues until November 1. Unpaid taxes are subsequently enforced by Broome County, in which the Village is located.

(g) Deferred Revenue

Deferred revenue on the general fund balance sheet represents deferred inflow of resources from net taxes receivable, less the amount collected within the first sixty (60) days of the subsequent year.

(h) Other Receivables

Other receivables in the special revenue fund consist of residential and industrial water and sewer charges receivable. Residential water and sewer charges are levied quarterly. Industrial charges are levied monthly.

(i) Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

(j) Inventory

Inventory recorded in the proprietary funds, if any, primarily consist of construction materials and maintenance supplies. Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. Inventory in the governmental funds consist of reuseable street decorations. The governmental fund types use the purchase method to account for other supply inventories, which are not material. This method records items as expenditures when they are acquired.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(k) Capital Assets

Capital assets, which include land, facilities and improvements, machinery and equipment, infrastructure assets, and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year – see the chart below. Intangible assets have a capitalization threshold of \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and other governmental funds and as assets in the government-wide financial statements to the extent the Village’s capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization. Facilities and improvements, infrastructure, machinery and equipment, easements, and intangible assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives: Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years.

General infrastructure assets acquired prior to June 1, 1989, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1989, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Infrastructure.....	\$ 20,000	Straight - Line	30
Buildings.....	15,000	Straight - Line	50
Improvements.....	15,000	Straight - Line	25
Vehicles.....	10,000	Straight - Line	6
Furniture and equipment...	1,000	Straight - Line	12
Computer equipment.....	1,000	Straight - Line	5
Intangible assets.....	50,000	Straight - Line	Varies with type

(l) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Village-wide Statement of Net Position. This represents the effect of the net change in the Village’s proportion of the collective net pension asset or liability and difference during the measurement period between the Village’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Village contribution to the pension systems (PFRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources,

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

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 Village has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the Village-wide Statement of Net Position. This represents the effect of the net change in the Village’s proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Village’s contributions and its proportion share of total contributions to the pension systems not included in pension expense.

(m) Accrued Vacation and Sick Leave Pay

Vacation pay, which may be accumulated up to one hundred twenty hours depending on an employee’s length of service, is payable upon termination. Sick leave may be accumulated up to approximately six months. However, sick leave is forfeited if an employee leaves the Village prior to retirement. Employees are granted up to three (3) days personal leave each year depending on their contracts, coverage, and hiring date. Unused vested amounts are payable upon termination of employment by retirement or disability caused by industrial accident or death.

The Village accrues for all salary-related items in the government-wide and proprietary fund financial statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination.

(n) Bond Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(o) Fund Equity

Governmental Fund Balance

As prescribed by Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, governmental funds report fund balance in one of five classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The five fund balance classifications are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, such as prepaid amounts, as well as certain long-term receivables that would otherwise be classified as unassigned.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

- *Restricted* – includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers, by the Village’s Charter, or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed* – includes amounts that can only be used for specific purposes pursuant to a formal action of the Village’s highest level of decision-making authority, legislation passed by the Board of Supervisors and signed by the Mayor. Commitments may be changed or lifted only by the Village taking the same formal action that imposed the constraint originally.
- *Assigned* – includes amounts that are not classified as nonspendable, restricted, or committed, but are intended to be used by the Village for specific purposes. Intent is expressed by legislation or by action of a body or official to which legislation has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and non-major governmental funds as of May 31, 2018, were distributed as follows:

	General	Capital Projects	Water	Sewer	Refuse	Total Governmental Funds
Restricted						
Capital.....	\$ 26,025	\$ -	\$ -	\$ -	\$ -	\$ 26,025
Grants.....	3,484	-	-	-	-	3,484
Other.....	70,945	-	-	-	-	70,945
	<u>100,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,454</u>
Assigned						
Appropriations.....	-	-	-	-	-	-
Unappropriated.....	-	-	347,143	2,212,787	1,074,224	3,634,154
	<u>-</u>	<u>-</u>	<u>347,143</u>	<u>2,212,787</u>	<u>1,074,224</u>	<u>3,634,154</u>
Unassigned.....	4,654,341	(72,667,491)	-	-	-	(68,013,150)
Total Fund Balances.....	<u>\$ 4,754,795</u>	<u>\$ (72,667,491)</u>	<u>\$ 347,143</u>	<u>\$ 2,212,787</u>	<u>\$ 1,074,224</u>	<u>\$ (64,278,542)</u>

(p) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(q) Reclassifications

Certain amounts presented as 2017 Summarized Comparative Financial Information in the basic financial statements have been reclassified for comparative purposes to conform to the presentation in the 2018 basic financial statements.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(r) Effects of New Pronouncements

The Village has adopted the following new pronouncement from the Governmental Accounting Standards Board (GASB) that are applicable for the current year.

- *GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position.*

The statement standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The financial reporting impact resulting from the implementation of this GASB Statement is primarily the change in terminology from "Net Assets" to "Net Position".

(3) CASH DEPOSITS

The Village considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

At year end the carrying value of the Village's deposits with banks was \$7,551,344. All of the bank balance was covered by Federal Depository insurance or collateralized in accordance with New York State law. Under that law, banks holding public deposits in excess of amounts insured by FDIC must pledge collateral equal to 100% of such limit. Obligations that may be pledged as collateral are obligations of the United States Treasury and its agencies, obligations of the state and its municipalities, school Village debt, irrevocable letters of credit, and surety bonds issued by the state authorized insurance companies. Collateral is held in the pledging bank's trust department or agent in the Village's name.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(4) CAPITAL ASSETS

Capital asset activity for the Village for the year ended May 31, 2018, was as follows:

	Beginning Balance	Additions	Retirements / Reclassification:	Ending Balance
Capital assets that are not depreciated:				
Land.....	\$ 6,417,284	-	-	\$ 6,417,284
Capital assets that are depreciated:				
Buildings.....	22,890,041	289,076	(1,509,172)	21,669,945
Vehicles and equipment.....	11,168,620	1,349,485	(4,866,642)	7,651,463
Pavement of roadway.....	32,233,985	1,337,640	-	33,571,625
Water and Sewer system infrastructure.....	31,482,046	1,815,635	-	33,297,681
	97,774,692	4,791,836	(6,375,814)	96,190,714
Less accumulated depreciation:				
Buildings.....	9,410,789	471,296	(1,509,171)	8,372,914
Vehicles and equipment.....	7,362,006	723,269	(4,859,141)	3,226,134
Pavement of roadway.....	10,141,544	819,783	-	10,961,327
Water and Sewer system infrastructure.....	12,541,798	805,964	-	13,347,762
	39,456,137	2,820,312	(6,368,312)	35,908,137
Capital assets, net.....	\$ 64,735,839			\$ 66,699,861

Depreciation is allocated as follows

General government support.....	\$ 215,001
Public safety.....	430,001
Transportation.....	819,783
Culture and recreation.....	71,667
Water fund.....	707,303
Sewer fund.....	507,618
Refuse fund.....	68,939
	<u>\$ 2,820,312</u>

(5) PENSION PLAN OBLIGATIONS

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. Generally, Tier V and VI members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

Contributions	ERS	PFRS
2018	\$ 411,991	\$ 1,176,459
2017	574,763	1,541,757
2016	582,276	1,371,619

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

At May 31, 2018, the Village reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset/(liability) was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Village.

	ERS	PFRS
Actuarial valuation date.....	4/1/2017	4/1/2017
Net pension liability (asset).....	\$ 340,811	\$ 1,356,062
Village's portion of the Plan's total net pension liability (asset).....	0.0105598%	0.1341631%

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended May 31, 2018, the Village's recognized pension expense of \$411,911 for ERS and the actuarial value \$1,176,459 for PFRS. At May 31, 2018 the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience.....	\$ 121,556	\$ 558,142	\$ 100,450	\$ 360,337
Changes of assumptions.....	225,986	1,027,463	-	-
Net difference between projected and actual earnings on pension plan investments.....	495,002	1,097,547	977,083	2,210,454
Changes in proportion and differences between the Village's contributions and proportionate share of contributions.....	23,420	4,585	13,142	427,888
Village's contributions subsequent to the measurement date.....	-	-	-	-
	\$ 865,964	\$ 2,687,737	\$ 1,090,675	\$ 2,998,679

Village contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended May 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending:	ERS	PFRS
March 31, 2019	\$ 72,925	\$ 158,739
March 30, 2020	63,117	127,743
March 30, 2021	(245,106)	(376,449)
March 30, 2022	(115,647)	(246,665)
March 30, 2023	-	25,690
Thereafter	-	-

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement date.....	3/31/2018	3/31/2018
Actuarial valuation date.....	4/1/2017	6/30/2016
Discount rate.....	7.0%	7.25%
Inflation rate.....	2.5%	2.5%
Salary increases.....	3.8%	4.5%
Investment rate of return (net of investment expense, including inflation).....	7.0%	7.0%
Cost-of-living adjustments.....	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014. The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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

Asset Class	Target Allocation	Long-term expected real rate of return
Domestic equities.....	36.0%	4.55%
International equities.....	14.0%	6.35%
Private equity.....	10.0%	7.50%
Real estate.....	10.0%	5.55%
Absolute return strategies....	2.0%	3.75%
Opportunistic portfolio.....	3.0%	5.68%
Real assets.....	3.0%	5.29%
Bonds and mortgages.....	17.0%	1.31%
Cash.....	1.0%	-0.25%
Inflation-indexed bonds.....	4.0%	1.25%
	100.0%	

VILLAGE OF JOHNSON CITY

NOTES TO THE 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 Systems' 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 changes in the discount rate assumption

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS net pension liability (asset).....	\$ 2,578,671	\$ 340,811	\$(1,552,328)
PFRS net pension liability (asset).....	\$ 6,642,361	\$ 1,356,062	\$(3,077,902)

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)		
	ERS	PFRS	Total
Employers' total pension liability.....	\$ (183,400,590)	\$ 114,708,261	\$ (68,692,329)
Fiduciary net position.....	(180,173,145)	115,468,360	(64,704,785)
Employers' net pension liability.....	\$ (3,227,445)	\$ (760,099)	\$ (3,987,544)
Ratio of fiduciary net position to the employers' total pension liability.....	98.2%	96.9%	94.2%

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(6) POST-EMPLOYMENT BENEFITS

The Village provides medical benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the village has in place with different classifications of employees.

Plan Description

The Village maintains a single-employer defined benefit plan, funded by a health insurance policy that provides health care benefits to employees, retired employees, and surviving spouses. Health care benefits are provided to all eligible active employees. Currently, 130 retired employees and 36 surviving spouses receive health benefits from the village.

Funding Policy

The contribution requirements of plan members and the village are based on a pay-as-you-go basis. For fiscal year ended May 31, 2018 the Village paid approximately \$2.5 million on behalf of its retirees.

Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefits (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over thirty years. The ARC was determined based on the July 1, 2009 actuarial valuation.

The net OPEB obligations are reflected in the statements of net position of the governmental activities, business-type activities, and fiduciary funds. The following table shows the components of the Village's annual OPEB cost for the year, the amount contributed to the plan, and changes in the Village's net OPEB obligation:

Annual required contribution.....	\$	7,966,652
Interest on net OPEB obligation.....		1,600,325
Adjustment to annual required contribution.....		(2,401,982)
Annual OPEB cost.....		7,164,995
Contributions made.....		(2,723,900)
Increase in net OPEB obligation.....		4,441,095
Net OPEB obligation, beginning of year.....		45,723,569
Net OPEB obligation, end of year.....	\$	<u>50,164,664</u>
Annual OPEB Cost.....	\$	7,164,995
Percentage of Annual cost Contributed.....		38.0%
Net OPEB Obligation at end of year.....	\$	50,164,664

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

Funded Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll over an open thirty year period. As of June 1, 2017, the most recent actuarial valuation date, the funded status of the Retiree Health Care Benefits was 0.0%. The actuarial accrued liability for benefits was \$50.2 million, and the actuarial value of assets was \$-0-, the resulting in an unfunded actuarial accrued liability (UAAL) is \$93 million. As of June 1, 2017, the estimated covered payroll (annual payroll of active employees covered by the plan) was estimated to be \$8.3 million and the ratio of the UAAL to the covered payroll was 1126%.

Actuarial Value of Assets.....		none
Actuarial Accrued Liability (AAL).....	\$	93,395,251
Unfunded AAL.....		93,395,251
Funded ratio.....		0.0%
Covered Payroll.....		8,293,347
UAAL as a Percentage of Covered Payroll.....		1126%
Discount rate at end of year.....		3.5%
Expected return on plan assets.....		n/a
Rate of compensation increase.....		n/a

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the various employment contract plans (the contractual plans as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of June 1, 2017, the entry age normal cost method was used. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age at hire) and assumed exit (maximum retirement age). Unfunded liabilities are amortized using the level percentage of expected payroll over an open 30-year period. The actuarial assumptions included a 4.0% investment rate of return on investment; 4.0% payroll growth; and a medical inflation rate of 2.9% over 20 years.

(7) Claims, Judgements and Contingent Liabilities

At May 31, 2018, the Village was a defendant to various law suits. In the opinion of the Village’s management and the Village attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Village’s financial position.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(8) General Obligation Indebtedness

(a) Revenue Anticipation Notes and Tax Anticipation Notes

Also known as “RANs” for governmental funds. They are notes issued in anticipation of the receipt of revenues. They are recorded as a liability of the fund that will receive the proceeds from the issuance of the notes. The revenue and tax anticipation notes represent a liability that will be extinguished by the use of expendable available resources of the fund.

(b) Bond Anticipation Notes

Also called “BANs” they are notes issued in anticipation of proceeds from the subsequent sale of bonds. It is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. In 2018 the Village borrowed an additional \$2,806,766 in bond anticipation notes, and paid \$1,464,542 including principal of \$1,180,500 and interest of \$284,042 on all outstanding bond anticipation notes. The following is a detail schedule of the bond anticipation notes outstanding:

<u>Description</u>	<u>Maturity</u>	<u>Purpose of issue</u>	<u>Interest Rate</u>	<u>Amount</u>
BAN dated 03/12/12.....	3/1/2019	Flood Recovery	1.500%	\$ 950,000
BAN dated 10/04/17.....	10/4/2018	Flood Recovery	4.000%	7,359,050
				<u>\$ 8,309,050</u>

(c) Bond Anticipation Notes – Loan Advance from New York State Environmental Facilities Corporation

The Village entered into agreements with the New York State Environmental Facilities Corporation (EFC) to receive short-term market rate financing and short term interest free financing to finance the costs associated with the Binghamton-Johnson City Joint Sewage Treatment Plant. On January 30, 2014 the Village entered into an agreement (Project No C7-6201-03-03) to receive \$13,714,748 by January 30, 2019. On May 26, 2017 the Village entered into an agreement (Project No C7-6201-03-04) to receive \$51,980,000 by January 15, 2021.

<u>Description</u>	<u>Project No.</u>	<u>Interest Rate</u>	<u>Amount</u>
EFC Advance dated 01/30/2014.....	C7-6201-03-03	0.000%	\$ 3,983,133
EFC Advance dated 06/10/2016.....	C7-6201-03-04 LL	0.000%	23,349,695
EFC Advance dated 09/22/2016.....	C7-6201-03-04 SD	0.000%	37,707,580
EFC Advance dated 03/29/2018.....	C7-6201-03-05 SD	0.000%	281,562
			<u>\$ 65,321,970</u>

In 2018 the Village was advanced an additional \$36,050,840 in this contract type bond anticipation notes, and paid \$6,641,106 including principal of \$6,641,106 and no interest. The following is a detail schedule of the EFC loan advance bond anticipation notes outstanding:

(d) Installment Purchase Debt

General Municipal Law allows for governments to enter into installment purchase contracts for equipment, machinery and apparatus. Such contracts are purchase contracts for public bidding purchases and are

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

subject to public bidding requirements. The down payment may not exceed 10% of the full contract price. The amount of the contract is recorded as a long-term obligation. Interest paid by the village for the year amounted to \$28,063.

Description	Maturity	Purpose of issue	Interest Rate	Amount
Contract dated 12/04/2008.....	12/4/2023	Energy performance	4.080%	<u>\$ 721,182</u>

(e) Serial Bonds

A bond is a written promise to pay a specified sum of money at a specified date or dates in the future, the maturity dates, together with periodic interest at a specified rate. Serial Bonds are those whose principal is repaid in periodic installments over the life of the issue. In 2018 the Village borrowed an additional \$738,000 in serial bonds, and paid \$2,495,217 including principal of \$1,460,000 and interest of \$1,035,217 on all outstanding serial bonds.

At May 31, 2018, the total outstanding serial bonds are as follows:

Description	Maturity	Purpose of issue	Interest Rate	Amount
Bonds issued 10/06/2016.....	10/1/2031	Equipment	4.000%	\$ 1,975,000
Bonds issued 09/28/2014.....	10/1/2034	Equipment	2.500%	815,000
Bonds issued 02/28/2013.....	5/15/2031	Justice building	3.523%	5,375,000
Bonds issued 06/21/2012.....	6/16/2029	Sewage plant	2.263%	1,290,000
Bonds issued 06/19/2010.....	10/1/2039	Sewage plant	2.232%	5,820,000
Bonds issued 10/06/2016.....	10/15/2018	Equipment	3.750%	40,000
Bonds issued 11/06/2008.....	5/1/2034	Sewage plant	2.647%	9,745,000
Bonds issued 03/03/2005.....	10/15/2031	Sewage plant	3.125%	565,000
Bonds issued 08/17/2017.....	8/15/2020	Police vehicles	3.250%	48,000
Bonds issued 10/04/2017.....	10/1/2023	Equipment	4.000%	738,000
				<u>\$ 26,411,000</u>

(f) Mandatory Sinking Fund Redemption

The bonds maturing on October 1, 2027 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing October 1, 2023 and each October 1 thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium in the years and the principal amount of \$35,000 each year for five years.

(g) Debt Limit

At May 31, 2018, the total outstanding indebtedness represented approximately 38 percent of its debt limit. The Village is permitted by the New York State Constitution to issue indebtedness up to 7 percent of the most recent five-year average full valuation of taxable real property. Certain indebtedness is excluded for this limit. In the fiscal year, the five-year average full valuation was \$657 million allowing the Village to incur debt up to \$46 million. Total debt of the Village subject to this limit is \$16.5 million.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(h) Changes in Long-term Debt

The changes in the Village's indebtedness during the year are summarized as follows:

Decription	Beginning Balance	Additions & Refunding	Payments & Retirements	End of Year Balance	Due within one year
Bond issue:					
Serial bond issued in 2008.....	\$ 80,000	-	40,000	\$ 40,000	40,000
Serial bond issued in 2013.....	5,700,000	-	325,000	5,375,000	325,000
Serial bond issued in 2014.....	905,000	-	90,000	815,000	90,000
Serial bond issued in 2016.....	2,100,000	-	125,000	1,975,000	180,000
Serial bond issued in 2017.....	-	48,000	-	48,000	16,000
EFC Bond issued in 2005.....	10,295,000	-	550,000	9,745,000	555,000
EFC Bond issued in 2010.....	6,040,000	-	220,000	5,820,000	220,000
EFC Bond issued in 2011.....	595,000	-	30,000	565,000	30,000
EFC Bond issued in 2012.....	1,370,000	-	80,000	1,290,000	85,000
EFC Bond issued in 2017.....	-	738,000	-	738,000	108,000
	<u>27,085,000</u>	<u>786,000</u>	<u>1,460,000</u>	<u>26,411,000</u>	<u>1,649,000</u>
Installment purchase contracts:					
Building Environment Lease.....	825,437	-	104,255	721,182	104,255
	<u>825,437</u>	<u>-</u>	<u>104,255</u>	<u>721,182</u>	<u>104,255</u>
Other Contractual Obligations:					
Compensated absences.....	1,506,696	510,600	772,442	1,244,854	510,600
Other Post Employment Benefits....	45,723,568	7,164,995	2,723,900	50,164,663	3,132,485
	<u>\$ 75,140,701</u>	<u>\$ 8,461,595</u>	<u>\$ 5,060,597</u>	<u>\$ 78,541,699</u>	<u>\$ 5,396,340</u>

Maturity of Long-term Debt

The following is a summary of maturing debt service requirements:

Serial Bonds:

Maturity in year(s) ending	Bond Payment	Interest	Principal
May 31, 2019	\$ 2,423,286	764,286	\$ 1,659,000
2020	2,374,825	728,825	1,646,000
2021	2,365,939	684,939	1,681,000
2022	2,336,696	636,696	1,700,000
2023	2,208,329	588,329	1,620,000
2024-28	10,268,837	2,228,837	8,040,000
2029-33	8,165,453	965,453	7,200,000
2034-38	2,418,239	203,239	2,215,000
2039-40	667,523	17,523	650,000
	<u>\$ 33,229,127</u>	<u>6,818,127</u>	<u>\$ 26,411,000</u>

Installment Purchase Debt:

Maturity in year(s) ending	Bond Payment	Interest	Principal
May 31, 2019	\$ 132,318	28,063	\$ 104,255
2020	132,318	23,810	108,508
2021	132,318	19,382	112,935
2022	132,318	14,775	117,543
2023	132,318	9,979	122,339
2024-27	264,635	4,780	259,855
	<u>\$ 926,225</u>	<u>100,789</u>	<u>\$ 825,436</u>

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(9) Interfund Balances and Activity

At May 31, 2018, the Village had the following activity and balances due to and from other funds:

	Receivable	Payable	Transfer in	Transfer out
General Fund.....	\$ 1,747,772	-	\$ 2,105,491	-
Special Revenues Fund.....	-	-	-	-
Water Fund.....	-	1,353,865	636,166	-
Sewer Fund.....	66,078	-	-	1,437,896
Refuse Fund.....	-	343,273	15,546	-
Trust & Agency Fund.....	-	-	-	-
Debt Service Fund.....	-	-	656,075	1,975,382
Capital Projects.....	-	116,712	-	-
	<u>\$ 1,813,850</u>	<u>1,813,850</u>	<u>\$ 3,413,278</u>	<u>3,413,278</u>

(10) Related Organizations and Component Units

(a) Joint Venture with The City of Binghamton

The following is the activity undertaken jointly with the City of Binghamton (City). 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 City of Binghamton (City), under an agreement originally dated July 14, 1965 and most recently amended March 20, 2017. 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 charges that are established are the same for the other municipalities. The following is an unaudited summary of financial information included in financial statements for the joint venture:

	Year Ending 12/31/2017
Total Assets and Deferred Outflows of Resources	\$ 167,301,853
Total Liabilities and Deferred Inflows of Resources	164,625,090
Joint Venture Equity	2,676,763
Total Revenues	44,168,782
Total Expenses	31,239,997

The balance of equity in joint venture is adjusted for intergovernmental debt and earnings. The Village's investment is \$87,615,961 which is an increase of \$41,499,458 primarily from the prior year for additional advances made on behalf of the joint venture.

(11) Changes in Net Position

The Village changed the beginning balance of net position by \$214,366 for changes in Other Post Employment Benefits related to prior year estimated health insurance amounts.

VILLAGE OF JOHNSON CITY

NOTES TO THE FINANCIAL STATEMENTS

(12) Significant Contingencies

The Village is party to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the Village for property damage and personal injury, alleged breaches of contract, condemnation proceedings, tax certiorari claims and other alleged violations of state and federal laws.

The Village is reconstructing a retaining wall for a Sewerage Treatment Plant that collapsed during a flood. Construction contractors involved in the project are demanding payment for services, the Village and other municipal entities are suing various parties for damages caused by the wall collapse and the cost of correcting the situation. The costs cannot be reasonably estimated but are expected to be in excess of \$20 million dollars which is expected to be financed and/or funded by the State.

The Village receives significant financial assistance from the State and Federal Governments in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by state and federal agencies. Any disallowance as a result of these audits could become a liability of the Village. As of May 31, 2018, the Village is unable to estimate what liabilities may result from such audits.

Required Supplementary Information

**VILLAGE OF JOHNSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2018**

REVENUES	Budget		Actual	Budget Variance
	Original	Revised		
Local Sources				
Real property taxes.....	\$ 10,554,365	\$ 10,554,365	\$ 10,519,739	\$ (34,626)
Real property tax items.....	24,757	24,757	-	(24,757)
Nonproperty tax items.....	3,375,000	3,375,000	3,957,427	582,427
General governmental fees.....	160,175	160,175	159,411	(764)
Intergovernmental charges.....	170,000	170,000	179,069	9,069
Use of money and property.....	54,447	54,447	62,968	8,521
Licenses and permits.....	105,686	105,686	91,427	(14,259)
Fines and forfeitures.....	176,500	176,500	203,993	27,493
Sale of property and compensation for loss..	-	-	126,095	126,095
Miscellaneous.....	285,500	285,500	248,997	(36,503)
Total Local Sources.....	14,906,430	14,906,430	15,549,126	642,696
State Sources.....	970,283	970,283	1,788,842	818,559
Federal sources.....	872,371	872,371	-	(872,371)
Total Revenues.....	16,749,084	16,749,084	17,337,968	588,884
OTHER FINANCING SOURCES				
Transfers from other funds.....	2,435,000	2,435,000	2,105,491	
Proceeds from debt.....	573,567	573,567	48,000	
	\$ 19,757,651	\$ 19,757,651	\$ 19,491,459	

See Paragraph on Supplementary Schedules Included in Auditor's Report

**VILLAGE OF JOHNSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2018**

EXPENDITURES	<u>Budget</u>		Actual	Budget Variance
	Original	Revised		
General government support.....	2,206,509	2,206,509	\$ 1,738,371	\$ 468,138
Public safety - Police.....	3,016,137	3,016,137	3,000,754	15,383
Public safety - Fire.....	2,822,840	2,825,840	2,825,341	499
Public safety - Other.....	180,400	240,400	233,771	6,629
Transportation.....	1,527,560	1,364,560	924,897	439,663
Culture and recreation.....	284,757	284,757	269,513	15,244
Home and community service.....	33,925	33,925	30,362	3,563
Employee benefits.....	6,720,795	6,820,795	6,778,383	42,412
Debt service, principal.....	596,373	596,373	596,373	-
Debt service, interest.....	263,458	263,458	263,458	-
Capital outlay.....	2,269,849	2,777,493	2,777,493	-
Total Expenditures.....	19,922,603.00	20,430,247.00	19,438,716	991,531
OTHER FINANCING USES				
Transfers to other funds.....	1,304,924.00	797,280.00	-	797,280
Total Expenditures and Other Uses....	21,227,527.00	21,227,527.00	\$ 19,438,716	\$ 1,788,811
Net change in fund balances.....			52,743	
Fund balance - beginning.....			4,702,052	
Fund balance - ending.....			<u>\$ 4,754,795</u>	

See Paragraph on Supplementary Schedules Included in Auditor's Report

**VILLAGE OF JOHNSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES-
BUDGET (NON-GAAP BASIS) AND ACTUAL – CAPITAL FUND
FOR THE YEAR ENDED MAY 31, 2018**

	Original Budget	Revised Budget	Expenditures		
			Prior Years	Current Year	Total
Major capital projects					
Sewage Treatment Plant.....	\$ 149,160,000	\$ 149,160,000	\$ 44,937,841	\$ 37,011,483	\$ 81,949,324
Parks.....	-	-	-	-	-
	<u>149,160,000</u>	<u>149,160,000</u>	<u>44,937,841</u>	<u>37,011,483</u>	<u>81,949,324</u>
Various Purpose capital projects					
Projects for 2018.....	3,987,354	3,690,020	-	-	-
	<u>3,987,354</u>	<u>3,690,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 153,147,354</u>	<u>\$ 152,850,020</u>	<u>\$ 44,937,841</u>	<u>\$ 37,011,483</u>	<u>\$ 81,949,324</u>

	Financing Sources				Fund Balance
	Bonds	Grants	Local	Total	
Major capital projects					
Sewage Treatment Plant.....	\$ -	9,281,783	-	\$ 9,281,783	(72,667,541)
Parks.....	-	-	50	50	50
	<u>-</u>	<u>9,281,783</u>	<u>50</u>	<u>9,281,833</u>	<u>(72,667,491)</u>
Various Purpose capital projects					
Projects for 2018.....	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 9,281,783</u>	<u>\$ 50</u>	<u>\$ 9,281,833</u>	<u>\$ (72,667,491)</u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

**VILLAGE OF JOHNSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF-
THE NET PENSION LIABILITY
FOR THE YEAR ENDED MAY 31, 2018**

NYSLRS ERS PENSION PLAN

	2018	2017	2016
Village's proportion of the net pension liability (asset).....	0.0105598%	0.0106644%	0.0102040%
Village's proportionate share of the net pension liability (asset).....	\$ 340,811	\$ 1,002,055	\$ 340,919
Village's covered-employee payroll.....	\$ 2,591,257	\$ 2,647,764	\$ 2,506,391
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.....	13.15%	37.85%	13.60%
Plan fiduciary net position as a percentage of total pension liability.....	98.24%	94.70%	90.70%

NYSLRS PFRS PENSION PLAN

	2018	2017	2016
Village's proportion of the net pension liability (asset).....	0.1341631%	0.1346216%	0.1331460%
Village's proportionate share of the net pension liability (asset).....	\$ 1,356,062	\$ 2,790,237	\$ 3,942,178
Village's covered-employee payroll.....	\$ 5,412,591	\$ 4,545,412	\$ 4,733,940
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.....	25.05%	61.39%	83.27%
Plan fiduciary net position as a percentage of total pension liability.....	96.93%	93.46%	99.00%

See accompanying note to the Schedule of Expenditures of Federal Awards.

**VILLAGE OF JOHNSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED MAY 31, 2018**

NYSLRS ERS PENSION PLAN

	2018	2017	2016
Contractually required contribution.....	\$ 411,991	\$ 574,763	\$ 582,276
Contributions in relation to the contractually required contribution.....	\$ 411,991	\$ 574,763	\$ 582,276
Contribution deficiency (excess).....	\$ -	\$ -	\$ -
Village's covered-employee payroll.....	\$ 2,591,257	\$ 2,647,764	\$ 2,506,391
Contributions as a percentage of covered-employee payroll.....	15.90%	21.71%	23.23%

NYSLRS PFRS PENSION PLAN

	2018	2017	2016
Contractually required contribution.....	\$ 1,006,069	\$ 993,875	\$ 811,794
Contributions in relation to the contractually required contribution.....	\$ 1,006,069	\$ 993,875	\$ 811,794
Contribution deficiency (excess).....	\$ -	\$ -	\$ -
Village's covered-employee payroll.....	\$ 5,412,591	\$ 4,545,412	\$ 4,733,940
Contributions as a percentage of covered-employee payroll.....	18.59%	21.87%	17.15%

See accompanying note to the Schedule of Expenditures of Federal Awards.

**VILLAGE OF JOHNSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN
OTHER POST EMPLOYMENT BENEFITS
FOR THE YEAR ENDED MAY 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Required Information			
Annual required contribution.....	\$ 7,966,652	\$ 7,685,798	\$ 5,786,363
Interest on net OPEB obligation.....	1,600,325	1,446,743	1,543,132
Adjustment to annual required contribution.....	(2,401,982)	(2,171,465)	(2,145,179)
Annual OPEB cost.....	7,164,995	6,961,076	5,184,316
Contributions made.....	(2,723,900)	(2,573,010)	(2,427,102)
Increase in net OPEB obligation.....	4,441,095	4,388,066	2,757,214
Net OPEB obligation, beginning of year.....	45,723,569	41,335,503	38,578,289
Net OPEB obligation, end of year.....	<u>\$ 50,164,664</u>	<u>\$ 45,723,569</u>	<u>\$ 41,335,503</u>
Annual OPEB Cost.....	\$ 7,164,995	\$ 6,961,076	\$ 5,184,316
Percentage of Annual cost Contributed.....	38.0%	37.0%	46.8%
Net OPEB Obligation at end of year.....	\$ 50,164,664	\$ 45,723,569	\$ 41,335,503
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Required Supplementary Information			
Actuarial Value of Assets.....	none	none	none
Actuarial Accrued Liability (AAL).....	\$ 93,395,251	\$ 90,026,393	\$ 64,822,145
Unfunded AAL.....	93,395,251	90,026,393	64,822,145
Funded ratio.....	0.0%	0.0%	0.0%
Covered Payroll.....	8,293,347	7,540,408	7,510,713
UAAL as a Percentage of Covered Payroll.....	1126%	1194%	863%
Discount rate at end of year.....	3.5%	3.5%	4.0%
Expected return on plan assets.....	n/a	n/a	n/a
Rate of compensation increase.....	n/a	n/a	n/a

See accompanying note to the Schedule of Expenditures of Federal Awards.

Governmental Audit Reports

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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

Mayor and Village Trustees
Village of Johnson City
Johnson City, New York

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Johnson City, New York State, as of and for the year ended May 31, 2018, which collectively comprise the Village of Johnson City, New York State's basic financial statements and have issued our report thereon dated January 31, 2019. 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.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Johnson City, State of New York, as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise Village of Johnson City, State of New York's basic financial statements and have issued our report thereon dated January 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Johnson City, State of New York'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 Village of Johnson City, State of New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Johnson City, State of New York'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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness: 2017.1

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2018.1

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Johnson City, State of 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 matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Village Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cwynar & Company

Norwich, New York
January 31, 2019

Cwynar & Company

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

Board of Trustees
Village of Johnson City
Johnson City, New York

Report on Compliance for Each Major Federal Program

We have audited the Village of Johnson City's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Village of Johnson City's major federal programs for the year ended May 31, 2018. The Village of Johnson 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 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 each of the Village of Johnson 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 Village of Johnson 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 Village of Johnson City's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Village of Johnson 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 Village of Johnson 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

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

opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Johnson 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.

Cwynar & Company

Norwich, New York
January 31, 2019

**VILLAGE OF JOHNSON CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2018**

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
<u>New York State</u>			
Disaster Assistance Projects	97.088	C7-6201	<u>\$ 4,443,280</u>

Notes to the Schedule of Expenditures of Federal Awards

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the village's fund financial statements. The village uses the modified accrual basis of accounting for all funds.

(2) PROGRAM COSTS

The amounts shown as current year expenditures represent only federal grant portions of the Disaster Assistance Project program costs were paid as a reimbursement to New York State Environmental Facilities Corporation. Entire program costs, including the village's portion, may be more than shown.

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued.....	Modified
Internal control over financial reporting:	
• Material weakness(es) identified?.....	Yes
• Significant deficiency(ies) identified?.....	Yes
Noncompliance material to financial statements noted.....	No

Federal Awards:

Internal Control over major programs:	
• Material weakness(es) identified?.....	No
• Significant deficiency(ies) identified?.....	Yes
Type of auditor’s report issued on compliance for major programs.....	Not applicable
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Not applicable

Identification of Major Programs:

CFDA Number

None	Not applicable
------	----------------

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

Finding No. 2018.1 Accounting Discipline

Criteria:

A routine process should be in place to provide reasonable assurance that transactions are handled appropriately.

Condition:

There is a lack of review and reconciliation in many areas of the accounting function. Accounting tasks such as monthly reconciliations of general ledger accounts, cross checks, and reviews play a key role in proving the accuracy of accounting data and financial information that comprise interim and year-end financial statements.

Cause:

Due to the limited number of people working in the Village offices, many review and oversight duties are not completed.

Effect:

Transactions could be mishandled.

Recommendation:

Establish effective review and reconciliation policies and procedures as a customary part of the accounting process.

Management Response and Corrective Action:

The Village concurs with the finding. Management is continuing to utilize updated accounting software to address this finding