

NEW AND RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, 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"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

The Notes will be designated by the Town as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

TOWN OF LANCASTER ERIE COUNTY, NEW YORK

\$4,840,000 BOND ANTICIPATION NOTES, 2018 (the "Notes")

Date of Issue: July 25, 2018

Maturity Date: July 25, 2019

The Notes are general obligations of the Town of Lancaster, Erie County, New York (the "Town"). The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the Town, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York (the "Tax Levy Limit Law"). (See "Tax Levy Limit Law" herein).

The Notes will be issued as registered notes, and at the option of the purchaser, may be registered to the Depository Trust Company ("DTC") or the "Securities Depository", or may be registered in the name of the purchaser.

If the Notes will be issued through DTC and, to the extent so issued, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable 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 the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder.

The Notes are dated July 25, 2018 and will bear interest from that date until July 25, 2019, the maturity date, at the annual rate as specified by the purchaser of the Notes.

The Notes are offered when, as and if issued and received by the purchasers and subject to the final approving opinion of Hodgson Russ LLP of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about the Date of Issue shown above.

Hodgson Russ LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES 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 NOTES HEREIN DESCRIBED. UNLESS THE NOTES ARE PURCHASED FOR THE BUYER'S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE CERTAIN CONTINUING DISCLOSURE PURSUANT TO THE RULE. SEE "DISCLOSURE UNDERTAKING," HEREIN.

July 10, 2018

**TOWN OF LANCASTER
ERIE COUNTY, NEW YORK**

**Johanna M. Coleman
Supervisor**

TOWN BOARD

Adam Dickman.....Councilmember

Dawn Gaczewski.....Councilmember

Ronald Ruffino.....Councilmember

Matthew Walter.....Councilmember

Diane Terranova.....Town Clerk

Kevin E. Loftus, Esq.....Town Attorney

David J. Brown.....Director of Administration & Finance

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MUNICIPAL ADVISOR



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

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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF**

**TOWN OF LANCASTER
ERIE COUNTY, NEW YORK**

relating to

**\$4,840,000
BOND ANTICIPATION NOTES, 2018
(the "Notes")**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Lancaster, Erie County, New York (the "Town", "County" and "State," respectively) in connection with the sale of the Town's \$4,840,000 Bond Anticipation Notes, 2018 (the "Notes").

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

THE NOTES

Description

The Notes are dated July 25, 2018 and will bear interest from that date until July 25, 2019, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

If the Notes are issued through the Depository Trust Company ("DTC" or the "Securities Depository"), the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, as may be determined by such successful bidder.

Authority for and Purposes of Issue

The Notes are being issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and pursuant to various bond resolutions that were duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds (and notes in anticipation thereof) for various capital projects in and for the Town. The proceeds of the Notes, along with \$435,000 in budgetary appropriations and cash on hand, will be used to redeem and renew, in part, the applicable portion of the Town's bond anticipation note maturing on July 26, 2018, and will provide new money financing for one of the projects in the amount of \$375,000. Such projects, and their respective amounts, are described below:

<u>Purpose</u>	<u>Date(s) Authorized</u>	<u>Amount Outstanding</u>	<u>Principal Payment</u>	<u>New Money</u>	<u>The Notes</u>
Reconstruction Various Town Bridges and Culverts	6/01/2015	\$0	\$0	\$375,000	\$375,000
Water Main Improvements	5/16/2016	1,700,000	75,000	0	1,625,000
Parks, Recreation, and Forestry Equipment	5/15/2017	380,000	40,000	0	340,000
Holland Avenue and Brunck Road - Bridges and Culverts Improvements	5/15/2017	1,300,000	90,000	0	1,210,000
Acquisition of Highway Equipment	5/15/2017	<u>1,380,000</u>	<u>90,000</u>	<u>0</u>	<u>1,290,000</u>
TOTALS		<u>\$4,760,000</u>	<u>\$295,000</u>	<u>\$375,000</u>	<u>\$4,840,000</u>

No Optional Redemption for the Notes

The Notes are not subject to redemption prior to maturity.

Nature of Obligation

The Notes, when duly issued and paid for, will constitute a contract between the Town and the holder thereof.

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Town, without limitation as to rate or amount (subject to certain statutory limitations discussed immediately below).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor (subject to certain statutory limitations discussed immediately below).

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limit Law”). The Tax Levy Limit Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities’ tax levies.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limit Law to extend its expiration from June 15, 2016 to June 15, 2020. Chapter 20 also affects the calculation of a municipality’s tax base growth factor, as outlined before.

The Tax Levy Limit Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Levy Limit Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. While the Tax Levy Limit Law as originally enacted only allowed adjustment for development of taxable land, Chapter 20 now allows the Commissioner of Taxation and Finance to adjust the calculation based on the development on tax exempt land.

A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law

(resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limit 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 Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's “faith and credit” is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge of 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* case has held that the payment of debt service on outstanding general obligation notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Levy Limit 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 the Tax Levy Limit 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 Limit 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.

It is possible that the Tax Levy Limit Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

Book-Entry-Only System

If the Notes are issued as book-entry notes, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for all of the Notes which bear 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 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 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 the 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 the 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.

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 upon DTC's receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Principal of the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the State of New York to be named by the Town.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial condition of the Town as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality 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 at any of its agencies or political subdivisions, thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Town is dependent in part on financial assistance from the State in the form of State aid. No delay in payment of State aid to the Town is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. In some recent years, the Town 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.

The State 2018-19 Enacted Budget allows the State to reduce expenditures (including aid to municipalities) mid-year if revenues (including, but not limited to, funding from the federal government) are less than what was expected. If federal support is reduced by \$850 million or more, the State's Budget Director has the authority to develop a plan to make uniform spending reductions. The State Legislature would have 90 days to approve the Budget Director's plan or to propose an alternative plan. If no action is taken by the State Legislature, the Budget Director's plan would be implemented automatically.

Should the Town fail to receive moneys expected from the State in the amounts and at the times expected, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The market for the Notes could also be affected if the Code were to be amended to reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the Town. See the discussion in "TAX EXEMPTION" herein.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code (the "Code"). However, such opinion will note that the Town, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the Town with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax certificate and nonarbitrage certificate that will be executed and delivered by the Town in connection with the issuance of the Notes (collectively, the "Certificates") establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code section 141;
2. The requirements contained in Code section 148 relating to arbitrage bonds; and
3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Certificates, the Town will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including

financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Town shall furnish certificates of the Town Attorney, dated the date of delivery of the Notes, respectively, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hodgson Russ LLP, Bond Counsel. Such opinion will be available at the time of delivery of the Notes and will be to the effect that The Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of *ad valorem* real estate taxes to pay the Notes and interest thereon without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other

information relative to the Town which have been or may have furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Notes, the Purchasers will be furnished with the following items: (i) a certificate of the Town Supervisor to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does 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, and further stating that there has been no adverse material change in the financial condition of the Town since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a certificate signed by the Town Supervisor evidencing payment for the Notes; (iii) a certificate signed by the Town Supervisor evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and deliver of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a tax certificate and nonarbitrage certificate (or similar documentation) executed by the Town Supervisor, as described under "Tax Exemption" herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Unless the Notes are purchased for the buyer's own account as principal for investment and not for resale, at the time of the delivery of the Notes, the Town will provide an executed copy of its "Disclosure Undertaking" (the "Undertaking"). Such Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to (i) the Electronic Municipal Market Access ("EMMA") system implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, and (ii) the appropriate state information depository ("SID"), if any, for the state of New York, as designated by the commission in accordance with the Rule, timely notice, not in excess of ten (10) business days after the occurrence of the event, of the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) 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; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) bond and note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; [note to clause (xii): For the purposes of the event identified in clause (xii) 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 Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town]; (xiii) the consummation of a merger, consolidation, or acquisition

involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of the name of a trustee, if material.

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

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

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

The Town’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the Undertaking of the Town, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Notes.

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with the Rule as then in effect.

Under the scenario in which the Notes are purchased for the buyer’s own account as principal for investment and not for resale, such purchaser shall deliver a municipal securities disclosure certificate that documents such intent (in form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

Prior Disclosure History

The Town was late by one day with the filing of certain annual financial information and operating data for the fiscal year ended December 31, 2010 on July 1, 2011. A Notice of Failure to Provide Annual Financial Information as Required was filed on July 2, 2014.

Certain municipal bond insurance companies that insure outstanding serial bonds of the Town have had a variety of ratings changes over the past five years, and notices of certain of these rating changes were not timely filed in accordance with the Rule. The Town filed event notices for these changes on EMMA on July 2, 2014.

Other than the foregoing, for the past five years, the Town has complied in all material respects with all previous undertakings made pursuant to Rule 15c2-12.

RATING

The Notes are not rated.

Moody’s Investors Services (“Moody’s”) has assigned a rating of ‘Aa3’ to the Town’s outstanding bonded indebtedness of the Town.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There can be no assurance that such rating will continue for

any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such notes or the availability of a secondary market for those notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Town in connection with the sale of the Notes.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Director of Administration and Finance, David J. Brown, at 21 Central Avenue, Lancaster, New York 14086, phone: (716) 683-1610, email: dbrown@lancasterny.gov or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website.

Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

TOWN OF LANCASTER ERIE COUNTY, NEW YORK

By: /s/ Johanna M. Coleman
Johanna M. Coleman
Town Supervisor

DATED: July 10, 2018

APPENDIX A

THE TOWN

General Information

The Town, consisting of approximately 37 square miles, is located less than 11 miles east of the City of Buffalo. The Village of Lancaster is located wholly within the Town, as is a portion of the Village of Depew. The population of the Town is 41,604 according to the July 1, 2010 U.S. Census. Major portions of the Lancaster Central School District and the Depew Union Free School District are situated within the Town, as well as minor portions of the Alden, Clarence and Iroquois Central School Districts. The New York State Thruway Interstate 90 runs through the Town. The Buffalo Niagara International Airport is located within a short distance from the Town.

The Town is largely suburban residential in character; it contains three light industrial parks in addition to fully-serviced, industrial-zoned lands. Many of the residents are employed within the Town while others find employment in the commercial and industrial activities of the City of Buffalo and Western New York.

Town Government

The Town was established in 1833 by the State Legislature. There are five independently governed school districts located partially within the Town, which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as a basis for taxation of property located within the Town.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the General Municipal Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town, and is classified as a first class town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive and chief fiscal officer of the Town, elected for a term of four years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two members are elected every two years. All of the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

The Town Clerk and the Town Highway Superintendent are each elected for four-year terms. The Town Board appoints the Town Assessor and the Town Attorney.

Town Services

New York State Electric & Gas Corporation and National Fuel Gas provide electricity and natural gas to the Town, respectively. The water supply for the portions of the Town outside the Villages of Depew and Lancaster is provided by the Erie County Water Authority. A Town-wide water district is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such district. Erie County Sewer District No. 4 and special assessment sewer districts provide sanitary sewer services. Police protection is provided by the Town Police Department in the Town and the Village of Lancaster; the Village of Depew has its own police department. Fire protection is provided by various fire companies contracted by the Town and by the Village Fire Departments.

The Town is generally responsible for providing services as required by citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and equipment from time to time. The Town also owns and operates and maintains various recreation facilities.

Employees

The Town employs approximately 140 full-time, 140 part-time and 150 seasonal employees, some of which are represented by the following.

<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Civil Service Employees Association, Blue Collar Unit	27	12/31/2018
Civil Service Employees Association, White Collar Unit	37	12/31/2018
Police Benevolent Association, Inc. (Cayuga Club)	46	12/31/2018
Public Safety Dispatchers Union	11	12/31/2018

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employee retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer 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 ten 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 Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Except as noted below, all members hired on or after July 27, 1976 must contribute 3% of their gross annual salary toward the costs of retirement programs. The 3% contribution is waived when the employee completes ten (10) years of service.

A pension reform bill, Chapter 49 of the Laws of 2003, was enacted to change the cycle of ERS billing to match budget cycles of the Town. Under the previous method, the Town was unsure of how much it paid to the system until after the Town's budget was implemented. Under the new method the contribution for a given fiscal year will be based on the value of the pension fund in prior years.

On July 20, 2004, the New York State Legislature passed a bill amending the General Municipal Law, Local Finance Law and the Retirement and Social Security Law. On July 30, 2004, the Governor signed the new retirement system legislation into Law as Chapter 260 of the Laws of 2004. The bill moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004 and permits municipalities to establish a reserve for future anticipated contributions.

On December 10, 2009, the Governor signed in to law a new Tier V. The law is effective for ERS employees hired after January 1, 2010. New ERS employees contribute 3% of their salaries with no provision for these contributions to cease after a certain period of service.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS employees hired after April 1, 2012. The Tier VI legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from three years to five years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are made in December prior to the scheduled payment date in February, such payments may be made at a

discounted amount. The Town has elected to make such payments in December of each year. However, 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.

The following table details the Town's contractually required contributions to the ERS for the preceding two audited fiscal years for the Town's fiscal year ending December 31 (the Systems' fiscal year ending March 31), and the budgeted amount for the recently ended fiscal year and the current fiscal year:

<u>Fiscal Year</u> <u>Ended 12/31</u>	<u>Systems' Fiscal</u> <u>Year Ended 3/31</u>	<u>ERS</u>
2018 <i>Budget</i>	2019 <i>Budget</i>	\$842,000
2017 <i>Budget</i>	2018 <i>Budget</i>	818,000
2016	2017	895,630
2015	2016	970,877

Source: *Audited Financial Statements*

The following table details the Town's contractually required contributions to the PFRS for the preceding two audited fiscal years for the Town's fiscal year ending December 31 (the Systems' fiscal year ending March 31), and the budgeted amount for the recently ended fiscal year and the current fiscal year:

<u>Fiscal Year</u> <u>Ended 12/31</u>	<u>Systems' Fiscal</u> <u>Year Ended 3/31</u>	<u>PFRS</u>
2018 <i>Budget</i>	2019 <i>Budget</i>	\$1,335,000
2017 <i>Budget</i>	2018 <i>Budget</i>	1,400,000
2016	2017	1,435,435
2015	2016	1,397,290

Source: *Audited Financial Statements*

Due to significant capital market declines in the recent past, for several years, the State's ERS portfolios have experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rates for the State's ERS have at times been higher than the minimum contribution rate established by Chapter 49. To mitigate such increases in the employer contribution rates, legislation was enacted that would permit local governments and schools districts to amortize a portion of their required ERS pension contribution payments with the State ERS. Such legislation also requires that those local governments and school districts choosing to amortize their ERS pension contribution payments with the State ERS reserve funds for future payment increases that are a result of fluctuations in pension plan performance.

State Comptroller Thomas DiNapoli announced that employer contribution rates for the ERS will decline slightly in Fiscal Year 2018-19. The average contribution rate for the ERS will decrease from 15.3% percent to 14.9%. The average contribution rate for PFRS will decrease from 24.4% to 23.5%.

As part of the 2013-14 State budget a pension smoothing option was introduced that would let municipalities amortize over seven years a portion of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs across the state. The plan, which was approved in Governor Cuomo's 2013-14 budget, would let municipalities in the 2016-17 year contribute 14.13% of employee costs toward pensions. The Town has not opted into the pension smoothing plan.

Other Post-Employment Benefits

An accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations. Under previous rules, 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. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. 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 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 liabilities actually be funded, only that the Town account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every two years for the Town.

The Town was in compliance with the requirements of GASB 45 by the applicable effective date, and a summary of the actuarial valuation is included as part of the Town’s December 31, 2017 Independent Auditor’s Report attached herein as Appendix C.

The Actuarial Report summary is made part of the Independent Auditor’s, included in Appendix C. The following table shows the components of the Town’s annual OPEB cost, the amount actually contributed to the plan and the changes in the Town’s net OPEB obligation as of December 31, 2017.

	<u>2017</u>	<u>2016</u>
Annual required contribution	\$702,613	\$924,403
Interest on net OPEB obligation	145,059	132,928
Adjustment to annual required contribution	(168,018)	(160,447)
Annual OPEB costs	<u>679,654</u>	<u>896,884</u>
Contributions made	(651,404)	(593,606)
Increase in net OPEB obligation	28,250	303,278
Net OPEB obligation – beginning of year	<u>3,626,471</u>	<u>3,323,193</u>
Net OPEB obligation – end of year	<u>\$3,654,721</u>	<u>\$3,626,471</u>

As of January 1, 2017, the most recent actuarial valuation update, the unfunded actuarially-determined liability for benefits was \$13,557,573.

Should the Town be required to fund its unfunded accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to fund its OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the liability on a pay-as-you-go basis.

In June 2015, GASB issued GASB Statement 75 (“GASB 75”), which is required to be implemented in the Town’s current fiscal year. GASB 75 supersedes and eliminates GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. Municipalities are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45.

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 State Comptroller’s proposal would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can 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 would be no limits on how much a local government can deposit into the trust. Such legislation has not moved past the committee stage.

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller's Office. Appendix B to this Official Statement presents a summary of the financial operating results of the General and Special Revenue Funds for each of the last five fiscal years ended, and budget summaries for the current and prior fiscal years.

Fund Structure and Accounts

The accounting practices of the Town conform to those prescribed by generally accepted accounting principles and by the New York State Comptroller's Office "Uniform System of Accounts for Towns".

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include real property taxes, state and federal aid, and sales tax.

Expenditures are recorded when the fund liability is incurred. Exceptions to this rule are (1) prepaid and most inventory-type items which are generally recognized at the time of disbursement; (2) unmatured interest on general long-term debt which is recognized when due; and (3) compensated absences, such as vacation and sick leave which vests or accumulates, which is charged as an expenditure when paid.

The encumbrance method of accounting is employed in the governmental funds, whereby commitments for contracts and outstanding purchase orders are reported as a reservation of fund balance. Such commitments are recorded as expenditures in the accounting period in which the liability is incurred.

Revenues

The Town derives a major portion of its general fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Real property taxes and other property tax items accounted for 73.8% of total general fund revenues for the fiscal year ended December 31, 2017, while State aid accounted for 11.2%.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five fiscal years, and the amount budgeted for the current year.

TABLE 1
Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2013	\$9,717,674	\$6,293,097	64.8%
2014	8,931,520	6,381,103	71.4%
2015	8,928,079	6,546,360	73.3%
2016	9,048,840	6,664,843	73.7%
2017	9,275,632	6,850,599	73.8%
2018 <i>Budget</i>	9,287,766	7,164,031	77.1%

Source: Town's audited financial statements (2013-2017) and 2018 Adopted Budget.

State Aid. The Town also receives a portion of its revenues in the form of State aid (per capita and mortgage tax). For the fiscal year ended December 31, 2017, State aid represented approximately 11.2% of the total general fund revenues of the Town. However, there is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, possibly requiring either a counterbalancing increase in revenues from other sources to the extent available, a curtailment of expenditures, or some combination of the two.

The following table sets forth total general fund revenues and State aid during the last five fiscal years, and the amount budgeted for the current year.

TABLE 2
State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2013	\$9,717,674	\$981,156	10.1%
2014	8,931,520	866,923	9.7%
2015	8,928,079	951,360	10.7%
2016	9,048,840	926,559	10.2%
2017	9,275,632	1,041,278	11.2%
2018 <i>Budget</i>	9,287,766	905,500	9.7%

Source: Town's audited financial statements (2013-2017) and 2018 Adopted Budget.

Budget Process

The Supervisor, with the assistance of the Director of Administration and Finance, acting as Budget Officer, prepares a “tentative” budget annually and presents the same to the full Town Board by September 30th. The full Town Board then reviews and may amend the budget and adopt the “preliminary” budget. Upon adoption of this “preliminary” budget, a public hearing is called. Following this hearing final revisions are made by the full Town Board and the final budget is then adopted.

Investment Policy/Permitted Investments

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

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Town; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, obligations of the Town.

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

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

TAX INFORMATION

Real Property Tax Collection Procedures and History

Tax payments are due January 15 to February 15 without penalty; February 16 to 28 with a 1.5% penalty; March 1 to 15 with a 3% penalty; March 16 to 31 with a 4.5% penalty; April 1 to 15 with a 6% penalty; April 16 to 30 with a 7.5% penalty. On May 1 the 7.5% penalty fee is added to the levy forming the tax base then due. Thereafter interest is added to the base at the rate of 1.5% per month on the first of each month.

The tax roll is returned to the County on July 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains its full tax levies for all unpaid items from the County and thus the Town is assured of receiving 100% of its tax levy.

The following table presents tax rates for each of the last six fiscal years.

TABLE 3
Tax Rates
(per \$1,000 of Assessed Valuation)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town Outside Villages	\$5.82	\$5.79	\$5.66	\$5.74	\$5.74	\$5.80
Village of Depew	2.41	2.42	2.45	2.47	2.47	2.56
Village of Lancaster	4.18	4.10	3.92	3.95	3.95	4.00
County	5.18	5.23	5.19	5.24	5.39	5.55
Lighting	0.11	0.11	0.11	0.11	0.10	0.12
Fire	1.73	1.69	1.67	1.64	1.60	1.60
Water	0.23	0.23	0.22	0.22	0.22	0.27
Refuse ⁽¹⁾	155.65	133.63	134.52	134.75	138.79	148.15

(1) Per unit charge

Source: Town Officials

The following tables set forth the assessed and full valuation of taxable real property, the State equalization rate and the Town's real property tax levy for Town purposes for the last six fiscal years.

TABLE 4
Assessed and Full Valuation

	<u>Tax Year 2013</u>	<u>Tax Year 2014</u>	<u>Tax Year 2015</u>	<u>Tax Year 2016</u>	<u>Tax Year 2017</u>	<u>Tax Year 2018</u>
Taxable Assessed Valuation	\$2,668,138,643	\$2,702,302,340	\$2,741,970,855	\$2,794,202,520	\$2,873,775,595	\$2,950,372,938
State Equalization Rate	100.00%	100.00%	100.00%	98.00%	95.00%	92.00%
Full Valuation	\$2,668,138,643	\$2,702,302,340	\$2,741,970,855	\$2,851,227,061	3,025,026,942	\$3,206,927,107

Source: Town Assessor

TABLE 5
Tax Levy and Collection Record

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Tax Levy	\$40,810,779	\$41,419,292	\$41,556,432	\$42,603,304	\$44,141,911	\$46,410,941
Amount Collected	<u>39,529,526</u>	<u>39,685,800</u>	<u>40,269,672</u>	<u>40,116,112</u>	<u>42,864,032</u>	<u>N/A</u>
Returned to County:						
Amount	\$1,281,253	\$1,733,492	\$1,286,760	\$1,443,795	\$1,334,946	N/A
Percentage	3.14%	4.19%	3.09%	3.39%	3.02%	N/A

N/A: Not Available

Source: Town Clerk

Ten Largest Assessed Values for the 2018 Tax Year

The following table presents the total 2018 assessed valuations of the Town's largest property owners for the 2018 tax levy.

TABLE 6
Assessed Valuations

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
NYS Electric & Gas Corporation	Utility	\$ 37,560,382	1.27%
National Fuel Gas Dist. Corporation	Utility	17,217,980	0.58%
5828 Broadway LLC	Apartments	16,975,000	0.58%
Transit Road Apartments LLC	Apartments	16,940,000	0.57%
Italian Gardens Real Estate Corp.	Commercial	16,435,300	0.56%
Juniper Boulevard LLC	Apartments	13,110,000	0.44%
Benderson-Lancaster Associates	Commercial	12,830,000	0.43%
Tranwer, LLC	Commercial	12,120,000	0.41%
Wal-Mart Stores East LP	Commercial	11,392,856	0.39%
Kohls Illinois Inc.	Commercial	<u>8,450,000</u>	<u>0.29%</u>
	Total:	<u>\$163,031,518</u>	<u>5.53%</u>

(1) The total assessed taxable valuation of the Town for the 2018 Assessment Roll is \$2,950,372,938.

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, it means that 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 most current applicable report of the State Comptroller designates the Town as "No Designation" (see <http://www.osc.state.ny.us/localgov/fiscalmonitoring/localgovernments/pdf/2017/munis-summary.pdf>).

New York State Comptroller's Audit

Many municipalities throughout the state can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. OSC, Division of Local Government and School Accountability is currently conducting an audit of the Town. No report has yet been released.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal years periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several purposes for which it is contracted, unless the Town determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "THE NOTES-Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

The Local Finance Law also provides a 20-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedures with respect to each of the bond resolutions pursuant to which the Notes are being issued.

Each bond resolution 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 authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized 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 of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued.

In addition, under each bond resolution, the Town Board may delegate, and has delegated to the Town Supervisor, as the chief fiscal officer of the Town, the power to issue and sell bonds and notes.

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash 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 five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town.

TABLE 7
Constitutional Debt Limit

<u>Roll Year</u>	<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Equalization Ratio</u>	<u>Full Valuation</u>
2013	2014	\$2,702,302,340	100.00%	\$2,702,302,340
2014	2015	2,741,970,855	100.00%	2,741,970,855
2015	2016	2,794,202,520	98.00%	2,851,227,061
2016	2017	2,873,775,595	95.00%	3,025,026,942
2017	2018	2,950,372,938	92.00%	<u>3,206,927,107</u>
Total Five-Year Valuation				\$14,527,454,305
Average Five-Year Valuation				\$2,905,490,861
Debt Limit – 7% of Average Full Valuation				\$203,384,360

Source: Town Assessor's Office and the New York State Office of Real Property Services.

Statement of Debt Contracting Power

The following table sets forth the debt limit of the Town, as of July 10, 2018:

TABLE 8
Statutory Debt Limit and Net Indebtedness

Debt Contracting Limitation	\$203,384,360
Gross Direct Indebtedness	
Serial Bonds	20,750,000
Bond Anticipation Notes	<u>4,900,000</u>
Total Gross Direct Indebtedness	25,650,000
Exclusions and Deductions	
Water Bonds	4,493,000
Water BANs	<u>1,000,000</u>
Total Exclusions:	5,493,000
Total Net Indebtedness	<u>\$ 20,157,000</u>
Net Debt-Contracting Margin	<u>\$183,227,360</u>
Percentage of Debt-Contracting Margin Exhausted	<u>9.91%</u>

Remedies Upon Default

Under current law, provision is made for contract creditors (including the holders of the Notes) of the Town to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the Town's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

The State has consented that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. 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, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of the holders of bonds and notes issued by municipalities and school districts, such courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for each of the five prior fiscal years.

TABLE 9
Outstanding Indebtedness

Debt Outstanding					
<u>December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds	\$19,045,000	\$17,570,000	\$16,210,000	\$22,670,00	\$20,850,000
Bond Anticipation Notes	<u>6,390,000</u>	<u>6,035,000</u>	<u>8,000,000</u>	<u>1,170,000</u>	<u>4,900,000</u>
Total Outstanding Debt	<u>\$25,435,000</u>	<u>\$23,605,000</u>	<u>\$24,210,000</u>	<u>\$23,840,000</u>	<u>\$25,750,000</u>

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

<u>Direct Debt</u>				
Gross Direct Debt				\$25,650,000
Exclusions & Deductions				<u>(5,493,000)</u>
Net Direct Debt				<u>\$20,157,000</u>
<u>Overlapping Debt</u>				
		Net Debt		Amount Applicable
<u>Issuer</u>	<u>As of:</u>	<u>Outstanding</u>	<u>Town Share</u>	<u>to Town</u>
Erie County	09/30/17	\$475,089,545	5.51%	\$26,177,434
Village of Lancaster	07/05/17	17,802,000	100.00%	17,802,000
Village of Depew	04/09/17	8,225,000	25.14%	2,067,996
Lancaster CSD	05/23/18	67,772,492	88.10%	59,707,565
Depew UFSD	11/15/17	26,150,000	30.78%	8,048,970
Clarence CSD	12/06/17	55,235,000	1.84%	1,016,324
Alden CSD	10/19/17	10,227,315	6.45%	659,662
Iroquois CSD	11/03/17	10,010,000	0.65%	65,065
Net Overlapping Debt				\$ 115,545,016
Net Direct Debt				<u>20,157,000</u>
Total Net Direct & Overlapping Debt				<u>\$ 95,388,016</u>

Source: NYS Comptroller's Office

Short-Term Indebtedness

The Town currently has \$4,900,000 in bond anticipation notes outstanding for various projects, which will mature on July 26, 2018 and be redeemed with proceeds of the Notes and budgetary appropriations.

Debt Ratios

The following table presents certain debt ratios relating to the Town's net direct and overlapping indebtedness.

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per</u>	<u>Debt to</u>
		<u>Capita</u> ⁽¹⁾	<u>Full Value</u> ⁽²⁾
Net Direct Debt	\$20,157,000	\$484	0.63%
Net Direct & Overlapping Debt	\$95,388,016	\$2,293	2.97%

(1) The population of the Town is 41,604 according to the 2010 Census.

(2) The Town's full value of taxable real property for assessment roll for 2018 is \$3,206,927,107.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness for the fiscal years ending as follows:

TABLE 12
Bond Principal and Interest Maturity
(As of July 10, 2018)

<u>Fiscal Year</u> <u>Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2018	\$1,770,000	\$387,378	\$2,157,378
2019	1,920,000	695,481	2,615,481
2020	1,980,000	607,181	2,587,181
2021	2,040,000	510,619	2,550,619
2022	2,085,000	423,719	2,508,719
2023	2,135,000	348,075	2,483,075
2024	2,100,000	270,325	2,370,325
2025	2,050,000	195,050	2,245,050
2026	1,910,000	119,475	2,029,475
2027	750,000	64,175	814,175
2028	755,000	44,975	799,975
2029	530,000	25,375	555,375
2030	505,000	14,775	519,775
2031	<u>220,000</u>	<u>4,675</u>	<u>224,675</u>
Total	<u>\$20,750,000</u>	<u>\$3,711,278</u>	<u>\$24,461,278</u>

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County and State.

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage</u> <u>Change</u>
Town	39,019	41,604	6.6%
County	950,265	919,040	(3.4%)
State	18,976,457	19,378,102	2.1%

Source: U.S. Census

Employment and Unemployment

The following tables provide information concerning employment in the Town, County and State. Data provided for the County and the State may not be representative of the Town.

TABLE 14
Large Commercial and Industrial Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No.</u> <u>of Employees</u>
Lancaster Central School District	Education	1,782
C & S Wholesale Grocers, Inc.	Warehouse	867
Greenfield Health & Rehab. Center	Health Care	350
Ecology and Environment, Inc.	Environmental Counseling	340

Source: Lancaster Chamber of Commerce

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town	23.2	22.9	23.4	23.1	23.4
County	460.3	450.4	451.2	448.1	448.6
State	9,659.3	9,591.3	9,644.6	9,668.7	9,704.7

Source: New York State Department of Labor.

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2013	5.6%	7.4%	7.7%
2014	4.7%	6.1%	6.3%
2015	4.1%	5.3%	5.3%
2016	4.6%	4.9%	4.8%
2017	4.3%	5.2%	4.7%

Source: New York State Department of Labor.

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
May 2017	4.0%	4.9%	4.4%
June	3.9%	5.0%	4.6%
July	3.9%	5.3%	4.9%
August	3.8%	5.2%	4.9%
September	3.9%	4.9%	4.7%
October	4.0%	4.8%	4.4%
November	4.3%	5.0%	4.4%
December	4.6%	5.2%	4.4%
January 2018	5.2%	5.8%	5.1%
February	5.4%	6.1%	5.1%
March	4.8%	5.6%	4.8%
April	4.2%	4.9%	4.3%
May	3.2%	4.2%	3.7%

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

Wealth Statistics

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	\$66,029	\$51,050	\$53,482
Per Capita Income	31,967	28,512	28,555

Source: United States Census Bureau. Information is given in 2014 dollars for the period 2010-2014.

Financial Institutions

There are several banks in the Town including, Alden State Bank, Bank of America, Citizens Bank, KeyBank, Bank of Akron, Evans National Bank and M&T Bank.

Communication

The Town is served by the major metropolitan area newspapers, radio and television stations. In addition, the Town has one local newspaper, the "Lancaster Bee". Following a merger with Time Warner Cable, Charter Communication, Inc. provides cable service to the Town.

Transportation

Transportation facilities include an excellent network of highways, the New York State Thruway Interstate 90, and the Metro Bus System. Several major airlines operating from the Buffalo-Niagara International Airport and the Niagara Falls International Airport also serve the area. These facilities make the Town easily accessible to the large diversified industrial area of the Niagara Frontier.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. Town officials (after consulting with the Town Attorney) do not believe, however, that adverse decisions in such suits either individually or in the aggregate, would have a materially adverse effect on the financial condition of the Town.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

TOWN OF LANCASTER, NEW YORK
Comparative Balance Sheets
Fiscal Years Ended December 31:

	<u>General Fund</u>		<u>Special Revenue Fund</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Assets:				
Cash	\$2,474,062	\$2,940,705	\$2,404,801	\$2,788,431
Restricted Cash	1,217,071	1,014,345	240,009	4,969,388
Deposits	17,401	17,401	0	0
Receivables	51,302	32,979	25,593	32,899
Intergovernment Receivables	21,726	3,234	1,932,057	2,055,277
Due from Other Funds	0		1,074	100,668
Prepaid Expenitures	93,247	99,054	449,039	433,841
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$3,874,809</u>	<u>\$4,107,718</u>	<u>\$5,052,573</u>	<u>\$10,380,504</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$97,004	\$171,349	\$346,809	\$363,429
Accrued Liabilities	91,586	99,748	266,293	322,266
Due to Other Funds	1,074	100,668		
Intergovernmental payables	39,108		0	4,900,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$228,772</u>	<u>\$371,765</u>	<u>\$613,102</u>	<u>\$5,585,695</u>
Fund Equity:				
Nonspendable	93,247	99,054	449,039	433,841
Restricted	1,217,071	1,014,345	240,009	237,466
Assigned	530,000	752,952	3,750,423	4,424,030
Unassigned	1,805,719	1,869,602	0	-300,528
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>3,646,037</u>	<u>3,735,953</u>	<u>4,439,471</u>	<u>4,794,809</u>
Total Liabilities and Fund Balance	<u><u>\$3,874,809</u></u>	<u><u>\$4,107,718</u></u>	<u><u>\$5,052,573</u></u>	<u><u>\$10,380,504</u></u>

TOWN OF LANCASTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
GENERAL FUND
Fiscal Years Ended December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Real Property Taxes	\$6,293,097	\$6,381,103	\$6,546,360	\$6,664,843	\$6,850,599
Other Property Tax Items	435,381	449,291	479,889	476,126	477,507
Departmental Income	226,521	210,339	224,288	230,795	238,367
Intergovernmental Charges	49,779	49,070	32,890	7,050	5,866
Use of Money and Property	45,790	134,990	188,948	210,824	220,082
Licenses & Permits	82,090	81,177	90,589	93,087	97,800
Fines & Forfeitures	231,103	215,603	258,960	259,308	304,758
Sale of Property & Comp. for Loss	1,280,340	370,532	32,171	66,028	10,249
Miscellaneous	92,417	172,492	72,951	63,868	29,126
State aid	981,156	866,923	951,360	926,559	1,041,278
Federal aid	0	0	49,673	50,352	0
Total Revenues	<u>\$9,717,674</u>	<u>\$8,931,520</u>	<u>\$8,928,079</u>	<u>\$9,048,840</u>	<u>\$9,275,632</u>
Expenditures and Other Uses					
General Government Support	\$3,067,759	\$3,129,963	\$3,211,750	\$3,182,016	\$3,124,480
Public Safety	121,111	68,013	59,068	76,786	74,238
Health	90,017	89,256	70,260	70,317	67,409
Transportation	135,095	129,976	137,243	133,014	152,735
Culture & Recreation	1,825,928	1,917,692	1,864,299	1,948,355	1,957,290
Home & Community Service	415,283	449,504	415,381	412,630	640,631
Employee Benefits	1,096,387	957,720	1,026,612	927,962	933,548
Debt Service - Principal	712,000	855,000	741,000	800,354	1,006,075
Debt Service - Interest	343,373	412,542	444,537	460,583	481,038
Total Expenditures	<u>\$7,806,953</u>	<u>\$8,009,666</u>	<u>\$7,970,150</u>	<u>\$8,012,017</u>	<u>\$8,437,444</u>
Excess (Deficiency) of Revenues over Expenditures	1,910,721	921,854	957,929	1,036,823	838,188
Other Financing Sources (Uses)					
Transfers In	212,462	120,000	37,625	20,000	56,578
Transfers Out	(783,209)	(966,776)	(1,163,450)	(1,157,721)	(804,850)
Premium on serial bond issuance	0	0	0	203,077	0
Total other financing sources (uses)	<u>(570,747)</u>	<u>(846,776)</u>	<u>(1,125,825)</u>	<u>(934,644)</u>	<u>(748,272)</u>
Net Change in Fund Balances	1,339,974	75,078	(167,896)	102,179	89,916
Fund Balance - Beginning of Year	<u>2,296,702</u>	<u>3,636,676</u>	<u>3,711,754</u>	<u>3,543,858</u>	<u>3,646,037</u>
Fund Balance - End of Year	<u>\$3,636,676</u>	<u>\$3,711,754</u>	<u>\$3,543,858</u>	<u>\$3,646,037</u>	<u>\$3,735,953</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2013-2017
Summary is not subject to audit.

TOWN OF LANCASTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
SPECIAL REVENUE FUNDS
Fiscal Years Ended December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Real Property Taxes	\$13,235,038	\$12,893,984	\$12,682,285	\$13,005,183	\$13,363,100
Real Property Tax Items	464,794	474,620	481,702	490,227	503,492
Nonproperty Tax Items	4,127,673	4,230,848	4,301,532	4,307,832	4,486,543
Departmental Income	57,950	62,886	89,400	76,447	54,223
Intergovernmental Charges	1,163,084	1,173,615	1,219,540	1,269,455	1,242,695
Use of Money and Property	70,938	26,151	28,292	15,407	26,240
Fines & Forfeitures	28,765	28,833	22,470	25,683	24,167
Sale of Property	239,299	46,675	59,342	158,755	147,502
Miscellaneous	20,335	19,414	24,366	79	113,247
State aid	90,478	160,188	428,528	105,424	199,783
Federal aid	18,181	88,207	851,195	30,033	314,318
Total Revenues	<u>\$19,516,535</u>	<u>\$19,205,421</u>	<u>\$20,188,652</u>	<u>\$19,484,525</u>	<u>\$20,475,310</u>
Expenditures and Other Uses					
General Government Support	33,619	28,733	16,375	1,287	0
Public Safety	9,577,555	9,476,103	10,060,020	9,670,436	9,852,240
Transportation	2,488,025	3,123,726	3,267,454	2,639,654	2,719,817
Home & Community Service	2,036,908	2,079,828	2,143,741	2,188,305	2,266,937
Employee Benefits	3,230,366	2,929,012	2,880,805	2,837,754	2,822,555
Debt Service	316,435	269,938	244,641	228,058	404,099
Total Expenditures	<u>17,682,908</u>	<u>17,907,340</u>	<u>18,613,036</u>	<u>17,565,494</u>	<u>18,065,648</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	1,833,627	1,298,081	1,575,616	1,919,031	2,409,662
Other Financing Sources (Uses)					
Transfers in	266,318	269,599	265,000	330,099	294,721
Transfers out	(1,438,634)	(2,066,557)	(2,085,284)	(2,050,006)	(1,836,818)
Premium on serial bond issuance	0	0	0	133,617	0
Total Other Financing Sources (Uses)	<u>(1,172,316)</u>	<u>(1,796,958)</u>	<u>(1,820,284)</u>	<u>(1,719,907)</u>	<u>(1,542,097)</u>
Net Change in Fund Balance	661,311	(498,877)	(244,668)	332,741	867,565
Fund Balance - Beginning of Year	<u>4,188,964</u>	<u>4,850,275</u>	<u>4,351,398</u>	<u>4,106,730</u>	<u>4,439,471</u>
Fund Balance - End of Year	<u>\$4,850,275</u>	<u>\$4,351,398</u>	<u>\$4,106,730</u>	<u>\$4,439,471</u>	<u>\$5,307,036</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2013-2017
Summary is not subject to audit.

**Town of Lancaster, New York
Budget Summary**

GENERAL FUND

	<u>2017</u>	<u>2018</u>
Estimated Revenues:		
Real Property Taxes	\$6,850,599	\$7,164,031
Real Property Tax Items	467,000	420,400
Departmental Income	230,000	220,000
Intergovernmental Charges	2,500	2,500
Use of Money and Property	205,635	205,635
Licenses and Permits	75,500	75,500
Fines and Forfeitures	261,200	261,200
Sale of Property	3,000	3,000
Miscellaneous	10,000	10,000
State Aid	850,500	905,500
Interfund Items	20,000	20,000
Appropriated Fund Balance & Reserves	<u>475,000</u>	<u>460,000</u>
Total Estimated Revenues	<u><u>\$9,450,934</u></u>	<u><u>\$9,747,766</u></u>

Budget Appropriations:		
General Government Support	\$3,143,486	\$3,250,791
Public Safety	69,300	116,584
Health	74,200	68,200
Transportation	165,561	174,929
Culture and Recreation	2,108,607	2,174,420
Home and Community Service	547,916	591,865
Employee Benefits	972,748	1,012,882
Debt Service	1,532,116	1,560,095
Interfund Transfer	<u>837,000</u>	<u>798,000</u>
Total Budget Appropriations	<u><u>\$9,450,934</u></u>	<u><u>\$9,747,766</u></u>

SUMMARY OF GENERAL, HIGHWAY and POLICE FUNDS

	<u>Appropriation</u>	<u>Revenue</u>	<u>Appropriated Fund Balance</u>	<u>Appropriated Reserves</u>	<u>Amount Raised By Taxes</u>
General Fund	\$9,747,766	\$2,123,735	\$240,000	\$220,000	\$7,164,031
Highway Funds	5,154,088	473,950	420,000	75,000	4,185,138
Police	<u>9,952,860</u>	<u>6,041,500</u>	<u>70,000</u>	<u>0</u>	<u>3,841,360</u>
TOTALS	<u><u>\$24,854,714</u></u>	<u><u>\$8,639,185</u></u>	<u><u>\$730,000</u></u>	<u><u>\$295,000</u></u>	<u><u>\$15,190,529</u></u>

Source: Budget summary extracted from Annual Budgets as adopted.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

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

<https://emma.msrb.org/ES1175148-ES918492-ES1319596.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Drescher & Malecki, LLP has not been requested by the Town
to further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**