

## FINAL OFFICIAL STATEMENT DATED DECEMBER 2, 2009

### NEW ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Trespasz & Marquardt, LLP, of Syracuse, New York, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest of the Notes. See "Tax Matters" herein.*

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

### VILLAGE OF VERNON ONEIDA COUNTY, NEW YORK (the "Village")

**\$5,340,500**

### BOND ANTICIPATION NOTES, 2009 (the "Notes") (Bank Qualified)

**Interest Rate: 1.75%**

**Reoffered @ 1.05%**

**CUSIP #: 924743 AA5**

### JEFFERIES & COMPANY

**Dated: December 17, 2009**

**Maturity Date: December 16, 2010**

The Notes are general obligations of the Village of Vernon, Oneida County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The faith and credit of said Village are irrevocably pledged for the payment of said Notes and interest thereon. Interest on the Notes will be payable at maturity in Federal Funds. The Notes are NOT subject to redemption prior to maturity. The Notes may be issued in denominations of \$5,000 or integral multiples thereof, except for one Note of an odd denomination, as may be determined by the purchaser, or as stated below.

The Notes will be issued in book-entry-only form and registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York which will act as securities depository for the Notes. See "Book-Entry Only System" herein. A single note will be issued for all Notes bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Village directly to DTC for its nominee, Cede & Co.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Bond Counsel, of Syracuse, New York, Bond Counsel and certain other conditions. It is anticipated that the Notes will be available for delivery in Syracuse, New York, or at such place as may be agreed upon with purchaser, on or about December 17, 2009.

THE REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE VILLAGE DATED NOVEMBER 23, 2009 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"). OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT. FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE NOTICES OF MATERIAL EVENTS AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

## PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 23, 2009

### NEW ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Trespasz & Marquardt, LLP, of Syracuse, New York, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest of the Notes. See "Tax Matters" herein.*

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

**VILLAGE OF VERNON**  
**ONEIDA COUNTY, NEW YORK**  
(the "Village")

**\$5,340,500**

**BOND ANTICIPATION NOTES, 2009**  
(the "Notes")  
(Bank Qualified)

**Dated: December 17, 2009**

**Maturity Date: December 16, 2010**

The Notes are general obligations of the Village of Vernon, Oneida County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The faith and credit of said Village are irrevocably pledged for the payment of said Notes and interest thereon. Interest on the Notes will be payable at maturity in Federal Funds. The Notes are NOT subject to redemption prior to maturity. The Notes may be issued in denominations of \$5,000 or integral multiples thereof, except for one Note of an odd denomination, as may be determined by the purchaser(s), or as stated below.

The Notes may be issued in bearer form, payable at a bank(s) or trust company(ies) located and authorized to do business in the State of New York. In addition, the Notes may be in either: (i) non-book-entry registered form, in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable at the office of the Village Treasurer; or (ii) in book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York which will act as securities depository for the Notes. See "Book-Entry Only System" herein. A single note will be issued for all Notes bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Village directly to DTC for its nominee, Cede & Co.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Bond Counsel, of Syracuse, New York, Bond Counsel and certain other conditions. It is anticipated that the Notes will be available for delivery in Syracuse, New York, or at such place as may be agreed upon with purchaser(s), on or about December 17, 2009.

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

**VILLAGE OF VERNON  
ONEIDA COUNTY, NEW YORK**

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**VILLAGE BOARD**

William R. Sreca, Mayor

**TRUSTEES**

Charlene Gregory  
Jon Krawiec  
Thomas Malecki  
Gerald Seymour Jr.

\* \* \*

Karen Rizzo, Clerk/Treasurer  
Neal Rose, Esq., Village Attorney

\* \* \*

**BOND COUNSEL**

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\* \* \*

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

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**TABLE OF CONTENTS**

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<b>THE NOTES</b> .....	1	<b>FINANCES OF THE VILLAGE</b> .....	11
Description of the Notes .....	1	Financial Statements and Accounting Procedures .....	11
Authorization and Purpose of Issue .....	1	Investment Policy .....	11
Optional Redemption .....	1	Budgetary Procedures .....	12
Book-Entry-Only System .....	2	Financial Operations .....	12
Certificated Notes .....	3	Revenues .....	13
		Expenditures .....	13
<b>THE VILLAGE</b> .....	3	Pension System .....	13
General Information .....	3	Other Post-Employment Benefits .....	14
Other Information .....	3		
Governmental Organization .....	4	<b>REAL PROPERTY TAX INFORMATION</b> .....	15
Employees .....	4	Real Property Taxes .....	15
		Tax Collection Record .....	15
<b>DEMOGRAPHIC AND STATISTICAL</b>		Tax Collection Procedure .....	16
<b>INFORMATION</b> .....	4	Constitutional Tax Limit .....	16
Population .....	4	Ten Largest Taxpayers .....	16
Median Household Income .....	4		
Per Capita Income .....	5	<b>LITIGATION</b> .....	17
Unemployment Rate Statistics .....	5		
Selected Listing of Larger Employers .....	5	<b>MARKET AND RISK FACTORS</b> .....	17
<b>INDEBTEDNESS OF THE VILLAGE</b> .....	6	<b>LEGAL MATTERS</b> .....	17
Constitutional Requirements .....	6		
Statutory Procedure .....	6	<b>MATERIAL EVENT NOTICES</b> .....	18
Debt Limit .....	7		
Details of Short-Term Indebtedness Outstanding .....	7	<b>TAX MATTERS</b> .....	18
Status of Outstanding Bond Issues .....	7		
Total Annual Bond Principal and Interest Due .....	8	<b>RATING</b> .....	19
Computation of Debt Limit & Calculation			
of Net Debt Indebtedness .....	9	<b>FINANCIAL ADVISOR</b> .....	19
Other Obligations .....	9		
Trend of Outstanding Debt .....	9	<b>ADDITIONAL INFORMATION</b> .....	19
Authorized and Un-Issued Indebtedness .....	10		
Capital Project Plans & Anticipated Future Borrowings	10	<b>APPENDIX A – Financial Information</b>	
Direct and Overlapping Indebtedness .....	10		
Calculation of Estimated Overlapping and		<b>APPENDIX B – Bond Counsel’s Legal Opinion</b>	
Underlying Indebtedness .....	10		
Debt Ratios .....	10		

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**OFFICIAL STATEMENT**

**VILLAGE OF VERNON  
ONEIDA COUNTY, NEW YORK  
(the "Village")**

**\$5,340,500**

**BOND ANTICIPATION NOTES, 2009  
(the "Notes")**

This Official Statement and appendices hereto presents certain information relating to the Village of Vernon, in the County of Oneida, in the State of New York (the "Village," "County," and "State," respectively) in connection with the sale of the Village's \$5,340,500 Bond Anticipation Notes, 2009 (the "Notes"). The Notes will be dated December 17, 2009 and will mature December 16, 2010, without the option of redemption, with interest payable at maturity.

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

**THE NOTES**

**Description of the Notes**

The Notes are general obligations of the Village and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Village is subject to levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The Notes are dated December 17, 2009 and will bear interest from that date until maturity on December 16, 2010 at the annual rate specified by the purchaser(s). The Notes will NOT be subject to redemption prior to maturity. Interest on the Notes shall be payable at maturity.

The Notes may be issued in bearer form, payable at a bank(s) or trust company(ies) located and authorized to do business in the State of New York. In addition, the Notes may be in either: (i) non-book-entry registered form, in denominations of \$5,000 each or multiples thereof, except for one Note of an odd denomination, as may be determined by the successful bidder(s) with principal and interest payable at the office of the Village Clerk; or (ii) in book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York which will act as securities depository for the Notes. See "Book-Entry Only System" herein. A single note will be issued for all Notes bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Village directly to DTC for its nominee, Cede & Co.

**Authorization and Purpose of Issue**

The Notes are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Village Law, the Local Finance Law, and pursuant to a bond resolution dated July 21, 2008 authorizing the issuance of \$5,555,900 serial bonds to finance the cost of construction of improvements to the water facilities. The Village has received a Letter of Conditions from United States Department of Agriculture Rural Development ("USDA RD") notifying the Village USDA RD will purchase the Village's long term bonds upon substantial completion of its project. The Letter of Conditions, dated July 23, 2009, approved a Rural Utilities Services ("RUS") loan in the amount of \$5,333,000 and a grant not to exceed \$212,100. The term of the USDA RD loan will be for a period not to exceed 38 years at an interest rate not exceed 2.625% interest. It is anticipated that the Village will receive the financing in the fall of 2011.

**Optional Redemption**

The Notes are NOT subject to redemption prior to maturity, with interest payable at maturity.

## **Book-Entry-Only System**

If DTC acts as securities depository for the Notes, the Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's designated nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, 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"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases 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 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption proceeds, distributions, and dividend 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 Village, on the 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 Notes 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 nor its nominee, 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 Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Village 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 Village believes to be reliable, but the Village 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 notice to the Village and discharging its responsibilities with respect thereto under applicable law or the Village may terminate its participation in the system of book-entry-only system transfers through DTC at any time.. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Notes will be issued in bearer form in denominations of \$5,000 each or any integral multiple thereof, except for one Note of an odd denomination. Principal of and interest on the Notes when due will be payable at the principal corporate trust office of a bank or trust company located and authorized to do business and to act as a fiscal agent in the State of New York to be named by the Village. In all other respects, the terms of the Notes will remain the same and the Notes will NOT be subject to redemption prior to maturity.

## **THE VILLAGE**

### **General Information**

The Village, with a land area of approximately 2 to 2.5 square miles with 4.39 miles of roads is located wholly in the Town of Vernon and the County of Oneida approximately 18 miles west of the City of Utica.

The Village , with an estimated population of 5,335, is primarily residential in nature with some commercial and industrial development. H.P. Hood has a plant located in the Village. Kuhn Farm Machinery, Inc., the Kuhn North American distribution company, was incorporated in the United States in 1976, in the Village. In addition to employment located in the Village, residents find employment in the Cities of Utica and Syracuse.

New York State Routes 5 and 31 traverse the Village that provides access to the New York State Thruway, the City of Syracuse and the City of Utica.

The Village has its own DPW to maintain the Village streets and provide recreation service to its residents. The Village has its own Water and Sewer Departments. The Village is under contract with the City of Oneida for its water supply. Public Safety is provided by the Village Police, the New York State Police and the County Sheriff's Department and fire protection by a volunteer fire department. Regulations of building construction are a Village function. Social services and health services to the extent provided on a public basis are essentially County responsibilities.

### **Other Information**

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

The Village is in compliance with the procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

### **Governmental Organization**

The Village was incorporated May 15, 1883.

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

The legislative power of the Village is vested in the Board of Trustees, which consists of five members, including the Mayor, who is the chief executive officer of the Village, elected for a term of two years. The four other members of the Village Board are elected to two-year terms. All the Board members are elected at large and there is no limitation to the number of terms each may serve. The Village Administrator (who also serves at this time as Village Clerk/Treasurer) is appointed and is responsible for the overall operation of the Village.

The Village Clerk/Treasurer is appointed to a two-year term, and the Attorney to a one-year term.

### **Employees**

The Village provides services through approximately five full-time and nine part-time employees. The Village is not unionized. The Village police officers have a Police Benevolent Association contract that expires May 31, 2011.

Source: Village Officials

## **DEMOGRAPHIC AND STATISTICAL INFORMATION**

The following tables present certain comparative demographic and statistical information regarding the Village, the County, the State and the United States.

### **Population**

<u>Year</u>	<u>Vernon</u>	<u>Oneida County</u>	<u>New York State</u>	<u>United States</u>
1990	5,338	250,836	17,990,455	248,709,873
2000	5,335	235,469	18,976,457	281,421,906

Source: US Census Bureau

### **Median Household Income**

<u>Year</u>	<u>Vernon</u>	<u>Oneida County</u>	<u>New York State</u>	<u>United States</u>
1990	\$28,997	\$26,710	\$32,965	\$30,056
2000	38,339	35,909	43,393	41,994

Source: US Census Bureau

### Per Capita Income

<u>Year</u>	<u>Vernon</u>	<u>Oneida County</u>	<u>New York State</u>	<u>United States</u>
1990	\$12,632	\$12,227	\$16,501	\$14,420
2000	19,523	18,516	23,389	21,587

Source: US Census Bureau

### Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Oneida County</u>	<u>New York State</u>	<u>United States</u>
2004	5.2%	5.8%	5.5%
2005	4.8	5.0	5.1
2006	4.4	4.6	4.6
2007	4.3	4.5	4.6
2008	5.5	5.4	5.8

#### 2009 Monthly Rates:

January	8.0%	7.6%	8.5%
February	8.4	8.4	8.9
March	8.0	8.1	9.0
April	7.1	7.5	8.6
May	7.2	7.9	9.1
June	7.7	8.6	9.7
July	7.2	8.6	9.7
August	7.1	8.8	9.6
September	7.3	8.8	9.5

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

### Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated No. of Employees</u>
HP Hood Dairy Plant	Manufacturing	100
Kuhn Farm Machinery Inc.	Dealer	30
Nice and Easy	Convenient Store	25
Vernon Downs Racino	Harness Racing	600
Wettle Elementary School	School	30

Source: Village Officials

## **INDEBTEDNESS OF THE VILLAGE**

### **Constitutional Requirements**

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

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

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

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

### **Statutory Procedure**

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

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

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

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

Except on rare occasions, the Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. The Village has complied with the estoppel procedure with respect to the Notes.

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

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

In general, the Local Finance Law contains provisions providing the Village with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes. (See "Details of Status of Short-Term Indebtedness" herein.)

**Debt Limit**

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

**Details of Short-Term Indebtedness Outstanding**

As of the date of this Official Statement, the Village has no short-term indebtedness outstanding.

<b>Status of Outstanding Bond Issues</b>						
Year of Issue:	1973		1987		1996A	
Amount Issued	\$330,000		\$347,100		\$987,000	
Last Maturity:	1/1/2012		4/1/2014		12/15/2015	
Interest Rate/Instrument:	5.00% / SB-RD		5.00% / SB-RD		Various / SB-EFC	
Purpose:	Sewer		Sewer		Sewer	
Balance Principal 05/31/09:	\$30,000		\$71,100		\$400,000	
<u>Fiscal Year Ending 5/31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$10,000	\$1,500	\$12,000	\$3,555	\$55,000	\$20,302
2011	10,000	\$1,000	12,000	2,950	55,000	17,635
2012	10,000	\$500	15,000	2,350	55,000	14,913
2013			15,000	1,600	55,000	12,135
2014			17,100	850	60,000	9,330
2015					60,000	6,240
2016					60,000	3,120
Totals:	<u>\$30,000</u>	<u>\$3,000</u>	<u>\$71,100</u>	<u>\$11,305</u>	<u>\$400,000</u>	<u>\$83,675</u>

Notes: \* Principal payments made prior to Official Statement dated November 23, 2009.

**Status of Outstanding Bond Issues**

Year of Issue:	1996	2001
Amount Issued	\$175,000	\$81,462
Last Maturity:	8/1/2016	11/10/2011
Interest Rate/Instrument:	1.00% / SB-ESDC	4.50% / SIB
Purpose:	Sewer	Snowplow
Balance Principal 05/31/09:	\$67,485	\$20,366

  

<u>Fiscal Year Ending 5/31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$9,024 *	\$579	\$8,146 **	\$825
2011	9,115	543	8,146	458
2012	9,207	451	4,073	92
2013	9,299	359		
2014	9,392	265		
2015	9,487	171		
2016	9,582	76		
2017	2,380	4		
<b>Totals:</b>	<u>\$67,485</u>	<u>\$2,448</u>	<u>\$20,366</u>	<u>\$1,375</u>

Notes: \* Principal payments are made monthly. \$4,501 has been paid prior to Official Statement dated November 23, 2009.

\*\* Principal payments are made semi-annually. \$4,073 has been paid prior to Official Statement dated November 23, 2009.

**Total Annual Bond Principal and Interest Due**

<u>Fiscal Year Ending 5/31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>% Paid</u>
2010	\$94,170	\$26,761	\$120,931	15.99%
2011	94,261	22,586	116,847	31.99%
2012	93,280	18,305	111,585	47.83%
2013	79,299	14,094	93,393	61.30%
2014	86,492	10,445	96,937	75.98%
2015	69,487	6,411	75,898	87.78%
2016	69,582	3,196	72,778	99.60%
2017	2,380	5	2,384	100.00%
<b>Totals:</b>	<u>\$588,951</u>	<u>\$101,803</u>	<u>\$690,754</u>	

Source: Village Bond Records

**Computation of Debt Limit and Calculation of Net Indebtedness**

(As of November 23, 2009)

<u>Fiscal Year Ending May 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2006	\$38,668,275	100.00%	\$38,668,275
2007	39,008,933	97.00%	\$40,215,395
2008	38,870,404	85.00%	\$45,729,887
2009	38,978,330	79.00%	\$49,339,658
2010	38,376,913	74.50%	\$51,512,635
Total (2009-10) <sup>1</sup>	\$193,902,855		\$225,465,850
Average Five Year Full Valuation			\$45,093,170
Debt Limit - 7% of Average Full Valuation			\$15,782,610
Inclusions:			
Bonds			\$580,377
Bond Anticipation Notes			0
Total Inclusions			\$580,377
Exclusions:			
Sewer Indebtedness <sup>2</sup>			\$30,000
Water Indebtedness <sup>3</sup>			0
Appropriations <sup>3</sup>			63,596
Total Exclusions			\$93,596
Total Net Indebtedness Before Giving Effect to This Issue			\$486,781
This Issue			5,340,500
Amount of This Issue Excludable <sup>3</sup>			5,340,500
Total New Indebtedness After Giving Effect to This Issue			\$486,781
Net Debt Contracting Margin			\$15,295,829

Notes: <sup>1</sup> The latest completed assessment roll for which a State Equalization Rate has been established.

<sup>2</sup> Excluded pursuant to Section 124.10 of the Local Finance Law by Orders of the State Comptroller dated March 13, 1972.

<sup>3</sup> Water indebtedness and budgeted appropriations are automatically excluded pursuant to provisions of the New York State Constitution and Section 136.00 of the Local Finance Law.

<sup>4</sup> Represents 3.08% of the Debt Limit of the Village.

**Other Obligations**

As of the date of this Official Statement, the Village does not have any other outstanding obligations.

**Trend of Outstanding Debt**

	Fiscal Year Ending May 31:				
	2005	2006	2007	2008	2009
Bonds	\$956,272	\$867,456	\$770,545	\$671,546	\$588,951
Bond Anticipation Notes	31,955	20,955	9,955	0	0
Total	\$988,227	\$888,411	\$780,500	\$671,546	\$588,951

Source: Annual Update Documents of the Village

## Authorized and Un-Issued Indebtedness

As of the date of this Official Statement, the Village has no other authorized but unissued indebtedness.

### Capital Project Plans and Anticipated Future Borrowings

The Village is generally responsible for providing services as required by the citizens on a village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road systems require annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. As has been noted, the Village generally has provided the financing for water and sewer services, and has the primary responsibility for these functions.

### Direct and Overlapping Indebtedness

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt obligations of the County, school districts, and the Village, as well as the Village. Such taxpayers' share of this overlapping debt is based upon the amount of the Village'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 Village and the approximate magnitude of the burden on taxable property of the Village of the debt issued and outstanding by such overlapping entities, as of the dates shown.

#### Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Applicable Total Indebtedness	Exclusions <sup>1</sup>	Applicable Net Indebtedness	Full Value of Village in Municipality	Total Full Value of Municipality	% In Village	Estimated Applicable Overlapping Debt
County:								
Oneida	2009	\$124,419,002	\$13,943,267	\$110,475,735	\$51,512,635	\$9,892,672,164	0.52%	\$574,473
Towns:								
Vernon	2009	\$0	\$0	\$0	\$51,512,635	\$416,726,519	12.36%	\$0
School District:								
Sherrill	2009	\$19,790,000	\$16,326,750	\$3,463,250	\$51,512,635	\$632,149,772	8.15%	\$282,254
Total Net Overlapping Debt:								\$857,477
Total Net Direct Debt:								486,781
Total Overlapping and Direct Debt:								\$1,343,510

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Note: <sup>1</sup> Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt and revenue anticipation notes)

### Debt Ratios

The following table presents certain debt ratios relating to the Village's direct and overlapping indebtedness as of November 23, 2009.

	<u>Amount</u>	<u>Debt Per Capita</u> <sup>1</sup>	<u>Debt Full Value</u> <sup>2</sup>
Net Direct Debt	\$486,781	\$91.24	0.94%
Total Direct & Applicable Total Overlapping Debt	\$1,343,510	\$251.83	2.61%

Notes: <sup>1</sup> The 2000 population of the Village is 5,335 according to the US Census Bureau.

<sup>2</sup> The full valuation of real property located in the Village for the 2010 fiscal year is \$51,512,635.

## **FINANCES OF THE VILLAGE**

### **Financial Statements and Accounting Procedures**

The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various state and federal statutes.

In June, 1999, the Governmental Accounting Standards Board (“GASB”) issued Statement 34, “Basic Financial Statements and Management’s Discussions and Analysis for State and Local Governments”. This Statement established new financial reporting requirements for state and local governments throughout the United States. Statement 34 required new information and restructured much of the information that governments had presented in the past. Comparability with reports issued in all prior years will be affected. GASB required the Village to implement this standard for the fiscal year ending December 31, 2003. The Village has not complied with the requirements of GASB Statement 34.

The Statements of Revenues, Expenditures (General) presented in Appendix A of this Official Statement are based on Annual Update Documents for the 2005-09 fiscal years.

#### *Fund Structure and Accounts*

The Village utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Village presently maintains the following governmental funds: General Fund, Water Fund, Sewer Fund and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. Account groups are maintained for fixed assets and long-term debt.

#### *Basis of Accounting*

The Village’s governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual – that is, when they become “measurable” and “available” to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting, which is when the related fund liability is incurred. An exception to this general rule is un-matured interest on general long-term debt which is recognized when due.

### **Investment Policy**

The primary objectives of the Village’s investment policy are, in priority order, as follows:

- To conform to all applicable federal, state and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the Village is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under

the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Village may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations of the State of New York; (3) In Repurchase Agreements involving the purchase and sale of direct obligations of the United States; (4) certificates of Deposit issued by a bank or trust company authorized to do business in New York State; (5) Time Deposit Accounts in a bank or trust company authorized to do business in New York State; (6) in the case of moneys held in certain reserve funds established by the Village pursuant to law, in obligations of the Village.

All funds may be invested in: (1) 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; (2) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village, itself.

Only reserve funds may be invested in: (1) Obligations of the Village.

All of the foregoing 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 obligations 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 Village, 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 by Section 10 of the GML.

The Village Board of Trustees adopted an investment policy on November 16, 2009, and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Village are made in accordance with such policy.

### **Budgetary Procedures**

The Village operates on a fiscal year beginning June 1 and ending May 31. Village law, specifically Sections 5-502 through 5-508, govern the Village budget policy. The Village Board, with the assistance of the Village Treasurer, prepares a tentative budget no later than March 20<sup>th</sup> of each fiscal year for the fiscal year commencing the following June 1 and holds a public hearing thereon by April 15<sup>th</sup>. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Village Board as its final budget for the coming fiscal year by May 1. The budget of the Village is not subject to voter approval.

All modifications of the budget must be approved by the governing board.

### **Financial Operations**

The Village Treasurer functions as the chief fiscal officer of the Village are provided by Section 2 of the Local Finance Law. In this role, the Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Village Treasurer is the Village's budget officer and must therefore prepare the annual tentative budget for submission to the Village Board of Trustees. Budgetary control during the year is the responsibility of the treasurer.

The Village Board of Trustees, as a whole, serves as the finance board of the Village and is responsible for authorizing, by resolution, all material financial transactions such as operating, capital budgets and bonded debt.

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. All revenues (rents and fees) and expenses of the Water and Solid Waste operations are specifically accounted for in these respective funds.

The Village's fiscal year runs from June 1<sup>st</sup> through May 31<sup>st</sup> for operating and reporting purposes.

## **Revenues**

The Village receives most of its revenues from a tax on real property in the Village; a portion of General Fund revenues is comprised of State aid. For the year ending May 31, 2009, real property taxes and assessments accounted for 32.09% of the general fund revenue. State aid made up 6.16% of the General Fund revenue in 2009.

An unaudited summary of such revenues and other financing sources for the last five completed fiscal years ending with May 31, 2009 and the budget for fiscal year ending 2010 may be found in Appendix A – Financial Information.

### *Real Property Taxes*

See “Real Property Tax Information”, herein.

### *State Aid*

The Village is dependent in part on financial assistance from New York State (the "State"). However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the Village.

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

While the Village has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the Village. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

## **Expenditures**

The major categories of expenditure for the Village are General Government Support, Public Safety, Transportation, Home and Community Services, and Employee Benefits. An unaudited summary of the expenditures for the five most recently completed fiscal years ending May 31, 2009 and the estimated expenditures for the current fiscal year may be found in Appendix A – Financial Information.

## **Pension System**

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State Local Police and Fire Retirement System ("PFRS"). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) The ERS and PFRS together are generally also known as the "Common Retirement Fund." The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems 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 five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers.

Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members of the ERS hired on or after July 27, 1976 must contribute 3% of gross annual salary, for the first ten years of service, toward the cost of retirement programs.

The following schedule reflects the village’s contribution to the ERS for the last four fiscal years and the amount budgeted for fiscal year 2010:

<u>Fiscal Year Ending May 31:</u>	<u>ERS</u>	<u>PFRS</u>
Budgeted 2010	\$ 32,906	\$ 7,754
2009	24,082	11,598
2008	19,654	7,952
2007	21,250	11,392
2006	22,931	11,285

Legislation enacted in 2003 changed the cycle of billing to better match budget cycles of the Village and other governmental employers. Under the previous method, the Village was unsure of how much it would be required to pay to the system until after its budget was implemented. The contribution for a given fiscal year is now based on the value of the pension fund on the prior April 1 instead of the following April 1, so the Village is now able to more accurately include the cost of the contribution in its budget. The Village is required to a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

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 moves the annual payment date for contributions from December 15<sup>th</sup> to February 1<sup>st</sup>, effective December 15, 2004. It increased, from five to ten years, the maximum amortization period of the portion of employer contributions that exceeded certain percentages of payroll for certain designated years. It also allowed employers to bond for their 2005-2006 and 2006-2007 fiscal year contributions in excess of 9.5% and 10.5% respectively. This amortization may be made with the Retirement System or the Village could issue a maximum of 10 year general obligation bonds, the interest on which would be set at prevailing bond market rates on the date of the sale and would be taxable for federal income tax purposes.

On September 3, 2009, New York State Comptroller Thomas DiNapoli announced that employer contribution rates for the Employee Retirement fund (ERS) for payments due February 1, 2010 will be 7.4% of eligible payroll and February 1, 2011 contributions will increase to 11.9% of payroll. DiNapoli noted the Fund posted a 26.3% negative return for the fiscal year ended March 31, 2009. DiNapoli warned of the need for the New York State Common Retirement Fund to address the long-term costs of the retirement system contributions local governments will have to make in the future.

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

While the Village is aware of the potential negative impact on its budget and will take appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

**Other Post-Employment Benefits**

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

earlier adoption, implementation is required by the following dates, based on the size of the governmental entity measured by annual revenue:

GASB and OPEB. OPEB refers to “other post-employment benefits,” and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed.

Recently enacted 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 benefits and other non-pension benefits (“OPEC”), as it accounts for vested pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance.

GASB 45 will require municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It will require them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

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

Actuarial valuation will be required every two years for OPEB plans with more than two hundred members, every three years if there are less than two hundred members. The Village does not expect to be in compliance with GASB 45 by the end of the fiscal year ending June 30, 2010.

Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

## REAL PROPERTY TAX INFORMATION

### Real Property Taxes

The following table presents the total tax levy tax rates and collection performance for each of the last five fiscal years.

	Tax Collection Record				
	Fiscal Year Ended May 31:				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Tax Levy	\$261,443	\$273,122	\$275,434	\$285,697	\$228,435
Taxes Collected Prior to Return to County	243,574	246,776	251,244	265,589	212,940
Uncollected Taxes Turned Over to County	17,869	26,346	24,192	20,108	15,495
Percentage Collected	93.17%	90.35%	91.22%	92.96%	93.22%

Source: Village Officials

## Tax Collection Procedure

Taxes are due June 1, payable to July 1 without penalty. Penalties thereafter are imposed at an annual interest rate determined by the NYS Commissioner of Taxation and Finance. On November 1st, uncollected taxes are turned over to the County Treasurer's Office and uncollected taxes and penalties are relieved as part of the County tax levy. The County guarantees to pay the Village the full amount of such uncollected taxes prior to the end of the Village fiscal year in which the tax was levied.

## Constitutional Tax Limit

The Constitution limits the amount that may be raised by the Village *ad valorem* tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2009-10 fiscal year is as follows:

Five Year Total Full Valuation	\$212,577,215
Five Year Average Full Valuation	42,515,443
Constitutional Tax Limit: (2%)	850,309
Tax Levy - General Village Purposes	216,590
Less: Exclusions for Debt and Capital Purposes	0
Tax Levy Subject to Tax Limit	216,590
Percentage of Tax Limit Exhausted	25.47%
<u>Constitutional Tax Margin</u>	<u>\$633,719</u>

Source: Constitutional Tax Limit Worksheet dated April 2009 as submitted  
to the NYS Comptroller by the Village.

## Ten Largest Taxpayers 2009 Assessment Roll for 2010

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
HP Hood	Manufacturing	\$2,437,584
Timbar Corporation	Manufacturing	1,624,161
Oneida Savings Bank	Bank	1,095,168
Kuhn Farm Machinery Inc.	Dealer	906,309
Niagara Mowhawk	Utility	785,660
Arundel Inc.	Restaurant	738,255
Dancing Bear LLC	Mini-mart	738,255
Vernon Housing Associates	Apartments	738,255
Mt. Vernon Apartments	Apartments	503,356
Newark Heights	Multi-use Building	386,040
	Total	<u><u>\$9,953,043</u></u> <sup>1</sup>

Note: <sup>1</sup> Represents 19.32% of the 2009-10 Full Valuation of \$51,512,635 of the Village.

## **LITIGATION**

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

## **MARKET AND RISK FACTORS**

The financial and economic condition of the Village as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Village's control. There can be no assurance that adverse events in the State of New York or in other jurisdictions in the country, 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 another jurisdiction, or of any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Village to arrange for additional borrowings and the market for and the market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Village is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the Village.

The subprime mortgage crisis of 2007-2009 created massive disruptions in the U.S. and global securities markets, and the health of those markets has been impaired to the point where significant governmental intervention has been deemed necessary. This is projected to have significant adverse effects on the finances of New York State, on which the Village depends for State aid. The exact impact on the Village cannot be predicted, but it will in all likelihood be negative, and could persist for a significant period of time.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion Trespasz & Marquardt, LLP, Bond Counsel, Syracuse, New York. Bond Counsel's opinion will be substantially in the form attached hereto as Appendix B.

## MATERIAL EVENT NOTICES

In accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Village has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding, in a timely manner, to the Electronic Municipal Market Access ("EMMA") system established and operated by the Municipal Securities Rulemaking Board ("MSRB") currently located at: <http://www.emma.msrb.org> or such other similar system established and operated by the MSRB, notice of the occurrence of any of the following events with respects to the Notes, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Notes;
- (g) modifications to rights of Note holders;
- (h) bond calls;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes; and
- (k) rating changes.

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

The Village reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Notes within the meaning of the Rule.

The Village acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village's obligations under its material event notices undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

A Material Event Notices Certificate to this effect shall be provided to the purchaser(s) at closing.

The Village is in compliance with all prior undertakings pursuant to the Rule.

## TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters the accuracy of certain representations and, compliance with certain covenants, interest on the Notes is exempt from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is excluded from personal income taxes imposed by the State of New York and any political subdivisions thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate

alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposal, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **RATING**

The Village has not applied for a rating on the Notes.

## **FINANCIAL ADVISOR**

Municipal Solutions, Inc. has assisted the Village as financial advisor in certain matters with respect to the sale and issuance of the Notes.

## **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of the Village Treasurer, Karen Rizzo, 8 Ruth Street, PO Box 1137, Vernon, NY 13476, telephone number 315-829-3424, or from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number 585-394-4090, fax number 585-394-4092, and website at: <http://www.municipalsolution.com>.

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 Village 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 Village and may not be reproduced or used in whole or in part for any other purpose.

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

Municipal Solutions, Inc. will place a copy of this Official Statement on its website: <http://www.municipalsolution.com>. Unless the Official Statement specifically indicated otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Municipal Solutions, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Village nor Municipal Solutions, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Municipal Solutions, Inc., and the Village 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. Municipal Solutions, Inc. and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Further, Municipal Solutions, Inc. and the Village 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. Municipal Solutions, Inc. and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

VILLAGE OF VERNON

November 23, 2009  
Vernon, New York

\_\_\_\_\_  
By: s/s Karen Rizzo  
Village Treasurer and Chief Fiscal Officer

\*\*\*\*\*  
Additional copies of the Notice of Sale and Official Statement may be obtained upon request  
from the Office of Municipal Solutions, Inc., 2528 State Route 21,  
Canandaigua, New York 14424, telephone (585) 394-4090.  
Website: [www.municipalsolution.com](http://www.municipalsolution.com)

**APPENDIX A**

**UNAUDITED FINANCIAL INFORMATION**

**Statement of Revenues, Expenditures and Fund Balances**  
**General Fund - Village of Vernon**

	Fiscal Year Ending May 31:				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues:</b>					
Real Property Taxes	\$261,444	\$273,650	\$273,757	\$285,697	\$229,318
Real Property Tax Items	4,214	4,455	5,043	4,988	3,910
Non-Property Tax Items	143,554	127,776	138,168	138,632	135,681
Departmental Income	7,281	7,465	8,344	8,324	21,923
Intergovernmental Charges	3,495	3,500	4,988	4,763	2,189
Use of Money and Property	3,366	3,792	7,147	15,677	10,616
Licenses & Permits	5,339	1,897	3,903	5,505	915
Fines & Forfeitures	23,775	25,546	29,840	30,566	56,131
Sale of Property & Comp. For Loss	3,150	43,765	2,150	5,000	40
Miscellaneous Local Sources	1,881	4,183	33,709	170,018	197,735
State Aid	92,190	30,842	21,110	55,877	44,046
Federal Aid	11,444	24,650	8,640	26,608	12,080
Interfund Transfers	0	36,800	64,008	0	0
<b>Total Revenues</b>	<u><u>\$561,133</u></u>	<u><u>\$588,321</u></u>	<u><u>\$600,807</u></u>	<u><u>\$751,655</u></u>	<u><u>\$714,584</u></u>
<b>Expenditures:</b>					
General Governmental Support	\$94,965	\$74,778	\$82,376	\$87,694	\$129,331
Public Safety	160,776	161,680	212,207	195,059	192,461
Health	50	75	75	75	100
Transportation	134,645	56,384	119,039	146,039	104,743
Culture & Recreation	18,934	15,390	16,881	27,660	16,030
Home & Community Services	87,079	83,663	58,073	80,187	80,883
Employee Benefits	41,489	45,413	47,095	48,966	58,136
Debt Service	53,219	11,426	30,951	20,055	9,338
Operating Transfers	0	36,800	42,003	0	0
<b>Total Expenditures</b>	<u><u>\$591,157</u></u>	<u><u>\$485,609</u></u>	<u><u>\$608,700</u></u>	<u><u>\$605,735</u></u>	<u><u>\$591,022</u></u>
<b>Excess (Deficit) Revenues</b>					
Over Expenditures	(\$30,024)	\$102,712	(\$7,893)	\$145,920	\$123,562
Net Adjustments to Fund Balances	0	0	0	(1)	0
Fund Balance Beg. of Fiscal Year	<u>312,127</u>	<u>282,103</u>	<u>384,815</u>	<u>376,922</u>	<u>522,841</u>
Fund Balance End of Fiscal Year	<u><u>\$282,103</u></u>	<u><u>\$384,815</u></u>	<u><u>\$376,922</u></u>	<u><u>\$522,841</u></u>	<u><u>\$646,403</u></u>

Source: Annual Update Documents as submitted the NYS Comptroller's office  
This table NOT audited

**Statement of Revenues, Expenditures and Fund Balances  
Water Fund - Village of Vernon**

	Fiscal Year Ending May 31:				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues:</b>					
Departmental Income	\$436,355	\$450,244	\$495,682	\$491,232	\$446,632
Use of Money and Property	5,130	5,865	7,005	12,633	7,374
State Aid	0	0	0	7,500	0
Interfund Transfers	0	16,200	9,421	0	0
<b>Total Revenues</b>	<u>\$441,485</u>	<u>\$472,309</u>	<u>\$512,108</u>	<u>\$511,365</u>	<u>\$454,006</u>
<b>Expenditures:</b>					
General Governmental Support	\$11,676	\$11,142	\$54,741	\$30,964	\$31,630
Home & Community Service	316,485	500,895	397,075	345,304	333,916
Employee Benefits	24,262	28,450	23,241	22,356	24,395
Debt Service	0	0	0	0	0
Operating Transfers	0	16,200	25,138	0	0
<b>Subtotal: Expenditures</b>	<u>\$352,423</u>	<u>\$556,687</u>	<u>\$500,195</u>	<u>\$398,624</u>	<u>\$389,941</u>
<b>Excess (Deficit) Revenues</b>					
Over Expenditures	\$89,062	(\$84,378)	\$11,913	\$112,741	\$64,065
Net Adjustments to Fund Balances	(1)	0	0	1	0
Fund Balance Beg. of Fiscal Year	325,365	414,426	330,048	341,961	454,703
<b>Fund Balance End of Fiscal Year</b>	<u>\$414,426</u>	<u>\$330,048</u>	<u>\$341,961</u>	<u>\$454,703</u>	<u>\$518,768</u>

Source: Annual Update Documents as submitted the NYS Comptroller's office  
This table NOT audited

**Balance Sheet**  
**Village of Vernon**  
Fiscal Year Ending May 31, 2009

	<u>General Fund</u>	<u>Water Fund</u>
<b>Assets:</b>		
Cash	\$259,374	\$361,038
Other Receivables	\$0	(\$17,066)
Due from Other Funds	6,900	0
Restricted Assets	376,679	174,796
<b>Total Assets</b>	<u><u>\$642,953</u></u>	<u><u>\$518,768</u></u>
<b>Liabilities:</b>		
Other Liabilities	(\$3,426)	\$0
Due to Other Funds	0	0
<b>Total Liabilities</b>	<u><u>(\$3,426)</u></u>	<u><u>\$0</u></u>
<b>Fund Balances:</b>		
Special Reserves	\$376,679	\$175,425
Unreserved - Unappropriated	269,700	343,343
<b>Total Fund Balance</b>	<u><u>646,379</u></u>	<u><u>518,768</u></u>
<b>Total Liabilities &amp; Fund Balance</b>	<u><u>\$642,953</u></u>	<u><u>\$518,768</u></u>

Source: Annual Update Document as submitted to the NYS Comptroller's Office  
This table NOT audited

**Budget Summary**  
**Village of Vernon**  
Fiscal Year Ending May 31, 2010

	<u>General Fund</u>	<u>Water Fund</u>
Revenues:		
Real Property Taxes	\$216,590	\$0
Real Property Tax Items	3,500	0
Non-Property Tax Items	140,400	0
Departmental Income	38,000	457,511
Intergovernmental Charges	5,000	0
Use of Money & Property	15,000	7,200
Licenses & Permits	1,450	0
Fines & Forfeitures	35,000	0
Sale of Property & Comp for Loss	0	0
Miscellaneous Local Sources	235,861	0
State Aid	31,000	0
Interfund Transfers	0	0
Appropriated Fund Balance	0	0
Total:	<u>\$721,801</u>	<u>\$464,711</u>
Expenses:		
General Government Support	\$92,000	\$61,850
Public Safety	248,199	0
Health	125	0
Transportation	124,519	0
Culture & Recreation	42,400	0
Home & Community Service	109,650	362,984
Employee Benefits	68,436	26,877
Debt Service	8,972	0
Interfund Transfers	27,500	13,000
Total	<u>\$721,801</u>	<u>\$464,711</u>

Source: Adopted Budget of the Village  
This table NOT audited

**APPENDIX B**

**BOND COUNSEL'S LEGAL OPINION**



TRESPASZ & MARQUARDT, LLP  
ATTORNEYS AND COUNSELORS AT LAW

December 17, 2009

Village of Vernon  
8 Ruth Street  
Vernon, New York 13476

Re: Village of Vernon, Oneida County, New York  
\$5,340,000 Bond Anticipation Notes, 2009

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$5,340,000 Bond Anticipation Notes, 2009 (the "Notes"), of the Village of Vernon, Oneida County, New York (the "Village"). The Notes are being issued pursuant to the Constitution and laws of the State of New York, including the Local Finance Law, Resolutions adopted by the Village Board of the Village on July 21, 2008, and a Certificate of Determination of the Village Treasurer of the Village dated on or before December 17, 2009 relative to the form and terms of the Notes. The Notes may not be redeemed prior to maturity.

In our opinion, the Notes are a valid and legally binding general obligation of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the Village is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. The Village Treasurer, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the Village will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the Village delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and such interest is not included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

251 West Fayette Street · Syracuse, New York 13202

T: 315.466.4444 F: 315.466.5555

Certain agreements, requirements and procedures contained or referred to in the Arbitrage and Use of Proceeds Certificate and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage and Use of Proceeds Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future

actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes or adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. We call attention to the fact that the rights and obligations under the Notes and the Arbitrage and Use of Proceeds Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against New York municipal corporations such as the Village. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. The opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Village, together with other legally available sources of revenue, if any, will be sufficient to enable the Village to pay the principal of or interest on the Notes as the same respectively become due and payable.

We have examined the executed Note of said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

**TRESPASZ & MARQUARDT, LLP**

