

PRELIMINARY OFFICIAL STATEMENT

NEW AND RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, interest on the Notes is included in gross income for federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "TAX MATTERS" herein.



\$3,815,000
TOWN OF CORTLANDVILLE
CORTLAND COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 220777

\$3,815,000 Bond Anticipation Notes – 2022A (Federally Taxable)
(referred to herein as the "Notes")

Dated: January 27, 2022

Due: January 27, 2023

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

The Notes are to be issued without the option of prior redemption. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity, or prior redemption.

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

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

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC, New York, New York, or as may be agreed upon with the purchaser, on or about January 27, 2022.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on January 19, 2022 until 11:00 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

January 13, 2022

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 OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE RULE, SEE "APPENDIX C –UNDERTAKING TO PROVIDE NOTICE OF EVENTS" HEREIN.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

CORTLANDVILLE
New York

TOWN OFFICIALS

TOWN BOARD



THOMAS WILLIAMS
Supervisor

JAY E. COBB
Deputy Supervisor

JEFFREY D. GUIDO
Deputy Supervisor

COUNCILMEN

THEODORE V. TESTA
GREGORY K. LEACH

* * * * *

MEGAN JOHNSON
Bookkeeper

KRISTIN E. ROCCO-PETRELLA, RMC
Town Clerk, Tax Collector

JOHN A. DELVECCHIO, ESQ.
Town Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Hawkins
DELAFIELD & WOOD_{LLP}
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
TOWN OF CORTLANDVILLE
CORTLAND COUNTY, NEW YORK**

RELATING TO

\$3,815,00 Bond Anticipation Notes – 2022A (Federally Taxable)

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Cortlandville, Cortland County, New York (the "Town," "County," and "State," respectively), in connection with the sale by the Town of its aggregate principal amount of \$3,815,000 Bond Anticipation Notes – 2022A (Federally Taxable) (referred to herein as the "Notes").

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

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town's management and staff. This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "THE TOWN-State Aid" and "COVID-19" herein.

NATURE OF THE OBLIGATION

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

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

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

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

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

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

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

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

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

FINANCIAL CONTROL BOARDS

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

the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

RISK FACTORS

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

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

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

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

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

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

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

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

The effects of the COVID-19 pandemic may also have a material negative impact on the Town. (See “COVID-19” herein.)

THE NOTES

Description of the Notes

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

The Notes will be dated the date of delivery, which is expected to be January 27, 2022 and will mature on January 27, 2023. The Notes are not subject to redemption prior to maturity

No Optional Redemption

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

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law. A portion of the Notes in the amount of \$2,515,000 are issued pursuant to a bond resolution adopted by the Town Board on June 12, 2017 authorizing the issuance of up to \$3,000,000 bonds for the construction of park, recreational, and sports improvements on a parcel of real property acquired by the Town. Said portion of the Notes, along with \$170,000 available funds of the Town, will redeem and renew \$2,685,000 bond anticipation notes maturing on January 28, 2022 for the aforementioned purposes.

The \$1,300,000 balance of the Notes are issued pursuant to a bond resolution adopted by the Town Board on January 5, 2022 authorizing the issuance of up to \$2,000,000 bonds for the construction of improvements at Gutches Lumber Sports Complex. Said portion of the Notes will provide \$1,300,000 new monies for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each maturity of the Notes in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing

Corporation, and Emerging Markets Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 dates in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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-only 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.

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

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

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

Certificated Notes

For those Notes issued in book-entry form, the following provisions shall apply: DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, notes will be registered in the name of the owner(s) in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State to be named by the Town as fiscal agent for the Notes.

THE TOWN

General Information

The Town of Cortlandville was established in 1829. The Village of McGraw is located wholly within the Town and the Village of Homer is located partially within the Town, both of which have their independent form of government. A portion of the area's four independent school districts are located within the Town. The school districts utilize the Town's assessment roll as the basis for taxation of the apportioned levy in the Town.

The Town is located in the southern sector of central New York, approximately 30 miles south of the City of Syracuse. The City of Binghamton is located 45 miles to the south. The Town surrounds the City of Cortland, the County Seat, and is located in the west section of the County. Major highways through the Town include Interstate #81, and State Routes #11, #13, #41, #222 and #281.

Greek Peak, Labrador and Song Mountain are three popular ski resorts located in the County. Transportation needs are met by various motor freight lines, Greyhound Bus Lines and various major airlines operating out of Syracuse Hancock International Airport, Tompkins County Airport in Ithaca and Broome County Airport in Binghamton.

The Town has a land area of 50.1 square miles and has a current estimated population of 8,409 including the Village of McGraw. The Town is suburban in nature and enjoys a significant industrial base. The Town serves as the commercial hub for the residents in and around the County, as well as the surrounding farm and dairy region. The sale of locally produced milk, beef, maple syrup and cash crops within the County generates revenues in excess of \$60 million annually. New businesses within the Town include Byrne Dairy, Best Western, Essex Steel, Country Inn and Suites, Price Chopper, Super Wal-Mart, Pyrotek and Lowes, Forkey Construction & Fabrication Inc., & Cortland Commerce Development LLC. An area in the Town has been designated as "Finger Lakes East Business Park" which is designated as an industrial park. The area has been approved and been granted some funding by the governor's office. The Cortland County Industrial Development Agency ("IDA") awarded Byrne Dairy the purchase of the 125-acre business park. The first phase of the development is the \$30 million construction of facilities for yogurt production, artisan cheese production, a visitor's center, and agriculture-related tourism facilities began in late summer of 2013. In 2014, Byrne Dairy completed the yogurt manufacturing plant and is currently in the process of the "Ultra Milk" process with a small plant addition (approx. 1200 Sq Ft) along with a change in processing equipment.

Major non-manufacturing employers within the County provide employment and include the State University of New York at Cortland (SUNY) which provides graduate and undergraduate education to 7,000 students and employs approximately 1,000 persons; Guthrie Cortland Medical Center which consists of a 177-bed facility and employs 750 persons; and County and City governments employing approximately 650 and 200 persons respectively.

Source: Town officials.

Major Employers

The following is a summary of the major non-manufacturing and manufacturing employers in the Cortland metropolitan area (some of which are located outside the boundaries of the Town):

Non-Manufacturing Employment

<u>Name</u>	<u>Type</u>	<u>Employees</u>
State University of New York at Cortland	Education	1,339
County of Cortland	Government	649
Cortland Regional Medical Center	Health Care	725
Crown Center for Nursing & Rehab	Health Care	260
Onondaga-Cortland-Madison BOCES	Education	212
Greek Peak	Recreation (seasonal)	200
City of Cortland	Government	200
Price Chopper	Super Market	125

Manufacturing Employment

<u>Name</u>	<u>Products</u>	<u>Employees</u>
KIK/Marietta Packaging Corporation	Packaging amenities for hotel/motel chains (seasonal)	630
Pall Trinity Micro Corporation	Industrial Filters & Filtration Systems	500
Suit-Kote Corporation	Asphalt Products	500
Intertek Testing Services	Independent Testing, Labeling & Certified Services	360
Auxiliary Services Corporation	Food Service, Book Store, Vending	300
J. M. Murray Center	Produces/assembles a variety of products	224
Gutchess Lumber Company	Processes Hardwood Lumber	180
Square Deal Machining	Produces machined, fabricated, and welded components for construction equipment, Trucking, electronic and hardware industries	130

Employment of 100 to 199 Persons

Pyrotek	Refining, Melting, Processing and Casting of Molten Aluminum
Forkey Construction	Metal Fabrication
Bestway Enterprises	Pressure Treated Lumber
Manpower	Temporary Employment Service
Tops Market	Supermarket
Wal-Mart	Discount Retailer
Lowe's	Discount Retailer
Cortland Care Center	Skilled Nursing Care
Economy Paving	Highway and Bridge Construction Services
NBT	Banking Services
Albany International Corporation	Monofilament for Paper Makers
Key Bank	Banking Services
Northeast Transformer Services	Transformer Repair and Manufacturing
Tompkins-Cortland Community College (TC3)	Education

Note: Above list does not reflect any changes in employment due to impacts of COVID-19 pandemic.

Employment in the manufacturing sector over the last few years has demonstrated stability and moderate growth. In addition, the overall employment picture in the area has historically been buoyed by the availability of non-manufacturing job opportunities.

The County Industrial Development Agency along with the Cortland Business Development Council has received a commitment from the County, which calls for 2% of the portion of the sales tax, which is distributed by the County to be set aside to fund the region-wide economic development program. Those funds will be used to cover the administrative expenses of the Cortland County Industrial Development Agency and the Cortland Business Development Council. With such a documented contractual commitment to the economic development efforts within the area, the prospects are favorable for future development and job creation in the region.

Source: Town officials.

Population Trends

<u>Year</u>	<u>Town of Cortlandville</u>	<u>Cortland County</u>	<u>New York State</u>
1970	8,868	45,894	18,236,882
1980	9,408	48,820	17,558,072
1990	8,054	48,735	17,990,455
2000	7,919	49,611	18,976,457
2010	8,509	49,336	19,378,102
2020	8,409	46,809	20,201,249

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 2000 census, and 2006-2010 and 2015-2019 American Community Survey.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Town of:						
Cortlandville	\$ 19,887	\$ 25,714	\$ 35,031	\$ 46,888	\$ 65,769	\$ 83,750
County of:						
Cortland	16,622	22,078	28,229	42,204	57,743	70,192
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement

Source: U.S. Census Bureau 2000 census, and 2006-2010 and 2015-2019 5-Year American Community Survey data.

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cortland County	6.6%	5.9%	5.8%	5.8%	5.1%	4.7%	7.9%
New York State	6.3%	5.2%	4.9%	4.6%	4.1%	3.8%	10.0%

	<u>2021 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Cortland County	7.4%	7.5%	6.9%	5.6%	4.9%	5.5%	5.7%	5.4%	4.2%	4.1%	3.9%	N/A
New York State	9.4%	9.7%	8.4%	7.7%	7.0%	7.2%	7.4%	7.1%	6.3%	5.9%	5.5%	N/A

Note: Unemployment rates for December 2021 are not available as of the date of this Official Statement.

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

Form of Town Government

The Town is governed by the provisions of the Town Law.

The chief executive officer of the Town is the Supervisor who is elected for a term of two years and is eligible to succeed himself. He is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board designated as Councilmen who are elected for four-year terms which are staggered such that two councilmen are elected every two years. All the Town Board members are elected at large and there is no limitation on the number of terms each may serve.

The Highway Superintendent is elected to a term of two years. The Town appoints its Assessor who serves a six-year term. The Town appoints the Bookkeeper, Engineer and the Town Attorney whose terms are fixed by Town Law. The Town Clerk, who also performs the duties of Town Tax Collector, is elected for a two-year term. The Town Board appoints a Zoning Board, Planning Board, and Board of Assessment Review.

Financial Organization

The Supervisor is the chief fiscal officer of the Town and is the head of the Bookkeeping Department. In addition to controlling all appropriation expenses, countersigning checks and auditing all claims against the Town, the Supervisor is responsible for the preparation of the annual budget and is the accounting officer of the Town.

Budgetary Procedures

The Supervisor, with the assistance of the bookkeeper prepares a preliminary budget each year, pursuant to various laws of the State of New York, and holds a public hearing thereon. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum.

The Town remained within its tax levy limit for the 2022 budget.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town; and, (9) reciprocal deposit through a deposit placement program in a bank or trust company located and authorized to do business in the State of New York. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Town at present has only invested in items (1), (2) and (9) above, and does not contemplate any other investments.

State Aid

The Town receives financial assistance from the State. In its General Fund budget for the 2022 fiscal year, approximately 5% of the operating revenues of the Town is expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

The State's revenue picture improved in the final quarter of fiscal year 2021, with tax collections exceeding expectations. On March 1, 2021 the Executive and Legislature reached consensus that cumulative tax receipts over fiscal year 2021 and fiscal year 2022 would be at least \$2.5 billion higher than estimated in the Executive Budget Financial Plan. Collections through the end of fiscal year 2021 were even more favorable, providing the basis for the substantial upward revision to tax receipts. The State finished fiscal year 2021 in a stronger overall position in comparison to the Executive Budget Financial Plan. Results reflected both strong tax receipts and disbursements that fell substantially below budgeted levels.

On March 11, 2021 the Federal American Rescue Plan Act (ARPA) was enacted. The ARPA is a \$1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation's economic recovery. The ARPA provides the State with \$12.6 billion in general aid ("recovery aid") as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing and other purposes. The enacted 2021-22 State budget provides for an increase in All Funds spending of 9.7% over 2020-21, relying on a combination of the new federal funding and revenue-raising initiatives to avoid cuts and support additional investments. According to the State, the budget deploys the first \$5.5 billion of the \$12.6 billion provided for under ARPA.

Employees

The Town employs approximately 50 full-time, part-time and elected employees. None of the employees of the Town are represented by a collective bargaining unit.

Source: Town officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") (the "Retirement System"). The ERS is generally also known as the "Common Retirement Fund". The Retirement System is a cost-sharing multiple public employer retirement system. 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 System 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, except for employees hired on or after January 1, 2010. 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 System. The Retirement System 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 and before January 1, 2010, with less than ten years' service, must contribute 3% of gross annual salary toward the cost of retirement programs.

Pension reform legislation adopted in 2009 created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

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

Additional pension reform legislation adopted in 2012 created a new Tier VI and provided for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The Town’s contributions to the ERS for the years 2017 through 2021 and budgeted contributions for 2022 are as follows:

<u>Year</u>	<u>ERS</u>
2017	\$ 281,685
2018	276,192
2019	278,539
2020	289,641
2021	301,708
2022 (Budgeted)	301,535

Source: Town officials.

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

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

A chart of average ERS rates (2018 to 2022) is shown below:

<u>Year</u>	<u>ERS</u>
2018	15.3
2019	14.9
2020	14.6
2021	14.6
2022	16.2

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that the amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

The investment of monies and assumptions underlying same, of the Retirement System covering the Town’s employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement System (“UAALS”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement

benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town which could affect other budgetary matters. Concerned investors should contact the Retirement System administrative staff for further information on the latest actuarial valuations of the Retirement System.

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

Summary of Changes from the Last Valuation. The Town contracted with Amory Associates LLC, an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending December 31, 2019.

The following outlines the changes to the Total OPEB Liability during the 2019 and 2020 fiscal years, by source.

	2019	2020
Balance beginning at January 31:	<u>\$ 9,501,791</u>	<u>\$ 7,472,722</u>
<u>Changes for the year:</u>		
Service cost	318,761	249,163
Interest	333,875	311,431
Differences between expected and actual experience	(1,612,841)	-
Changes in assumptions or other inputs	(839,075)	1,722,944
Changes of benefit terms	-	-
Benefit payments	<u>(229,789)</u>	<u>(252,066)</u>
Net Changes	<u>\$ (2,029,069)</u>	<u>\$ 2,031,472</u>
Balance ending at December 31:	<u>\$ 7,472,722</u>	<u>\$ 9,504,194</u>

Note: The above table is not audited. The actuarial valuation for the fiscal year ended December 31, 2021 is not available as of the date of this Official Statement.

Under GASB 75, an actuarial valuation will be required every two years for all plans; however, the alternative measurement method will continue to be available for plans with less than 100 members.

The aforementioned liability and ARC are recognized and disclosed in accordance with GASB 75 standards in the Town’s audited financial statements.

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

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Notes are to be issued, is the Town Law and/or the General Municipal Law or other laws.

The Town is in the process of complying 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 this Town is past due.

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

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

Financial Statements

The Town retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the Town. The Audited Financial Report for Fiscal Year ended December 31, 2020 is attached hereto as "APPENDIX – E". The financial affairs of the Town are also subject to annual audits by the State Comptroller.

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

Beginning with the fiscal year ending December 31, 2003, the Town was required to issue its audited financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town is and has been in compliance with GASB Statement No. 34 for all years required.

Insero & Co. CPAs LLP, the independent auditor for the Town, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Insero & Co. CPAs LLP also has not performed any procedures relating to this Official Statement.

Unaudited Results for the Fiscal Year Ending December 31, 2021

Unaudited information for the Town's fiscal year ended December 31, 2021 is unavailable as of the date of this Official Statement.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the Town on March 22, 2019. The purpose of the audit was to Determine whether the use of Town resources to improve private property was appropriate and properly disclosed for the period January 1, 2013 through August 28, 2018.

Key Findings:

- Town officials inappropriately spent \$22,600 to improve and maintain a Board member's property with no lease agreement in place.

Key Recommendations:

- Consider the legal implications of this arrangement and consult with the Town attorney as to whether it may be appropriate to recoup the initial costs for improving the private property.

The Town provided a complete response to the State Comptroller’s office on March 13, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no State Comptroller’s audits of the Town that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included herein by reference.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	No Designation	22.1
2019	No Designation	3.3
2018	No Designation	0.0
2017	No Designation	0.0
2016	No Designation	9.6

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included herein by reference.

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TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuation	\$ 702,474,625	\$ 707,108,515	\$ 711,498,901	\$ 713,381,322	\$ 726,050,249
New York State Equalization Rate	100.00%	100.00%	100.00%	92.00%	85.00%
Total Taxable Full Valuation	\$ 702,474,625	\$ 707,108,515	\$ 711,498,901	\$ 775,414,480	\$ 854,176,764

Note: The assessed valuation for the 2022 fiscal year is expected to be available July 2022.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Inside Villages	\$ 2.05	\$ 2.03	\$ 2.45	\$ 2.81	\$ 2.58
Outside Villages	3.19	3.40	3.41	3.46	3.55

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Tax Levy	\$ 11,891,730	\$ 11,944,327	\$ 12,709,886	\$ 12,870,895	\$ 13,579,554
Amount Uncollected ⁽¹⁾	403,976	420,714	373,630	660,494	N/A
% Uncollected	3.40%	3.52%	2.94%	5.13%	N/A

⁽¹⁾ See “Tax Collection Procedure” herein.

Tax Collection Procedure

The Town Tax Collector's office collects Town and County taxes in January of each year without penalty, with a 1% penalty for each of the months of February, March and April. May has a 4% penalty plus a \$2.00 service charge. After the uncollected taxes are returned to the County Treasurer on June 1st (this is an extension approved by resolution at the county and town levels) a 5% penalty is added plus interest at 12% per annum on the combined total from January 1st of the current year.

The Tax Collector distributes the collected taxes to the Town prior to distributing the balance collected to the County. The Town thereby is assured of 100% tax collections. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually.

Note: The County adopted the “Partial Payment of Taxes” Program for Town and County Collections, pursuant to Section 928-a of the Real Property Tax Law (NYS RPTL). This gave taxpayers a choice to pay their tax bill in full or 50% due by January 31st without a penalty. If taxpayers took advantage of the partial payment program the balance of their tax bill after January 31st would be 25% due by March 15th at 1.5% and 25% due by April 30th at 3.0%.

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Larger Taxpayers – 2021 Assessment for 2022 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
National Grid	Utility	\$ 28,691,047
Wal-Mart Stores East LP	Commercial	14,117,647
Gutchess Lumber Comp. Inc.	Industrial	12,501,648
Cortlandville Crossing LLC	Commercial	10,411,700
Lowes Home Center Inc	Commercial	8,630,235
New York State Electric & Gas	Utility	6,737,089
Cortland Tops Plaza, LLC	Commercial	5,775,647
Suit Kote Corporation	Industrial	5,159,059
Cortland Commerce Center, LLC	Commerce	4,835,294
Rose Student Housing, LLC	Housing	4,705,882

The ten larger taxpayers listed above have an estimated full valuation of \$101,565,248, which represents 11.9% of the tax base of the Town.

The Town currently does not have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the Town.

Source: Town Tax Rolls.

Additional Tax Information

Real property subject to Town taxes is assessed by the Town.

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

The total assessed valuation of the Town consists of approximately 75%-residential and 25%-commercial/industrial.

The total property tax bill of a \$100,000 market value residential property located in the Town is approximately \$4,245 including County, School District and special purpose Town taxes.

TAX LEVY LIMIT LAW

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

Statutory Procedure

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

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

The Local Finance Law also provides for an “estoppel procedure” pursuant to which, a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

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

The Town is in the process of complying with this estoppel procedure with respect to the authorization of 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) restrictions relating to the period of probable usefulness with respect thereto.

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

In general, the Local Finance Law contains provisions providing the Town with the power to issue certain other short-term general obligations indebtedness including revenue and tax anticipation notes, budget, deficiency and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31st:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ 7,667,100	\$ 7,995,800	\$ 7,531,500	\$ 7,069,000	\$ 6,726,500
Bond Anticipation Notes	0	3,000,000	3,000,000	2,845,000	2,685,000
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 7,667,100	\$ 10,995,800	\$ 10,531,500	\$ 9,914,000	\$ 9,411,500

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town as of January 13, 2022.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2022-2053	\$ 6,726,500
<u>Bond Anticipation Notes</u>		
Park and recreational improvements	January 28, 2022	<u>2,685,000</u> ⁽¹⁾
Total Debt Outstanding		<u>\$ 9,411,500</u>

⁽¹⁾ To be redeemed with the proceeds of the Notes and \$170,000 available funds of the Town.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 13, 2022:

Five Year Average Full Valuation of Taxable Real Property	\$ 750,134,657
Debt Limit – 7% thereof	52,509,426

Inclusions:

Bonds	\$ 6,726,500	
Bond Anticipation Notes	<u>2,685,000</u>	
Total Inclusions		\$ <u>9,411,500</u>

Exclusions:

Water Indebtedness ⁽¹⁾	\$ 874,000	
Appropriations – Notes	170,000	
Appropriations – Bonds ⁽²⁾	<u>326,500</u>	
Total Exclusions		\$ <u>1,370,500</u>

Total Net Indebtedness Subject to Debt Limit.....\$ 8,041,000

Net Debt-Contracting Margin.....\$ 44,468,426

The percent of debt contracting power exhausted is 15.31%

The proceeds of the Notes will increase the net indebtedness of the Town by \$1,300,000.

⁽¹⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

⁽²⁾ Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowings

The Town has not found it necessary to borrow tax anticipation notes or revenue anticipation notes in the past and does not anticipate the need to borrow either in the future.

Capital Project Plans

The Town is in the process of developing a large multi-use athletic facility at an estimated cost of \$15 million. The Town has been awarded the Gutchess Lumber Sports Complex Grant #AC571/CFA #74852 in the amounts of \$250,000 from the Dormitory Authority of the State of New York and \$862,000 from the Empire State Development. On June 12, 2017, the Town authorized a bond resolution for the issuance of \$3,000,000 serial bonds for the construction of a park, recreational and sports improvements on a parcel of real property acquired by the Town. The Town issued \$3,000,000 bond anticipation notes on January 30, 2018 for the Gutchess Lumber Sports Complex which represents Phase I of the project. The bond anticipation notes were renewed on January 31, 2019. On January 29, 2020, the Town used \$155,000 available funds to redeem and renew said bond anticipation notes outstanding. The Town issued \$2,685,000 bond anticipation notes on January 28, 2021 which, along with \$160,000 available funds of the Town, partially redeemed and renewed the \$2,845,000 bond anticipation notes that matured on January 29, 2021. The Town paid the outstanding \$2,685,000 bond anticipation notes in November 2021 and simultaneously issued renewal notes in the amount of \$2,685,000, which mature on January 28, 2022. \$2,515,000 of the Notes along with \$170,000 available funds of the Town will redeem the \$2,685,000 bond anticipation notes maturing on January 28, 2022.

On January 5, 2022, the Town approved a bond resolution authorizing \$2,000,000 for the construction of improvements at Gutchess Lumber Sports Complex. \$1,300,000 of the Notes will provide new monies for the aforementioned purpose.

The Town completed a \$642,000 Water and Sewer capital project in 2021 that was paid through the Town’s fund balance. In November of 2021, Empire State Development offered a \$200,000 incentive proposal for GLSC phase II. (ESD project # 133,379) In December of 2021, the New York State Office of Parks, Recreation and Historic Preservation offered a \$500,000 matching grant to the Town from Environmental Protection Fund (EFP) for phase II of the GLSC development. The Town has also been awarded \$500,000 from Cortland County’s ARPA funds to use towards GLSC. The \$500,000 consists of \$250,000 from their 2021 ARPA and \$250,000 from their 2022 ARPA. The Town expects to receive the full \$500,000 in 2022.

The Town has no other capital project plans authorized nor are there any additional capital projects contemplated at this time.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Cortland	12/31/2019	\$ 30,217,882	\$ 4,079,175 ⁽²⁾	\$ 26,138,707	24.47%	\$ 6,396,142
Village of:						
Homer	5/31/2020	400,534	300,000 ⁽²⁾	100,534	25.20%	25,335
McGraw	5/31/2020	2,883,000	2,883,000 ⁽²⁾	-	4.40%	-
School District:						
Cortland	6/30/2020	28,557,971	25,816,406 ⁽³⁾	2,741,565	24.10%	660,717
Dryden	6/30/2020	53,365,000	43,545,840 ⁽³⁾	9,819,160	3.18%	312,249
Homer	6/30/2020	22,040,628	19,021,062 ⁽³⁾	3,019,566	26.71%	806,526
McGraw	6/30/2020	4,032,000	3,943,296 ⁽³⁾	88,704	64.04%	56,806
Fire District:						
Cortlandville	12/31/2019	2,286,751	500,000	1,786,751	100.00%	1,786,751
					Total:	<u>\$ 10,044,526</u>

⁽¹⁾ Bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond or note sales, if any.

⁽²⁾ Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

⁽³⁾ Estimated State Building aid.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2019 and 2020.

Debt Ratios

The following table sets forth certain ratios relating to the Town's net indebtedness as of January 13, 2022:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 8,041,000	\$ 956.24	0.94%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	18,085,526	2,150.73	2.12

^(a) The 2020 estimated population of the Town is 8,409. (See "THE TOWN – Population Trends" herein.)

^(b) The Town's full value of taxable real estate for 2021 is \$854,176,764. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

^(c) See calculation of "Debt Statement Summary" herein.

^(d) Estimated net overlapping indebtedness is \$10,044,526. (See "Estimated Overlapping Indebtedness" herein.)

CYBERSECURITY

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

COVID -19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally with new variants emerging overtime, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. At this time, the State and the Governor have taken steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the steps taken by the State to address it may negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The COVID-19 pandemic could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

The American Rescue Plan provides for a Coronavirus State and Local Fiscal Recovery Fund and the Town's approximate allocation is \$729,844. The Town received \$364,922 in 2021 and anticipates receiving \$364,922 in 2022. The Town Board has not made a determination as to how these funds will be spent.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel to the Town, interest on the Notes (i) is included in gross income for federal income tax purposes, and (ii) is exempt, under existing statutes, from personal income taxes of New York State and its political subdivisions, including The City of New York.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Notes by original purchasers of the Notes who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Notes will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Notes as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire the Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Notes at the time that such income, gain or loss is set forth on such financial statements instead of under the rules described below.

U.S. Holders of the Notes should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined de minimis amount, a U.S. Holder of the Notes must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Note) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Note is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Note; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "de minimis amount" is an amount equal to 0.25 percent of the Notes stated

redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Note using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Notes

Each U.S. Holder of a Note with a maturity not longer than one year (a “Short-Term Taxable Bond”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the U.S. Holder’s tax basis therefor.

A U.S. Holder of a Short-Term Taxable Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

Note Premium

In general, if a Note is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Note other than “qualified stated interest” (a “Taxable Premium Note”), that Taxable Premium Note will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Note elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Note, determined based on constant-yield principles (in certain cases involving a Taxable Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Note. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Note may realize a taxable gain upon disposition of the Taxable Premium Note even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Note, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Note.

The Town may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Notes to be deemed to be no longer outstanding. For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Notes subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Notes with respect to payments of principal, payments of interest, and the accrual of OID on a Note and the proceeds of the sale of a Note before maturity within the United States. Backup withholding may apply to U.S. Holders of Notes under Section 3406 of the Code. 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 Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of a Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust. Miscellaneous Tax legislation, administrative

actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under state law and could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Town. Bond Counsel's opinion will be substantially in the form attached hereto as "APPENDIX – D".

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate are likely to have a material adverse effect on the financial condition of the Town.

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

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Town will enter into an Undertaking to Provide Notice of Events, substantially in the form attached hereto as "APPENDIX – C".

Historical Compliance

- The Town failed to file its Audited Financial Statements for the fiscal years ended December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020 within 60 days following receipt by the Town or by the last day of the succeeding fiscal year as required by the Town's continuing disclosure undertaking requirements. The Town's Audited Financial Statements for the fiscal year ended December 31, 2017 were dated as of July 2, 2018, and were posted to EMMA on January 3, 2020, along with a material event notice disclosing the Town's failure to file. The Town's Audited Financial Statements for the fiscal year ended December 31, 2018 were dated as of July 9, 2019, and were posted to EMMA on December 23, 2019, along with a material event notice disclosing the Town's failure to file. The Town's Audited Financial Statements for the fiscal year ended December 31, 2019 were dated as of October 7, 2020, and were posted to EMMA on January 4, 2021, along with a material event notice disclosing the Town's failure to file. The Town's Audited Financial Statements for the fiscal year ended December 31, 2020 were dated as of November 1, 2021, and were posted to EMMA on January 6, 2022, along with a material event notice disclosing the Town's failure to file.

RATINGS

The Notes are not rated. Subject to the approval of the Town, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the Town, such as a rating action that may require the filing of a material event notification to EMMA and/or the provision of a supplement to the Official Statement.

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying rating of "Aa3" to outstanding serial bonds of the Town. A rating reflects only the view of the rating agency assigning such rating, and any desired explanation of the significance of such rating should be obtained from: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

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

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

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

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

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

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

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the Town also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town will act as Fiscal Agent for the Notes. The Town contact information is as follows: Thomas Williams, Town Supervisor, Town of Cortlandville, The Raymond G. Thorpe Municipal Building, 3577 Terrace Road, Cortland, New York, 13045, Phone: (607) 756-6091, Fax: (607) 756-7922, Email: tawilliams@cortlandville.org.

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

TOWN OF CORTLANDVILLE

Dated: January 13, 2022

THOMAS WILLIAMS
Town Supervisor

APPENDIX - A
Town of Cortlandville

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ASSETS					
Cash and Short-term Investments	\$ 952,035	\$ 1,338,709	\$ 1,524,114	\$ 1,051,979	\$ 798,512
Taxes Receivable	29,066	28,335	28,233	27,306	-
Other Receivables	-	-	-	-	28,333
State and Federal Aid Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	136,559
Prepaid Expenses	25,392	-	40,384	32,101	85,840
Restricted Assets	113,702	113,698	112,934	243,616	-
TOTAL ASSETS	<u>\$ 1,120,195</u>	<u>\$ 1,480,742</u>	<u>\$ 1,705,664</u>	<u>\$ 1,355,002</u>	<u>\$ 1,049,244</u>
LIABILITIES AND FUND EQUITY					
Accounts Payable	\$ 18,712	\$ -	\$ 13,341	\$ 34,784	\$ 58,723
Accrued Liabilities	-	-	-	-	112,143
Other liabilities	-	-	84,333	67,019	-
Due to Other Funds	29,066	28,335	28,233	27,306	28,333
TOTAL LIABILITIES	<u>\$ 47,778</u>	<u>\$ 28,335</u>	<u>\$ 125,907</u>	<u>\$ 129,109</u>	<u>\$ 199,199</u>
FUND EQUITY					
Nonspendable	\$ 25,392	\$ -	\$ 40,384	\$ 32,101	\$ 85,840
Restricted	113,702	113,698	112,934	243,616	241,370
Assigned	250,000	296,602	472,916	582,607	517,667
Unassigned	683,323	1,042,107	953,524	367,569	5,168
TOTAL FUND EQUITY	<u>\$ 1,072,417</u>	<u>\$ 1,452,407</u>	<u>\$ 1,579,758</u>	<u>\$ 1,225,893</u>	<u>\$ 850,045</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 1,120,195</u>	<u>\$ 1,480,742</u>	<u>\$ 1,705,664</u>	<u>\$ 1,355,002</u>	<u>\$ 1,049,244</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Real Property Taxes	\$ 1,268,072	\$ 1,271,278	\$ 1,274,096	\$ 1,186,032	\$ 1,186,032
Real Property Tax Items	65,410	53,818	49,148	52,213	56,812
Non-Property Tax Items	102,129	104,874	112,812	115,051	110,242
Departmental Income	2,845	2,822	3,195	2,564	2,611
Intergovernmental Charges	-	-	-	14,603	14,131
Use of Money & Property	285	310	343	396	380
Licenses and Permits	11,390	10,522	11,280	10,787	14,434
Fines and Forfeitures	237,194	255,470	281,195	248,661	190,395
Sale of Property and Compensation for Loss	-	-	64,887	241	-
Miscellaneous	322	10,296	92	538	970
Revenues from State Sources	136,008	172,798	278,864	189,868	122,798
Revenues from Federal Sources	222	233	264	215	247
Total Revenues	<u>\$ 1,823,877</u>	<u>\$ 1,882,421</u>	<u>\$ 2,076,176</u>	<u>\$ 1,821,169</u>	<u>\$ 1,699,052</u>
EXPENDITURES					
General Government Support	\$ 1,008,040	\$ 1,084,611	\$ 1,081,890	\$ 1,152,411	\$ 1,222,415
Public Safety	64,822	65,588	64,170	60,759	63,854
Health	-	-	-	-	-
Transportation	195,872	239,980	210,041	234,501	238,935
Economic Assistance and Opportunity	18,700	18,000	18,000	18,000	18,429
Culture and Recreation	3,074	300	300	300	792
Home and Community Services	4,853	3,867	4,508	20,696	18,875
Employee Benefits	438,170	419,936	395,642	441,163	468,448
Debt Service	126,324	122,322	88,320	85,488	205,581
Total Expenditures	<u>\$ 1,859,855</u>	<u>\$ 1,954,604</u>	<u>\$ 1,862,871</u>	<u>\$ 2,013,318</u>	<u>\$ 2,237,329</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (35,978)</u>	<u>\$ (72,183)</u>	<u>\$ 213,305</u>	<u>\$ (192,149)</u>	<u>\$ (538,277)</u>
Other Financing Sources (Uses):					
Operating Transfers In	177,440	179,215	181,187	304,997	384,413
Operating Transfers Out	-	-	-	-	(200,000)
Total Other Financing	<u>\$ 177,440</u>	<u>\$ 179,215</u>	<u>\$ 181,187</u>	<u>\$ 304,997</u>	<u>\$ 184,413</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>141,462</u>	<u>107,032</u>	<u>394,492</u>	<u>112,848</u>	<u>(353,864)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	823,923	965,385	1,072,417	1,466,909	1,579,757
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 965,385</u>	<u>\$ 1,072,417</u>	<u>\$ 1,466,909</u>	<u>\$ 1,579,757</u>	<u>\$ 1,225,893</u>

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

GENERAL FUND

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

Fiscal Years Ending	2020			2021	2022
	Adopted Budget	Actual	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 1,440,261	\$ 1,440,261	\$ 1,440,261	\$ 1,711,848	\$ 1,596,086
Real Property Tax Items	48,378	48,378	57,572	26,500	26,500
Non-Property Tax Items	110,000	110,000	109,580	110,000	110,000
Departmental Income	42,250	42,250	62,251	52,250	193,246
Intergovernmental Charges	-	-	-	-	90,000
Use of Money & Property	4,100	4,100	3,790	19,000	19,000
Licenses and Permits	10,500	10,500	12,586	11,000	11,000
Fines and Forfeitures	200,000	200,000	141,244	150,000	150,000
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	-	-	2,203	-	-
Revenues from State Sources	141,000	141,000	218,543	138,000	168,000
Revenues from Federal Sources	247	247	214	247	175,201
Total Revenues	\$ 1,996,736	\$ 1,996,736	\$ 2,048,244	\$ 2,218,845	\$ 2,539,033
EXPENDITURES					
General Government Support	\$ 1,343,301	\$ 1,354,282	\$ 1,215,411	\$ 1,897,324	\$ 1,714,515
Public Safety	76,500	76,500	64,932	76,500	76,000
Health	-	-	-	-	-
Transportation	310,480	310,480	257,454	307,880	289,692
Economic Assistance and Opportunity	21,000	22,207	21,500	23,000	28,000
Culture and Recreation	412,730	412,730	79,089	167,264	177,200
Home and Community Services	34,000	43,731	36,619	30,500	28,000
Employee Benefits	513,412	541,629	526,167	521,176	533,433
Debt Service	385,468	390,468	390,468	380,416	318,119
Total Expenditures	\$ 3,096,891	\$ 3,152,027	\$ 2,591,640	\$ 3,404,060	\$ 3,164,959
Excess of Revenues Over (Under) Expenditures	<u>\$(1,100,155)</u>	<u>\$(1,155,291)</u>	<u>\$ (543,396)</u>	<u>\$(1,185,215)</u>	<u>\$ (625,926)</u>
Other Financing Sources (Uses):					
Operating Transfers In	167,548	167,548	167,548	167,548	175,926
Proceeds of Obligations	350,000	350,000	-	500,000	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing	\$ 517,548	\$ 517,548	\$ 167,548	\$ 667,548	\$ 175,926
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(582,607)</u>	<u>(637,743)</u>	<u>(375,848)</u>	<u>(517,667)</u>	<u>(450,000)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	582,607	637,743	1,225,893	517,667	450,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 850,045	\$ -	\$ -

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

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>GENERAL PART TOWN</u>					
Fund Equity - Beginning of Year	\$ 820,701	\$ 752,672	\$ 778,136	\$ 559,930	\$ 682,681
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	540,392	659,004	546,789	1,006,438	560,228
Expenditures & Other Uses	608,421	633,540	764,995	883,687	450,539
Fund Equity - End of Year	\$ 752,672	\$ 778,136	\$ 559,930	\$ 682,681	\$ 792,370
<u>HIGHWAY PART TOWN FUND</u>					
Fund Equity - Beginning of Year	\$ 2,083,236	\$ 1,831,222	\$ 2,009,576	\$ 2,437,770	\$ 2,244,847
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	2,543,708	2,888,219	2,973,432	2,847,491	2,828,902
Expenditures & Other Uses	2,795,722	2,709,865	2,545,238	3,040,414	2,315,511
Fund Equity - End of Year	\$ 1,831,222	\$ 2,009,576	\$ 2,437,770	\$ 2,244,847	\$ 2,758,241
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 1,568,891	\$ 1,813,161	\$ 2,019,632	\$ 1,892,945	\$ 2,001,571
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,028,708	872,589	1,050,288	1,222,711	1,279,402
Expenditures & Other Uses	784,438	666,118	1,176,975	1,114,085	1,189,881
Fund Equity - End of Year	\$ 1,813,161	\$ 2,019,632	\$ 1,892,945	\$ 2,001,570	\$ 2,091,096
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 703,590	\$ 799,762	\$ 867,548	\$ 1,032,793	\$ 1,275,578
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,181,639	1,086,389	1,258,809	1,340,620	1,549,533
Expenditures & Other Uses	1,085,467	1,018,603	1,093,564	1,097,835	1,314,807
Fund Equity - End of Year	\$ 799,762	\$ 867,548	\$ 1,032,793	\$ 1,275,578	\$ 1,510,304

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

APPENDIX - B
Town of Cortlandville

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2022	\$ 349,500	\$ 143,606.00	\$ 493,106.00
2023	355,500	136,422.70	491,922.70
2024	361,500	129,098.65	490,598.65
2025	368,500	121,537.38	490,037.38
2026	374,500	113,841.88	488,341.88
2027	322,500	105,626.65	428,126.65
2028	328,500	96,978.95	425,478.95
2029	335,500	87,779.28	423,279.28
2030	341,500	78,139.13	419,639.13
2031	353,500	68,207.00	421,707.00
2032	359,500	57,988.40	417,488.40
2033	231,500	47,500.33	279,000.33
2034	233,500	40,942.78	274,442.78
2035	239,500	34,265.75	273,765.75
2036	142,500	29,533.75	172,033.75
2037	143,500	26,833.75	170,333.75
2038	145,500	24,117.50	169,617.50
2039	110,000	21,385.00	131,385.00
2040	111,000	20,117.50	131,117.50
2041	114,000	18,833.75	132,833.75
2042	116,000	17,517.50	133,517.50
2043	117,000	16,185.00	133,185.00
2044	120,000	14,836.25	134,836.25
2045	122,000	13,455.00	135,455.00
2046	124,000	12,057.50	136,057.50
2047	126,000	10,627.50	136,627.50
2048	128,000	9,181.25	137,181.25
2049	130,000	7,718.75	137,718.75
2050	132,000	6,223.75	138,223.75
2051	95,000	4,712.50	99,712.50
2052	97,000	3,168.75	100,168.75
2053	98,000	1,592.50	99,592.50
TOTALS	\$ 6,726,500	\$ 1,520,032.38	\$ 8,246,532.38

UNDERTAKING TO PROVIDE NOTICE OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

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

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

“Issuer” shall mean the **Town of Cortlandville**, in the County of Cortland, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution(s) referred to in the Certificate of Determination, executed by the Supervisor as of January 27, 2022.

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

“Securities” shall mean the Issuer’s \$3,815,000 Bond Anticipation Note-2022A (Federally Taxable), dated January 27, 2022, and maturing January 27, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through **Fiscal Advisors & Marketing, Inc., 250 South Clinton Street, Suite 502, Syracuse, New York 13202** to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;

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

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of

January 27, 2022.

TOWN OF CORTLANDVILLE

By _____
Supervisor

FORM OF BOND COUNSEL’S OPINION

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

January __, 2022

The Town Board of the
Town of Cortlandville, in the
County of Cortland, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Cortlandville (the “Town”), in the County of Cortland, a municipal corporation of the State of New York, and have examined a record of proceedings in connection with the authorization, sale and issuance of the \$3,815,000 Bond Anticipation Note-2022A (Federally Taxable) of the Town (the “Notes”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligation 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, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Interest on the Notes is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason.

We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters relating to the Notes. We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement of the Town relating to the Notes, or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relating to the Town, which have been or may be furnished or disclosed to purchasers of the Notes.

Very truly yours,

Hawkins Delafield & Wood LLP

**TOWN OF CORTLANDVILLE
CORTLAND COUNTY, NEW YORK**

AUDITED FINANCIAL REPORT

For the Year Ended December 31, 2020

(The “2020 Audit”)

The 2020 Audit 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/P21529049-P21182256-P21599724.pdf>

The 2020 Audit referenced above are hereby incorporated into the attached Official Statement.

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