

## PRELIMINARY OFFICIAL STATEMENT

### NEW/RENEWAL ISSUES

### BOND ANTICIPATION NOTES

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

*The Notes will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.*



**\$31,667,930**  
**CITY OF CORTLAND**  
**CORTLAND COUNTY, NEW YORK**  
**GENERAL OBLIGATIONS**  
**CUSIP BASE #: 220633**

**\$31,667,930 Bond Anticipation Notes, 2025**  
**(the "Notes")**

**Dated: May 15, 2025**

**Due: May 15, 2026**

The Notes are general obligations of the City of Cortland, Cortland County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" herein.

The Notes will not be subject to redemption prior to maturity. At the option of the successful bidder(s), the Notes will be issued registered in the name of the purchaser in the denominations of \$5,000 or multiples thereof except for an odd denomination for \$7,930 as may be determined by successful bidder(s).

Alternatively, at the option of the successful bidder(s), the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. In such case, Noteholders will not receive certificates representing their ownership interest in the notes purchased. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or at such place as may be agreed upon with the purchaser(s), on or about May 15, 2025.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on May 1, 2025 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 City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

April 25, 2025

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

# **CITY OF CORTLAND CORTLAND COUNTY, NEW YORK**

## **CITY OFFICIALS**

SCOTT STEVE

Mayor

## **COMMON COUNCIL**

WAYNE SCHUTT II  
MARY CLARE PENNELLO  
KATHRYN SILLIMAN  
PATRICIA LANE  
THOMAS MICHALES  
WILLIAM D. CARPENTER  
SETH THOMPSON  
TROY BECKWITH

\* \* \* \* \*

ELIZABETH GREENWOOD

Director of Administration & Finance

KACIE HARDER

Accountant

ANDREW JEWETT

City Clerk

RANDALL LEWIS

Corporation Counsel

## **MUNICIPAL ADVISOR**



Fiscal Advisors & Marketing, Inc.  
250 South Clinton Street, Suite 502  
Syracuse, New York 13202  
(315) 752-0051

## **BOND COUNSEL**

**BOND** **SCHOENECK  
& KING**

Bond, Schoeneck & King, PLLC  
One Lincoln Center - 18th Floor  
Syracuse, New York 13202-1355  
(315) 218-8000

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**OF THE**  
**CITY OF CORTLAND**  
**CORTLAND COUNTY, NEW YORK**  
**RELATING TO**  
**\$31,667,930 Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Cortland, Cortland County, New York (the "City," "County," and "State," respectively) in connection with the sale by the City of \$31,667,930 Bond Anticipation Notes, 2025.

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

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

**THE NOTES**

**Description of the Notes**

The Notes are general obligations of the City, 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 City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" herein.

The Notes are dated May 15, 2025 and will mature May 15, 2026.

The Notes are not subject to redemption prior to maturity.

The Notes will be issued in registered form at the option of the purchaser(s) either (i) requested in the name of the purchaser, in denominations of \$5,000 or multiples thereof except for an odd denomination for \$7,930 as may be determined by successful bidder(s) or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

**Optional Redemption**

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

## Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the General City Law, the Local Finance Law and City bond ordinances.

Purpose	Amount Outstanding	Paydown	New Money	This Issue
Wickwire Locker Rooms	\$ 779,000	\$ 65,000	\$ -	\$ 714,000
DRI Public Sector Projects	5,558,500	145,000	-	5,413,500
Owego Street Flood Control	281,275	6,275	-	275,000
Water, Sanitary & Storm System Improv.	21,881,000	135,000	-	21,746,000
Water Plant Upgrades	415,725	25,725	-	390,000
<b>Purchase Various Equipment:</b>				
(b) 2023 International Dump Truck	190,000	-	-	190,000
(c) 2024 International Truck with Plow	200,000	-	-	200,000
(d) Fire-fighting Vehicle	617,500	35,000	-	582,500
(e) Vacuum Street Sweeper	300,000	-	-	300,000
Ladder Truck	-	-	1,000,000	1,000,000
Randall Park Improvements	-	-	306,330	306,330
Water Quality Improvement Project	-	-	550,600	550,600
Total:	\$ 30,223,000	\$ 412,000	\$ 1,856,930	\$ 31,667,930

The proceeds of the Notes, along with \$412,000 available funds of the City, will partially redeem and renew \$30,223,000 bond anticipation notes maturing on May 16, 2025, and provide \$1,856,930 new money for the aforementioned purposes.

## BOOK-ENTRY-ONLY SYSTEM

If this option is chosen, DTC, will act as securities depository for the Notes. 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 bearing the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases 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.

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

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

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

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

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

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

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

Source: The Depository Trust Company.

## Certificated Notes

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for one odd denomination of \$7,930 as may be determined by successful bidder(s). Principal of and interest on the Notes will be payable at a principal corporate trust office to be named by the City. The Notes are not subject to redemption prior to their stated final maturity date.

## THE CITY

### General Information

The City is located in upstate New York and lies in the west-central sector of Cortland County. It is 35 miles south of the City of Syracuse, 25 miles northeast of the City of Ithaca and 46 miles north of the City of Binghamton.

Major highways serving the City include Interstate 81 as well as State highways #11, #13, #90 and #281. Transportation needs are met by various motor freight lines, Greyhound Bus Lines and various major airlines operating out of Syracuse Hancock International Airport in Syracuse and Tompkins County Airport in Ithaca. Greek Peak, Labrador and Song Mountain are three popular ski resorts located in the County.

The City, with a land area of 3.92 square miles, is the largest municipality in Cortland County and serves as the commercial hub for the residents in and around the City as well as the surrounding farm and dairy region. It is the County seat for Cortland County. The sale of locally produced milk, beef, maple syrup and cash crops within the County generates revenues in excess of \$45 million annually. Employment opportunities are afforded to City residents in the business and industries of the City or the surrounding Villages of Homer, Marathon, McGraw and Preble, or by commuting to the metropolitan areas of Syracuse, Ithaca or Binghamton. Major industries existing in and around the City include government, healthcare and social assistance, accommodation and food services, retail trade, and manufacturing.

Source: City officials.

### Population Trends

	<u>City of Cortland</u>	<u>Cortland County</u>	<u>New York State</u>
1990	19,801	48,963	17,990,455
2000	18,740	48,599	18,976,457
2010	19,204	49,336	19,378,102
2020	17,556	46,809	20,201,249
2023	17,276	46,800	20,202,320
2024 (Estimate)	N/A	46,808	19,867,248

Source: U.S. Census Bureau, Population Estimates Program.

### Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2006-2010, 2016-2020 and 2019-2023 American Community Survey 5 Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
City of:						
Cortland	\$ 19,111	\$22,598	\$ 27,328	\$ 56,995	\$ 63,800	\$ 78,168
County of:						
Cortland	22,078	28,407	33,818	57,743	71,430	85,316
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010, 2016-2020 and 2019-2023 American Community Survey 5 Year Estimates.

## Major Employers

The following is a summary of the major employers in the Cortland metropolitan area:

<u>Employer</u>	<u>Estimated Range of Number of Employees</u>
SUNY Cortland	1000+
Guthrie Cortland Medical Center	500-999
Cortland City School District	500-999
Cortland County Government	500-999
Pall Trinity Micro / Pall Trinity	500-999
Intertek Testing Services	250-499
Suit-Kote Corporation	250-499
Square Deal Machining	250-499
City of Cortland Government	100-249
Gutchess Lumber	100-249
Albany International	100-249
Pyrotek, Inc.	100-249
J.M. Murray Center	100-249
Crown Park Rehabilitation & Nursing Center	100-249
Greek Peak Mountain Resort (Seasonal)	100-249
Wal-Mart	100-249
Cortland Community Action Program	100-249
Manpower	100-249
Byrne Dairy	100-249
NBT Bank, N.A.	100-249
McNeil & Co. Insurance	100-249
Auxiliary Services Corp	100-249
Lowes Home Improvement	100-249
Family Health Network	100-249
Onondaga-Cortland-Madison BOCES	100-249
iSpice	50-249

Source: Cortland County Business Development Corporation/Industrial Development Agency and City officials.

## Unemployment Rate Statistics

Unemployment statistics are not available for the City as such. The smallest areas for which such statistics are available, which include the City, are the Cortland, NY Micropolitan Statistical Area (“MSA”) and the County of Cortland. The information set forth below with respect to the Cortland, NY MSA, County and State is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the City is necessarily representative of the Cortland, NY MSA and/or the County and/or State, or vice versa.

	<u>Annual Averages</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Cortland, NY MSA	5.1%	4.7%	7.7%	5.1%	3.8%	4.2%	4.2%
Cortland County	5.1	4.7	7.7	5.1	3.8	4.2	4.2
New York State	4.1	3.8	9.9	7.0	4.3	4.1	4.3

  

	<u>2024/2025 Monthly Figures</u>											
	<u>2024</u>						<u>2025</u>					
	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Cortland, NY MSA	3.6%	4.0%	4.3%	4.2%	3.1%	3.2%	3.9%	4.3%	5.4%	5.4%	N/A	N/A
Cortland County	3.3	4.0	4.3	4.2	3.1	3.2	3.9	4.3	5.4	5.4	N/A	N/A
New York State	4.0	4.3	4.8	4.8	4.0	4.2	4.2	4.2	4.6	4.3	N/A	N/A

Note: Unemployment rates for the months of March and April 2025 are not available as of the date of this Official Statement.

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



## **Economic Development**

### *Resident Labor Force*

The labor force is comprised of residents who are age 16 and older and employed or not working but looking for work. In 2000, there were 24,000 people in the labor force in the County. By 2022, the size of the labor force was at 22,700, a decline of 5.4%. This parallels a similar decline throughout the Central New York region due to a stagnant and aging population.

Unemployment rates in the County are typically higher than those in New York State as a whole. See “Unemployment Rate Statistics” herein.

### *Commutation Patterns*

Approximately 45% of employed residents living in the City work in the County. Most hold jobs in the City of Cortland or the Town of Cortlandville. Nearly 16% of City residents commute to jobs in Tompkins County, while 8.7% commute to Onondaga County. Other employment destinations include Broome, Oneida, and Monroe counties. Although most City residents commute relatively short distances, one in five travels more than 50 miles from home to work.

As the seat of County government, as the location of SUNY Cortland, and as a commercial center, the City draws workers from a large geographic area. Only 22.5% of jobs in the City are held by individuals who also live in the City. More than 31% of jobs are held by individuals who reside in other parts of the County. Workers also commute into the City from Tompkins, Onondaga, Broome, and Cayuga counties, among others. Notably, the City has a net worker inflow of 1,725, as more individuals commute into the City than leave for jobs elsewhere.

Contrary to the local perception that in-commutation is only a factor at Guthrie Cortland Medical Center and SUNY Cortland, local construction and manufacturing employers also rely on labor from outside Cortland County. More than 35% of workers in goods-producing industries in the City are from outside the County, including Tompkins, Broome, and Onondaga counties.

### *Employment Trends*

From a long-term perspective, total employment across all sectors has increased, from 17,965 in 2000 to 18,366 in 2017, a net gain of 400 jobs (+2.2%). There has not been much sustained growth, however, as total employment peaked at 18,455 in 2001 and did not again exceed 18,000 until 2014. Private sector employment in the County declined by 1.3% between 2000 and 2017.

Total employment in the Central New York region declined by approximately 10,000 jobs from 2000 to 2017, a net loss of 2.8%. Although the region is made up of five counties, including the County, 71% of the jobs in the region are in Onondaga County. Cortland County has a 5% share of regional employment.

In 2000, the County had 1,018 private employers, or 5.7% of all private-sector businesses in the region. The County had the same number in 2017, but there were some significant shifts: several industry sectors, such as manufacturing, transportation and warehousing, and wholesale and retail trade lost businesses, while the number of establishments in the construction and accommodation and food services industries increased. Similar trends occurred at the regional level.

### *Tourism*

Tourism is a key economic driver in the County, generating an estimated \$71.9 million in spending and supporting nearly 1,900 jobs in 2017. Although visitor spending is far less than in neighboring Tompkins County (\$216.2 million), it has risen incrementally every year, and current initiatives offer opportunities for growth.

Due to its location in the center of New York State, the City has a history of hosting sporting events, starting with the 2002 Empire State Games. The City hosts approximately 30 events per year, from high school soccer and lacrosse championships and volleyball tournaments to adult competitions like the FASNY Winter Games. In June, SUNY Cortland is the site of the annual Empire State Senior Games, a week-long event that draws approximately 1,200 participants and spectators. The Cortland Regional Sports Council (CRSC) is responsible for promoting the County for sports events, which generate significant demand for hotel rooms and impact local businesses.

In coordination with the CRSC, the Town of Cortlandville has completed building the first phase of a proposed sports complex along Route 13 to be known as Gutches Park Sports Complex. The project has created a state-of-the-art outdoor recreational facility capable of hosting large-scale tournaments. Easily accessible from I-81 and close to hotels, restaurants, and shopping, the complex is expected to take sports tourism in Cortland County to the next level. Operations this summer were COVID limited.

Funded in part by Empire State Development, Phase 1 of the complex is expected to include site work, infrastructure, parking, two turf baseball fields and restrooms. Future phases call for the construction of two additional baseball fields and a minimum of four multi-purpose fields for soccer, football, and lacrosse. Other amenities, subject to funding availability, may include multi-use trails, picnic shelters and links to adjacent recreational facilities (e.g., mini-golf).

Currently, there are about a dozen hotels, motels, and other types of accommodations in the City, most situated near the I-81 interchanges. Four new hotels have opened within the last 15 years, though there are fewer bed-and-breakfasts in the City than there used to be. Some large, historic homes in the Southeast Cortland Study Area may have potential for reuse as B&B properties. Downtown Cortland is served by three low-budget motels that offer limited services and amenities. Local tourism professionals report that a market analysis was completed for a potential boutique hotel in the City about a year ago; the study concluded, however, that occupancy rates would be insufficient to support the financing required.

### *Economic Developments*

The City has experienced several economic development projects over the past years that have resulted in favorable impacts on the local and regional economy. The following is a brief summary of those projects and other developments:

The Cortland Commerce Center, located in the 400,000 square foot former Smith Corona facility on the Route 13 corridor in south Cortland, is occupied to near capacity. It is home to 20 companies employing around 225 people in a unique mix of retail, commercial and manufacturing enterprises.

The State University of New York at Cortland's overall growth in recent years has spurred \$200 million in new, in process, and planned construction and renovation projects, the biggest construction boom on campus in over 50 years. Completed projects include a new \$14 million stadium complex, construction of a \$56 million Student Life Center, which was completed in spring 2015, and renovations to various dormitory and other facilities. Construction of a \$21 million residence hall has begun and there are plans for a \$43 million addition and renovation project for an existing academic building.

The City was selected in October 2017 as the winner of the \$10 million Downtown Revitalization Initiative in Central New York. In partnership with the NYS Secretary of State and Cameron Engineering & Associates, LLP of New York City, the process to develop an investment plan that leverages the \$10 million with private sector development funds and other State and Federal assistance has commenced. The investment plan was submitted to the Governor's office in the spring of 2018. \$15.9 million will be allocated to the redevelopment of publicly owned property located in the downtown core. Several projects have been completed and more are underway.

Cortland Plastics International doubled the size of its 55,000 square foot facility in 2016, and has completed a \$500,000 expansion program that includes the purchase of additional machinery. Ten new employees have been hired as a result, with additional hiring anticipated in the foreseeable future.

McNeil & Co., a risk management insurance company and one of the City's largest taxpayers, have completed a \$7.2 million expansion that involves the renovation of 65,000 square feet of space within the City.

Developer David Yaman has completed construction of an \$8 million, 35,000-square foot facility at the Cortland Commerce Center in Cortlandville to accommodate an expansion of Cortland Cable's medical device manufacturing operations. The new building is occupied to a division of Actuant (the parent company of Cortland Cable). The operation has created 23 new job, with plans of up to 50 jobs to be created within 5 years. Developer David Yaman has additionally completed a \$13 million rehabilitation of a former industrial building on Main Street. Called 'Crescent Commons,' the building is now a mixed-use complex with occupancy at 90%.

Square Deal Machining completed an expansion of its facility in Marathon in 2015. The \$1 million project included building renovations, equipment acquisition and the construction of 17,000 square feet of new space to accommodate growing business. The company also expanded its workforce.

Byrne Dairy opened a \$30 million yogurt manufacturing plant in Cortlandville in 2014. Headquartered in Syracuse, the company operates four dairy processing plants in central New York. Its production facilities, distribution centers and convenience stores together employ over 2,300 people. Future plans are to develop a visitor center on the Cortlandville site where the public can view the manufacturing process.

As the U.S. health care industry continues to consolidate due to reductions in federal Medicaid and Medicare spending, local service providers have been making changes to remain competitive while strengthening access to quality care. In September 2017, Cortland Regional Medical Center announced plans to affiliate with Guthrie, a health care system serving 11 counties in north-central Pennsylvania and New York's Southern Tier. Realized benefits of the agreement include \$41 million in infrastructure and electronic records upgrades, access to advanced health care through the world-renowned Mayo Clinic, and construction of a \$10 million cancer treatment center. Local control of the Cortland hospital and nursing facility will continue, with no cuts in services for at least nine years.

Source: City officials.

## **Form of City Government**

The governing board of the City is the Common Council (the "Common Council"), comprised of an elected Mayor and eight Aldermen elected from their respective wards. The Mayor and all Aldermen are elected for two-year concurrent terms. The City's Director of Administration and Finance and the City's Corporation Counsel are appointed by the Mayor with the approval of the Common Council.

## **Financial Organization**

The Director of Administration and Finance is the Chief Fiscal Officer of the City, and is responsible for the receiving and collecting of funds. It is the responsibility of the Director of Administration and Finance to disburse and account for all financial transactions.

## **Budgetary Procedures**

The Director of Administration and Finance is charged with preparing the Mayor's Tentative Budget. This begins with submissions from all departments, items are then reviewed internally among staff and with the Mayor. By October 15 of each year the Mayor submits a Tentative Budget to the Common Council. Budget Hearings are held by department and Common Council will prepare any changes by November 15 which will become the City's Proposed Budget. A public hearing is held the first meeting of December and final changes are adopted at the second meeting in December. If Common Council fails to adopt a budget by December 31 of any given year, the Tentative Mayoral Budget is enacted.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the City 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 City; (6) obligations of a New York public corporation which are made lawful investments by the City 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 City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the City may also purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities be delivered to a third-party custodian bank or trust company.

## State Aid

The City receives financial assistance from the State. In its adopted budget for the 2025 fiscal year, approximately 10.0% of the operating revenues of the City are expected to be received from the State as State aid. The State is not constitutionally obligated to maintain or continue State aid to the City and no assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. Furthermore, if a significant default or other financial crisis should occur in the affairs of New York State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, could be adversely affected.

There can be no assurance that the State appropriation for State aid to cities will be continued in future years, either pursuant to existing formulas or any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

## Employees

The City provides services through approximately 150 employees, 128 of which are represented by six labor organizations. Membership of each and expiration dates are as follows:

<u>Union</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Dates</u>
Cortland Paid Firefighters Association	39	December 31, 2025
Cortland Police Benevolent Association	40	December 31, 2025
CSEA Local 1000	27	December 31, 2025
City of Cortland School Crossing Guards	14	December 31, 2025
Service Employees International Union	4	December 31, 2027
Professional Wastewater Operators Associates	8	December 31, 2025

Source: City officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

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

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

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

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

The City's contributions to ERS and PFRS since 2020 are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$518,573	\$1,534,015
2021	532,299	1,797,388
2022	530,995	1,792,985
2023	398,060	1,709,078
2024 (Budgeted)	391,460	1,975,954
2024 (Unaudited)	391,460	1,975,954
2025 (Budgeted)	399,745	2,314,8956

Source: City 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 City offered to Police and Fire a \$10,000 retirement incentive through December 1, 2021 prorated from January 1, 2021 but that was not extended past December 31, 2021. This offer has not and will not be extended for the foreseeable future.

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

A chart of average ERS and PFRS rates (2021 to 2025) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2021	14.6%	24.4%
2022	16.2	28.3
2023	11.6	27.0
2024	13.1	27.8
2025	15.2	10.0

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

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

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

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

#### **Other Post-Employment Benefits**

Healthcare 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 now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. The City was required to adopt the provisions of Statement No. 75.

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The City contracted with Armory Associates LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75.

The following outlines the changes to the Total OPEB Liability during the 2022 and 2023 fiscal years, by source.

	Balance beginning at January 1:	2022	2023
<u>Changes for the year:</u>		<u>\$ 79,506,607</u>	<u>\$ 89,792,221</u>
Service cost		3,073,951	3,166,903
Interest		1,732,259	1,895,280
Changes of benefit terms		-	-
Differences between expected and actual experience		5,081,054	-
Changes of benefit terms		-	-
Changes in assumptions or other inputs		2,138,824	(23,370,843)
Benefit payments (including implicit subsidy)		<u>(1,740,474)</u>	<u>(1,910,495)</u>
Net Changes		<u>\$ 10,285,614</u>	<u>\$ (20,219,155)</u>
	<b>Balance ending at December 31:</b>	<b>2022</b>	<b>2023</b>
		<b><u>\$ 89,792,221</u></b>	<b><u>\$ 69,573,066</u></b>

Source: Actuarial valuation reports for fiscal years ending December 31, 2022 and 2023. The above table is not audited.

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

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

## 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 bonds and notes are to be issued, is the City Law and the Local Finance Law.

The City is in compliance with the procedure for the publication of the estoppel notice with respect to the adoption of the Bond Resolutions authorizing the issuance of the renewal portion of the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

The City is in the process of complying with the procedure for the publication of the estoppel notice with respect to the new money portion of the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this City is past due.

The fiscal year of the City 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 City.

## Financial Statements

The City retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the City. The last completed audit for the fiscal year ended December 31, 2023 has been filed with the Electronic Municipal Market Access Website (“EMMA”). The audited financial statements for the fiscal year ending December 31, 2023 attached hereto as “APPENDIX – C”.

The City 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).

## Unaudited Results for the Fiscal Year Ended December 31, 2024

Summary unaudited information for the General Fund for the period ended December 31, 2024 is as follows:

Revenues:	\$ 22,525,056
Expenditures:	<u>25,813,329</u>
Excess (Deficit) Revenues Over Expenditures:	\$ <u>(3,288,274)</u> <sup>(1)</sup>

Total General Fund Balance -Beginning of Year:	\$ 3,028,696
Total General Fund Balance – End of Year:	\$ (259,578)

<sup>(1)</sup> State reimbursements for capital projects were delayed, which was the main cause of the deficit. The Town anticipates receiving state reimbursements in the fiscal year ending December 31, 2025 to help offset the deficit.

Note: These projections are based upon certain current assumptions and estimates, and the finalized results to be provided in the Audited Financial Statements may vary therefrom.

Source: City officials.

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

Bonadio & Co., LLP, the independent auditor for the City, 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. Bonadio & Co., LLP also has not performed any procedures relating to this Official Statement.

### New York State Comptroller Reports of Examination

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

The State Comptroller's office released a recent audit report of the City on May 14, 2021. The purpose of the audit was to determine whether City officials ensured claims for credit account purchases and employee reimbursements were properly supported and for appropriate purposes for the period January 1, 2018 through December 31, 2019. Key findings include that City officials did not ensure all credit account purchases and employee reimbursements were properly supported and for appropriate purposes and that no formal City-wide policies were in place to address the usage, documentation and approval of credit account purchases. It was recommended that the City adopt policies that provide guidelines for appropriate usage, documentation requirements and the approval process for credit account purchases and employee reimbursements, and thoroughly audit claims and require adequate supporting documentation to ensure that claims are for appropriate City expenditures. The City agreed with certain findings as outlined in the report and indicated they will take corrective action.

The State Comptroller's office released its most recent audit report of the City on August 27, 2021. The purpose of the audit was to determine whether the City's non-contractual (NC) employees' payroll benefits were authorized and accurate for the period January 1, 2018 through December 31, 2019. Two State Comptroller's audits issued in 2010 found NC employees received benefits inconsistent with Council approvals. Most of the prior control weaknesses remain and the Council still has not established specific leave benefits of NC employees. In addition, the City paid \$59,500 to provide health insurance for two Council members without proper approval and establishment of eligibility requirements and contribution rates. It was recommended that the City clearly define the benefits that all officials and NC employees are entitled to and properly track time worked and adhere to provisions in the City Charter, Code of Ordinances and collective bargaining agreements. The City agreed with certain findings as outlined in the report and indicated they will take corrective action.

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



## The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual 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 2020 through 2023 fiscal years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	Not Filed	-
2022	Susceptible	52.5
2021	Susceptible	49.6
2020	No Designation	42.1

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

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

## TAX INFORMATION

### Taxable Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed Valuations	\$ 531,431,981	\$ 531,751,107	\$ 536,115,508	\$ 537,274,447	\$ 869,478,580
New York State					
Equalization Rate	92.00%	88.00%	83.00%	73.00%	100.00%
Total Taxable Full Valuation	\$ 577,643,458	\$ 604,262,622	\$ 645,922,299	\$ 735,992,393	\$ 869,478,580

Source: City officials.

### Tax Rate per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General City	\$ 17.15	\$ 17.48	\$ 17.83	\$ 18.54	\$ 11.98

Source: City officials.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City Tax Levy <sup>(1)</sup>	\$ 18,399,928	\$ 18,621,568	\$ 18,864,778	\$ 19,113,721	\$ 19,678,911
Uncollected as of December 31 <sup>(2)</sup>	710,015	447,052	466,307	628,822	N/A
% Uncollected	3.86%	2.40%	2.47%	3.29%	N/A

<sup>(1)</sup> Includes City and County levy less adjustments to tax roll.

<sup>(2)</sup> See "Tax Collection Procedure" herein.

## Tax Collection Procedure

The City is responsible for the collection of the County taxes levied within the City and its own taxes, both current and delinquent. The City makes the County whole for the current fiscal year. The City also collects the Cortland City School District (the “School District”) delinquent taxes and pays them to the School District as collected up to the date of tax sale. The City then makes the School District whole for those parcels located within the City in the fiscal year of the School District following the year of original levy.

Tax payments are due one-half from February 1-28 and one-half from August 1-31 in a given fiscal year. For the first installment, taxes remaining unpaid after March 1, 5% is added on the first half, increasing 1% per month for the remainder of the first half. On the second installment, a charge of 2-1/2% is imposed from March 1<sup>st</sup> to August 31<sup>st</sup>, increasing 5% on September 1<sup>st</sup> and 1% per month thereafter.

Commencing January 1, 2007, the City has incorporated an in rem process to their tax collection procedure. After three years delinquent the City may now auction properties for unpaid taxes. As a result of this process, the City realized a significant increase in collections. Due to the COVID-19 pandemic and other changes related to Supreme Court actions in 2023, the City has not held a property auction for unpaid taxes since 2019.

## Ten Largest Taxpayers – 2024 Assessment Roll for 2025 City Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
NYS Electric & Gas Corporation	Utility	\$19,978,643
Niagara Mohawk Power Corporation	Utility	12,479,686
Kellogg Rd Realty Group LLC <sup>(1)</sup>	Nursing Home	11,000,000
Lady Jane Hotels Corp.	Hotel/Restaurant	8,642,300
McNeil Development Corp. LLC	Commercial	8,323,800
NY Sterling Management Inc <sup>(2)</sup>	Motel/Restaurant	7,135,000
Salt City Development Co., LLC	Commercial	6,220,000
Paradigm Properties, LLC	Real Estate	5,618,200
Joseph Armideo	Apartments	4,960,000
DelVechhio Family LLC	Apartments	3,696,900

<sup>(1)</sup> Previously known as Cortland Property NY LLC

<sup>(2)</sup> Previously known as 2 River Street Realty LLC

The larger taxpayers listed above have a total full valuation of \$88,054,529, which is 11.96% of the 2025 tax base of the City.

As of the date of this Official Statement, the City does not have any pending or outstanding tax certioraris that are known or expected to have a material impact on the finances of the City.

Source: City Officials.

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## Sales Tax

An indicator of the strength of the local economy is sales tax revenue, which is a significant revenue source for the City, and has remained stable. The following table shows the amounts collected for the past five completed fiscal years and the budgeted amount for the current fiscal year.

<u>Year</u>	<u>Amount Collected</u>
2019	\$5,248,272
2020	5,231,043
2021	6,314,419
2022	6,686,039
2023	6,696,073
2024 (Budgeted)	7,000,000
2024 (Unaudited)	6,735,089
2025 (Budgeted)	7,207,653

The City and County entered into a sales tax sharing renewal agreement covering the period January 1, 2013 through December 31, 2017. For the year beginning on January 1, 2013, the City's share remained at 18.24%, the same as 2012. However, in 2014 it went down to 18.115%, in 2015 to 17.99%, in 2016 to 17.865%, and in 2017 to 17.615%. Unlike previous agreements, this agreement was tied to the County's debt service payment for an Inter-Operable Radio System. The County-wide system was in response to a requirement by the State to standardize emergency radio communications for quicker response time. The debt service payment for any debt related to the lease, construction and/or implementation of the radio system will be deducted from the sales tax collected before it is distributed to the towns and villages.

The City and County entered into a sales tax sharing renewal agreement covering the period January 1, 2019 through December 31, 2019, and entered into an additional renewal agreement for January 1, 2020 through December 31, 2029. The City's share is 17.75%. Under the agreement, the County deducts \$1.5 million from the gross receipts and distributes the net.

Source: City officials.

## Constitutional Tax Margin

Computation of the Constitutional Tax Margin for the fiscal years ending December 31, 2023 through December 31, 2025 is as follows:

<u>Fiscal Year Ending December 31:</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Five Year Average Full Valuation.....	\$ 581,195,929	\$ 631,628,015	\$ 869,478,580
Tax Limit - (2%).....	11,623,919	12,632,560	17,389,572
Add: Exclusions from Tax Limit.....	727,937	1,112,948	118,344
Total Taxing Power.....	\$ 12,351,856	\$ 13,745,508	\$ 17,507,916
Less: Total Levy.....	9,560,449	8,955,581	10,412,854
Constitutional Tax Margin.....	\$ 2,791,407	\$ 4,789,927	\$ 7,095,062

Source: City officials.

## Additional Tax Information

Real property located in the City is assessed by the City.

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

The estimated annual property tax bill of a residential property assessed at \$100,000, located in the City, is \$3,335 for County and City for 2024 with School Year 2023 taxes totaling \$1,920 for a total tax bill of \$5,255.

## **TAX LEVY LIMITATION LAW**

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The State Constitution limits the power of the City (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 City and the Notes include the following:

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

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

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose or, in the alternative (in the use of level debt service described below), the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. No installment may be more than fifty per centum in excess of the smallest prior installment unless the City authorizes and determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its bonds and bond anticipation notes.

*Debt Limit.* The City has the power to contract indebtedness for any City purpose so long as the 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 City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the Office of Real Property Services. 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 City 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 authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Law and the General Municipal Law.

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

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

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

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

The Common Council, as the finance board of the City, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the Director of Administration & Finance, the chief fiscal officer of the City, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided 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 City with power to issue certain other short-term general obligation indebtedness including revenue, tax and bond anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

#### **Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 7,335,000	\$ 9,540,000	\$ 8,755,000	\$ 7,925,000	\$ 7,070,000
EFC Bonds	9,825,000	12,029,683	11,624,683	11,230,000	13,354,049
Bond Anticipation Notes	15,975,000	16,110,000	20,880,000	20,568,000	30,223,000
Revenue Anticipation Notes	0	0	0	0	0
Tax Anticipation Notes	1,000,000	0	0	0	0
Capital Notes	0	0	0	0	0
Totals	<u>\$ 34,135,000</u>	<u>\$ 37,679,683</u>	<u>\$ 41,259,683</u>	<u>\$ 39,723,000</u>	<u>\$ 48,133,000</u>

#### **Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the City as of April 25, 2025:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2051	\$ 19,835,239
<u>Bond Anticipation Notes</u>		
Various Purposes	May 16, 2025	20,033,000 <sup>(1)</sup>
Various Purposes	May 16, 2025	<u>10,190,000<sup>(1)</sup></u>
Total Indebtedness:		<u>\$ 50,058,239</u>

<sup>(1)</sup> To be partially redeemed and renewed with the proceeds of the Notes and \$412,000 available funds of the City.

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## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 25, 2025:

Five-Year Average Full Valuation of Taxable Real Property .....	\$ 869,478,580
Debt Limit – 7% thereof .....	60,863,500

### Inclusions:

Bonds .....	\$ 19,835,239
Bond Anticipation Notes .....	<u>30,223,000</u>
Total Inclusions .....	<u>\$ 50,058,239</u>

### Exclusions:

Water - Bonds <sup>(1)</sup> .....	\$ 4,880,449
Water - Notes <sup>(1)</sup> .....	415,725
Sewer <sup>(2)</sup> .....	9,705,000
Appropriations .....	<u>780,000</u>
Total Exclusions .....	<u>\$ 15,781,174</u>

Total Net Indebtedness Subject to Debt Limit .....	<u>\$ 34,277,065</u>
Net Debt-Contracting Margin .....	<u>\$ 26,636,435</u>
Percent of Debt Contracting Power Exhausted .....	56.32%

- (1) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.  
(2) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.  
(3) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Notes: Revenue anticipation notes and tax anticipation notes, if any, are not included in the calculation of inclusions for the City's debt statement.

## Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to this Official Statement.

## Cash Flow Borrowings

The City has not found it necessary to borrow tax anticipation notes in the past. Revenue Anticipation Notes (RANs) have been issued in anticipation of the receipt of State grants in aid for marketing the snow industry in and around the City. The RANs were retired at their maturity with State grants-in-aid.

The following is a chart of the City's recent revenue anticipation note borrowing history:

<u>Fiscal Year</u>	<u>Type</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Due Date</u>
2015	RAN	\$ 800,000	12/3/2015	12/2/2016
2016	RAN	750,000	12/2/2016	12/1/2017
2017	RAN	282,519	11/30/2017	11/30/2018
2020	TAN	1,000,000	12/23/2021	3/1/2021

Source: City records.

## Capital Project Plans

The City has undertaken a \$37.8 million project for the replacement of water, sanitary sewer and storm sewer lines along, and improvements of stormwater management practices with respect to: (a) Clinton Avenue from the intersection of Pomeroy Street to Main Street and including River Street; (b) Groton Avenue from the intersection of Main Street to Otter Creek Place; and (c) Main Street from the intersection of Clinton Avenue to Port Watson Street to be funded with an \$16.2 million United States Environmental Protection Agency (“EPA”) WIFIA loan, \$10.0 million NYS EFC loans and \$11.6 million grants-in-aid. Initial funding is provided with bond anticipation notes over the next several years. The WIFIA loan agreement closed May 7, 2020, for forward delivery on November 30, 2025. To date the City has issued \$21,881,000 bond anticipation notes for the aforementioned purposes.

The City also has bond anticipation notes outstanding through May 16, 2025 to finance the following:

<u>Purpose</u>	<u>Amount</u>
Water Plant Upgrades	\$ 415,725
Wickwire Locker Rooms	779,000
DRI Public Sector Projects	5,558,500
Owego Street Flood Control	281,275
Water System, Sanitary Sewer System and Storm System Improvements	21,881,000
Purchase of Equipment	<u>1,307,500</u>
	<u>\$ 30,223,000<sup>(1)</sup></u>

<sup>(1)</sup> To be partially redeemed and renewed with the proceeds of the Notes and \$412,000 available funds of the City.

On October 19, 2021, the City authorized the issuance of \$25,000,000 serial bonds to finance the cost of the Homer Avenue Gateway Water System, Sanitary Sewer System and Storm Sewer System Improvement Project. The City will be submitting applications under both NYS Environmental Facilities Corporation’s (EFC) Clean Water program and Drinking Water program for financial assistance. The actual work that will be completed for this project will be directly related to funding received from State and Federal agencies in the form of grants and low interest loans. The City passed a bond resolution to put the project in a position to seek grant and loan funding through NYSEFC and EPA WIFIA. The City is in the process of completing the WIFIA application and agreement. No bonds or notes have yet been issued for this project.

On April 22, 2025, the City authorized the issuance of \$ 1,856,930 serial bonds to finance the cost of the purchase of a ladder truck, improvements to Randall Park, and a Water Quality Improvement Project. The Notes will provide New Money for the aforementioned purposes

The City currently has no other authorizations outstanding and no other capital purpose borrowings are anticipated in the near future but continues to closely monitor current projects are construction costs continue to escalate and challenge original budgets and current contract agreements.

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## Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property in the City. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the below municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Cortland	6/29/2024	\$ 20,315,000 <sup>(2)</sup>	\$ 1,200,000 <sup>(3)</sup>	\$ 19,115,000	22.49%	\$ 4,298,964
School District:						
Cortland	12/23/2024	27,056,620 <sup>(2)</sup>	24,242,732 <sup>(4)</sup>	2,813,888	57.16%	1,608,419
					Total:	<u>\$ 5,907,382</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- (3) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (4) Amount excluded represents State building aid on existing bonded indebtedness estimated to be received by the district pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963.

## Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness as of April 25, 2025:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Direct Indebtedness .....	\$ 34,277,065	\$ 1,984.09	3.94%
Net Direct Plus Net Overlapping Indebtedness.....	40,184,447	2,326.03	4.62

- (a) The 2023 population of the City is estimated to be 17,276. See "THE CITY – Population Trends" herein.
- (b) The City's full value of taxable real estate for the 2025 fiscal year is \$869,478,580. See "TAX INFORMATION – Taxable Valuations" herein.
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) The City's applicable share of Net Overlapping Indebtedness is estimated to be \$5,907,382. See "Estimated Overlapping Indebtedness" herein.

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

**Authority to File for Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the City, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law

contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

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

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

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

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

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

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

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

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all

the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

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

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

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

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

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

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, Cities 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, Cities and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

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

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

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

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, City, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, City, 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, City, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

**No Past Due Debt.** No principal of or interest on City indebtedness is past due.

## **MARKET AND RISK FACTORS**

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

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

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

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

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the

prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

*Cybersecurity.* The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

## **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code; however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

## LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code; however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

## LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City 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 City.

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 City, threatened against or affecting the City 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 City taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the City.

## 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" or the "Rule"), the City will enter into an Undertaking to provide notice of certain enumerated events as described in Rule 15c2-12 with respect to the Bonds, the form, substantially of which, is attached hereto as "APPENDIX – C".

### Historical Compliance

Other than stated below, the City is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule.

The City did not file its audited financial statements for the fiscal year end December 31, 2021, on or before the required date of December 31, 2022. The audited financial statement for fiscal year end December 31, 2021, was filed to EMMA on October 4, 2023, along with a failure to file Material Event Notice.

On October 1, 2024 the City had an interest payment due related to its \$3,110,000 serial bonds issued on April 9, 2021 in the amount of \$25,362.50. Due to a clerical error the payment was not made until October 3, 2024. The City had the funds available in its account to make the payment at the time it was due.

The City has written continuing disclosure compliance procedures to ensure that all requirements pursuant to Rule 15c2-12 are met for its tax-exempt bond and note issuances and has hired a third party to act as dissemination agent for its continuing disclosure.

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the SEC and the MSRB. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City 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 City 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 City; provided, however, the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **RATINGS**

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

Also, on November 8, 2023 Moody's Investors Service ("Moody's") downgraded the issuer rating and general obligation long term rating to "A3" from "A2" and changed the outlook to negative. This rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

On December 13, 2023, S&P Global Ratings ("S&P") lowered its underlying rating (SPUR) on outstanding long-term general obligation (GO) debt for the City of Cortland, New York to A from A+ and changed the outlook to negative. The city's rating reflects the view of the city's governance structure, along with risk management, culture, and oversight as a material weakness in our credit analysis, reflecting the absence of effective budget monitoring in recent years, following significant staffing turnover that resulted in a weakened financial position.

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 outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

## **MISCELLANEOUS**

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

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

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.

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

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

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

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

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

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

The City contact information is as follows: Scott Steve, Mayor, City Hall, 25 Court Street, Cortland, New York 13045, Phone: (607) 753-0872, Fax: (607) 753-3295, Email: [mayor@cortland.org](mailto:mayor@cortland.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](http://www.fiscaladvisors.com).

This Official Statement has been duly executed and delivered by the Director of Administration and Finance of the City of Cortland.

**CITY OF CORTLAND**

**Dated: April 25, 2025**

**/s/ \_\_\_\_\_  
DIRECTOR OF ADMINISTRATION AND  
FINANCE OF THE CITY OF CORTLAND**



### CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, 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 City.

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

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

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

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

A "Continuing Disclosure Undertaking" to this effect shall be provided to the purchaser(s) at closing.

**CITY OF CORTLAND  
CORTLAND COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2023**

**Such Audited Financial Statements, including 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.**