

PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE

MOODY'S INVESTORS SERVICES: "Aa3"

SERIAL BOND

See "BOND RATING" herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, interest on the Bonds is included in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds 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 Town will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.



\$3,140,000
TOWN OF CORTLANDVILLE
CORTLAND COUNTY, NEW YORK
GENERAL OBLIGATIONS
CUSIP BASE #: 220777

\$3,140,000 Public Improvement (Serial) Bonds – 2025 (Federally Taxable)
(referred to herein as the "Bonds")

Dated: January 23, 2025

Due: January 15, 2026-2035

MATURITIES*

Table with columns: Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP. Rows show maturity amounts for years 2026 through 2035.

* Subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

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

The Bonds are to be issued without the option of prior redemption.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be made in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on January 15, 2026, July 15, 2026, and semi-annually thereafter on January 15 and July 15 in each year until maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than \$3,140,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC, New York, New York, or as may be agreed upon with the purchaser, on or about January 23, 2025.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on January 14, 2025 until 11:00 A.M., Prevailing Time, pursuant to the Notice of Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Bond Sale.

January 8, 2025

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

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

CORTLANDVILLE
New York

TOWN OFFICIALS

TOWN BOARD



GREGORY K. LEACH
Supervisor

JEFFREY D. GUIDO
Deputy Supervisor

COUNCILMEN

DAVID J. DONLICK
GLENN D. REISWEBER
SUNDAY. M EARLE

* * * * *

MEGAN JOHNSON
Bookkeeper

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

FRANCIS J. CASULLO, ESQ.
Town Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
TOWN OF CORTLANDVILLE
CORTLAND COUNTY, NEW YORK

Relating To

\$3,140,000 Public Improvement (Serial) Bonds – 2025 (Federally Taxable)

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Cortlandville, Cortland County, New York (the "Town," "County," and "State," respectively), in connection with the sale by the Town of its aggregate principal amount of \$3,140,000 Public Improvement (Serial) Bonds – 2025 (Federally Taxable) (referred to herein as the "Bonds").

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

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

NATURE OF THE OBLIGATION

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

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

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

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds, the

owner of such Bond could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

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

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

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

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

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

FINANCIAL CONTROL BOARDS

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

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services,

including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

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

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

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

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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

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

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

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

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

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

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

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

THE BONDS

Description of the Bonds

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

The Bonds will be dated the date of delivery, which is expected to be January 23, 2025 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption." The “Record Date” of the Bonds will be the last day of the calendar month preceding each such interest payment date. Interest will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and, when issued, if issued in book-entry only form, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on January 15, 2026, July 15, 2026, and semi-annually thereafter on January 15 and July 15 in each year until maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

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

Purpose of Issue

The Bonds are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law. A portion of the Bonds in the amount of \$1,965,000 are issued pursuant to a bond resolution adopted by the Town Board on June 12, 2017 authorizing the issuance of up to \$3,000,000 bonds for the construction of park, recreational, and sports improvements on a parcel of real property acquired by the Town. The proceeds of the Bonds, along with \$195,000 available funds of the Town, will partially redeem and renew a \$2,160,000 portion of the \$3,400,000 bond anticipation notes maturing on January 24, 2025, for the aforementioned purposes.

The \$1,175,000 balance of the Bonds are issued pursuant to a bond resolution adopted by the Town Board on January 5, 2022, and amended on December 21, 2022, authorizing the issuance of up to \$2,000,000 bonds for the construction of improvements at Gutchess Park. The proceed of the Bonds, along with \$65,000 available funds of the Town, will partially redeem and renew a \$1,240,000 portion of the \$3,400,000 bond anticipation notes maturing on January 25, 2025, for the aforementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds, if requested. The Bonds 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 bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the Town upon termination of the book-entry-only system. Interest on the Bonds will be payable on January 15, 2026, July 15, 2026, and semi-annually thereafter on January 15 and July 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the Town Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last day of the calendar month preceding an interest payment date and such interest payment date.

THE TOWN

General Information

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

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

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

The Town has a land area of 50.1 square miles and has a current estimated population of 8,202 including the Village of McGraw. The Town is suburban in nature and enjoys a significant industrial base. The Town serves as the commercial hub for the residents in and around the County, as well as the surrounding farm and dairy region.

The County is noted to produce computer numerical control milling machines; hospitality supplies; medical instruments and components; textiles; electrical components; plastic consumer goods; components for NASA and a variety of other goods and services. International exporting is an integral part of many of the corporations in the area.

The County's present reflects its past. Agri-business flourishes yet, consistent with the pattern elsewhere in New York State, the number of farms has declined while farm size and yield have increased. Continued growth in the service and light industry sectors is contributing to the growing strength of the Central New York region and the Southern Tier region. The sale of locally produced milk, beef, maple syrup and cash crops within the County generates revenues in excess of \$50 million annually.

Major non-manufacturing employees within the County continue to provide stable employment and include the State University of New York at Cortland (SUNY) which provides graduate and undergraduate education to 6,858 students and employs 929 full time and 410 part time employees; Guthrie Cortland Medical Center, a non-profit corporation, which consists of a 177-bed facility and employs 725 persons; and County and City governments employing approximately 650 and 200 persons, respectively.

Source: Town officials.

Population Trends

<u>Year</u>	<u>Town of Cortlandville</u>	<u>Cortland County</u>	<u>New York State</u>
1980	9,408	48,820	17,558,072
1990	8,054	48,735	17,990,455
2000	7,919	49,611	18,976,457
2010	8,509	49,336	19,378,102
2020	8,409	46,809	20,201,249
2023 (Estimated)	8,202	45,752	19,571,216

Source: U.S. Census Bureau.

Major Employers

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

Non-Manufacturing Employment

<u>Name</u>	<u>Type</u>	<u>Employees</u>
State University of New York at Cortland	Education	1,350
Guthrie Cortland Medical Center	Health Care	788
County of Cortland	Government	590
Greek Peak	Recreation (seasonal)	326
City of Cortland	Government	200
Crown Center for Nursing & Rehab	Health Care	200
Price Chopper	Super Market	125
Economy Paving	Heavy Construction	125
Onondaga-Cortland-Madison BOCES	Education	100

Manufacturing Employment

<u>Name</u>	<u>Products</u>	<u>Employees</u>
Pall Trinity Micro Corporation	Industrial Filters & Filtration Systems	659
Suit-Kote Corporation	Asphalt Products	450
Gutchess Lumber Company	Processes Hardwood Lumber	400
Intertek Testing Services	Independent Testing, Labeling & Product Certification Services	360
J. M. Murray Center	Product Assembly Services	224
Auxiliary Services Corporation	Food Service, Retail, Vending	175
Square Deal Machining	Machining and Metal Fabrication	150
Forkey Construction	Machining and Metal Fabrication	115
Cortlandville LLC (Byrne Dairy)	Dairy Processing & Packaging	86
Pyrotek	Manufacturer of High Temperature Products	80
Bestway Enterprises	Lumber Sales and Processing	65

Employment of 100 to 199 Persons

Wal-Mart	Discount Retailer
Cortland Park Rehabilitation & Albany International	Skilled Nursing
Tompkins-Cortland Community College (TC3)	Monofilament Manufacturing
	Education

Various commercial solar projects have been constructed throughout the County and approved by the Cortland County Industrial Development Agency. To date, there are nine commercial solar farms in the Town of Cortlandville alone. A tenth project has been approved by the Town Planning Board and Town Board, however construction has not commenced.

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

Also noteworthy, in 2023 the Cortland County Industrial Development Agency supported the redevelopment of the former Voyant manufacturing facility in the City of Cortland. In exchange for financial assistance the company has pledged to create 350 manufacturing and manufacturing support jobs over the next five years.

Source: Town officials.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, 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>
Town of:						
Cortlandville	\$ 25,714	\$ 33,333	\$ 36,247	\$ 65,769	\$ 78,462	\$ 93,431
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: U.S. Census Bureau 2006-2010, 2016-2020 and 2019-2023 American Community Survey 5-Year Estimates data.

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Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cortland County	5.8%	5.1%	4.7%	7.7%	5.1%	3.9%	4.2%
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.2%

	<u>2024 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Cortland County	5.8%	5.3%	4.8%	4.1%	4.0%	4.1%	4.4%	4.3%	3.0%	3.1%	N/A	N/A
New York State	4.3%	4.5%	4.2%	3.9%	4.2%	4.3%	4.9%	4.9%	4.0%	4.1%	N/A	N/A

Note: Unemployment rates for November 2024 through January 2025 are unavailable as of the date of this Official Statement.

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

Form of Town Government

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

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

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

Financial Organization

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

Budgetary Procedures

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

The Town remained within its tax levy limit for the 2025 budget.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by

any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town; and, (9) reciprocal deposit through a deposit placement program in a bank or trust company located and authorized to do business in the State of New York. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

State Aid

The Town receives financial assistance from the State. In its General Fund budget for the 2025 fiscal year, approximately 9.92% of the operating revenues of the Town are expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Employees

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

Source: Town officials.

Status and Financing of Employee Pension Benefits

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

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.

For both ERS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years, which, as of April 9, 2022, has been changed back to five years (for both Tier V and Tier VI).
- 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, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% based on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- The final average earnings is based on the average of the three highest consecutive years of earnings for members who retire on or after April 1, 2024 for PFRS and for members who retire on or after April 20, 2024 for ERS.

The Town’s contributions to the ERS for the years 2020 through 2024 and budgeted contributions for 2025 are as follows:

<u>Year</u>	<u>ERS</u>
2020	\$ 289,641
2021	301,708
2022	227,219
2023	236,198
2024	313,180
2025 (Budgeted)	370,618

Source: Town officials.

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

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

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

<u>Fiscal Year</u>	<u>ERS</u>
2021	14.6%
2022	16.2
2023	11.6
2024	13.1
2025	15.2

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal

annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that the amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

Other Post-Employment Benefits

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

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

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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.

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The Town contracted with Amory Associates LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the below fiscal years. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	2022	2023
Balance beginning at January 31:	<u>\$ 9,107,427</u>	<u>\$ 9,583,821</u>
<u>Changes for the year:</u>		
Service cost	394,429	382,045
Interest	199,235	202,857
Differences between expected and actual experience	-	-
Changes in assumptions or other inputs	90,668	772,037
Changes of benefit terms	-	(1,828,617)
Benefit payments	(207,938)	(236,895)
Net Changes	<u>\$ 476,394</u>	<u>\$ (708,573)</u>
Balance ending at December 31:	<u>\$ 9,583,821</u>	<u>\$ 8,875,248</u>

Note: GASB Statement No. 75 Annual Report of the Town FYE December 31, 2023. The above table is not audited.

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

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

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

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

Other Information

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

The Town has complied with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

Financial Statements

The Town retains an independent certified public accountant to audit its financial records. The financial affairs of the Town are also subject to periodic audits by the State Comptroller. The most recent independent audit covers the fiscal year ended December 31, 2023. The Audited Financial Report for the fiscal year ended December 31, 2023 is attached hereto as “APPENDIX – C”.

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

Beginning with the fiscal year ending December 31, 2004, the Town was 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 Town is in compliance with Statement No. 34.

New York State Comptroller Report of Examination

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

As of the date of this Continuing Disclosure Statement, there have been no State Comptrollers audits of the Town released within the past five years, nor are there any that are currently in progress or pending release at this time.

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

The State Comptroller’s Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	28.3
2022	No Designation	3.3
2021	No Designation	3.3

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

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

TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Valuation	\$ 713,381,322	\$ 726,050,249	\$ 738,106,615	\$ 749,768,491	\$ 757,270,817
New York State Equalization Rate	92.00%	85.00%	80.00%	70.00%	65.00%
Total Taxable Full Valuation	\$ 775,414,480	\$ 854,176,764	\$ 922,633,269	\$ 1,071,097,844	\$ 1,165,032,026

Note: The assessed valuation for the 2025 fiscal year is expected to be available July 2025.

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>
Inside Villages	\$ 2.81	\$ 2.58	\$ 2.30	\$ 3.44	\$ 3.42
Outside Villages	3.46	3.55	3.61	3.63	3.75

Tax Collection Procedure

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

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

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

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>
Total Tax Levy	\$ 12,709,886	\$ 12,870,895	\$ 13,629,833	\$ 14,012,460	\$ 14,351,108
Amount Uncollected ⁽¹⁾	373,630	660,494	374,610	319,908	N/A
% Uncollected	2.94%	5.13%	2.75%	2.28%	N/A

⁽¹⁾ See "Tax Collection Procedure" herein.

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Larger Taxpayers – 2024 Assessment for 2025 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Assessed Valuation</u>
Niagara Mohawk Power Corp.	Utility	\$ 23,455,293
Wal-Mart Stores East LP	Commercial	12,000,000
Cortlandville Crossing LLC	Commercial	10,411,700
BRE Rook SH Walden Place, LLC	Housing	10,000,000
Gutchess Lumber Comp. Inc.	Industrial	8,571,500
Lowes Home Center Inc	Commercial	7,355,700
New York State Electric & Gas	Utility	6,231,433
Cortland Commerce Center, LLC	Commerce	5,729,000
Dominion Resources Services, Inc.	Utility	5,176,542
Suite-Kote Corporation	Industrial	4,209,400

The ten larger taxpayers listed above have an estimated assessed valuation of \$93,120,568, which represents 12.32% of the tax base of the Town for the 2024 fiscal year.

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

Source: Town officials.

Additional Tax Information

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

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

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

The total property tax bill of a \$70,000 market value residential property located in the Town is approximately \$2,915 including County, School District and special purpose Town taxes.

TAX LEVY LIMIT LAW

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

The Town has complied with this estoppel procedure with respect to the authorization of the Bonds.

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31st:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 7,069,000	\$ 6,726,500	\$ 6,377,000	\$ 6,021,500	\$ 5,660,000
Bond Anticipation Notes	2,845,000	2,685,000	3,815,000	3,640,000	3,400,000
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 9,914,000	\$ 9,411,500	\$ 10,192,000	\$ 9,661,500	\$ 9,060,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town as of January 8, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2053	\$ 5,660,000
<u>Bond Anticipation Notes</u>		
Park and recreational improvements	January 24, 2025	<u>3,400,000</u> ⁽¹⁾
	Total Debt Outstanding	<u>\$ 9,060,000</u>

⁽¹⁾ To be redeemed with the proceeds of the Bonds and available funds of the Town.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 8, 2025:

Five Year Average Full Valuation of Taxable Real Property	\$	957,670,876
Debt Limit – 7% thereof		67,036,961

Inclusions:

Bonds.....	\$	5,660,000
Bond Anticipation Notes		<u>3,400,000</u>
Total Inclusions	\$	<u>9,060,000</u>

Exclusions:

Water Indebtedness ⁽¹⁾	\$	805,000
Appropriations – Bonds ⁽²⁾		<u>344,500</u>
Total Exclusions	\$	<u>1,149,500</u>

Total Net Indebtedness Subject to Debt Limit	\$	<u>7,910,500</u>
Net Debt-Contracting Margin	\$	<u>59,126,461</u>
The percent of debt contracting power exhausted is		11.80%

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

Bonded Debt Service

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

Cash Flow Borrowings

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

Capital Projects

The Town is in the process of developing a large multi-use athletic facility at an estimated cost of \$15 million. The Town has been awarded the Gutchess Lumber Sports Complex (“GLSC”) Grant #AC571/CFA #74852 in the amounts of \$250,000 from the Dormitory Authority of the State of New York and \$862,000 from the Empire State Development. On June 12, 2017, the Town adopted a bond resolution for the issuance of \$3,000,000 serial bonds for the construction of a park, recreational and sports improvements on a parcel of real property acquired by the Town. The Town issued \$3,000,000 bond anticipation notes on January 30, 2018 for the GLSC which represents Phase I of the project. The bond anticipation notes were renewed on January 31, 2019 . On January 29, 2020, the Town used \$155,000 available funds to redeem and renew said bond anticipation notes outstanding. The Town issued \$2,685,000 bond anticipation notes on January 28, 2021 which, along with \$160,000 available funds of the Town, partially redeemed and renewed the \$2,845,000 bond anticipation notes that matured on January 29, 2021. The Town paid the outstanding \$2,685,000 bond anticipation notes in November 2021 and simultaneously issued renewal notes in the amount of \$2,685,000, which matured on January 28, 2022. \$2,515,000 of the \$3,815,000 bond anticipation notes issued January 27, 2022, along with \$170,000 available funds of the Town, redeemed and renewed the \$2,685,000 bond anticipation notes that matured on January 28, 2022. The Town then issued \$3,640,000 bond anticipation notes, a \$2,340,000 portion of which, along with \$175,000 available funds of the Town, redeemed and renewed a \$2,515,000 portion of \$3,815,000 bond anticipation notes that matured on January 27, 2023.

On January 25, 2024, the Town issued \$3,400,000 bond anticipation notes, a \$2,160,000 portion of which, along with \$180,000 of available funds of the Town, redeemed and partially renewed the then-outstanding bond anticipation notes that matured January 26, 2024 for the aforementioned purpose. The proceeds of the Bonds, along with \$195,000 available funds of the Town, will partially redeem and renew a \$2,160,000 portion of the \$3,400,000 bond anticipation notes maturing on January 24, 2025, for the aforementioned purposes.

On January 5, 2022, the Town adopted a bond resolution authorizing \$2,000,000 in bonds for the construction of improvements at Gutchess Park. The bond resolution was amended on December 21, 2022. \$1,300,000 of the \$3,815,000 bond anticipation notes issued on January 27, 2022 provided new monies for this purpose. The Town then renewed in full a \$1,300,000 portion of \$3,815,000 bond anticipation notes that matured January 27, 2023. On January 25, 2024, the Town issued \$3,400,000 bond anticipation notes, a \$1,240,000 portion of which, along with \$60,000 of available funds of the Town, redeemed and partially renewed the then-outstanding bond anticipation notes that matured on January 26, 2024 for the aforementioned purpose. The proceed of the Bonds, along with \$65,000 available funds of the Town, will partially redeem and renew a \$1,240,000 portion of the \$3,400,000 bond anticipation notes maturing on January 25, 2025, for the aforementioned purposes.

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

The Town is currently involved in a capital project constructing a Concession Building at GLSC, with an expected completion for most of the project by July 31, 2024. The Town has no other capital project plans authorized at this time; however, the Town is contemplating a water and sewer expansion project, a new well, and the construction of a new entranceway to Town Hall. The Town does not anticipate financing the project through the use of bond anticipation notes or serial bonds.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Cortland	6/29/2024	\$ 20,315,000 ⁽²⁾	\$ 1,200,000 ⁽⁴⁾	\$ 19,115,000	25.66%	\$ 4,904,909
Village of:						
Homer	5/31/2022	724,063 ⁽³⁾	- ⁽⁴⁾	724,063	21.92%	158,715
McGraw	5/31/2022	2,751,000 ⁽³⁾	- ⁽⁴⁾	2,751,000	4.02%	110,590
School District:						
Cortland	6/18/2024	23,841,620 ⁽²⁾	20,789,893 ⁽⁵⁾	3,051,727	25.82%	787,956
Dryden	5/29/2024	34,540,000 ⁽²⁾	28,184,640 ⁽⁵⁾	6,355,360	4.03%	256,121
Homer	6/17/2024	37,890,303 ⁽²⁾	32,168,867 ⁽⁵⁾	5,721,436	27.24%	1,558,519
McGraw	11/27/2024	9,154,272 ⁽²⁾	8,669,096 ⁽⁵⁾	485,176	62.48%	303,138
Fire District:						
Cortlandville	12/31/2022	- ⁽⁶⁾	-	-	100.00%	-
Total:						<u>\$ 8,079,948</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) Gross indebtedness sourced from local government data provided by the State Comptroller’s office for the most recent fiscal year such data is available for the respective municipality.
- (4) 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.
- (5) 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.
- (6) Information not available.

Debt Ratios

The following table sets forth certain ratios relating to the Town's net indebtedness as of January 8, 2025:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness ^(c)	\$ 7,910,500	\$ 964.46	0.68%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	15,990,448	1,949.58	1.38

^(a) The 2023 estimated population of the Town is 8,202. (See "THE TOWN – Population Trends" herein.)

^(b) The Town's full value of taxable real estate for 2025 is \$1,165,032,026. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

^(d) Estimated net overlapping indebtedness is \$8,079,948. (See "Estimated Overlapping Indebtedness" herein.)

CYBERSECURITY

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

TAX MATTERS

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, interest on the Bonds (i) is included in gross income for federal income tax purposes pursuant to the Code and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York and its political subdivision thereof, including The City of New York. The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Bonds by original purchasers of the Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below. In addition, interest on the Taxable Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

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

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the Bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

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

LEGAL MATTERS

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

- The Town failed to file its Audited Financial Statements for the fiscal years ended December 31, 2020 and December 31, 2021 within 60 days following receipt by the Town or by the last day of the succeeding fiscal year as required by the Town’s continuing disclosure undertaking requirements. The Town’s Audited Financial Statements for the fiscal year ended December 31, 2019 were dated as of October 7, 2020, and were posted to EMMA on January 4, 2021, along with a material event notice disclosing the Town’s failure to file. The Town’s Audited Financial Statements for the fiscal year ended December 31, 2020 were dated as of November 1, 2021, and were posted to EMMA on January 6, 2022, along with a material event notice disclosing the Town’s failure to file. The Town’s Audited Financial Statements for the fiscal year end December 31, 2021 were dated as of January 5, 2023 and were posted to EMMA on January 11, 2023.

BOND RATING

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

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

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

MUNICIPAL ADVISOR

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

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 Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town; provided, however, the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

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

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

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

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

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

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

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

The Town will act as Fiscal Agent for the Bonds. The Town contact information is as follows: Greg Leach, Town Supervisor, Town of Cortlandville, The Raymond G. Thorpe Municipal Building, 3577 Terrace Road, Cortland, New York, 13045, Phone: (607) 591-5114, Fax: (607) 756-7922, Email: supervisor@cortlandville.org.

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

TOWN OF CORTLANDVILLE

Dated: January 8, 2025

GREGORY K. LEACH
Town Supervisor

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ 1,051,979	\$ 798,512	\$ 1,380,950	\$ 1,560,614	\$ 491,894
Taxes Receivable	27,306	-	-	-	-
Other Receivables	-	28,333	95,034	31,434	4,451,452
State and Federal Aid Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	136,559	-	-	-
Prepaid Expenses	32,101	85,840	102,023	100,326	41,600
Restricted Assets	243,616	-	-	-	-
	<u>\$ 1,355,002</u>	<u>\$ 1,049,244</u>	<u>\$ 1,578,007</u>	<u>\$ 1,692,374</u>	<u>\$ 4,984,946</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 34,784	\$ 58,723	\$ 25,560	\$ 115,339	\$ 102,031
Accrued Liabilities	-	112,143	100,733	65,433	77,263
Other liabilities	67,019	-	18,550	-	-
Deferred Inflows of Resources	-	-	-	-	4,417,327
Due to Other Funds	27,306	28,333	95,034	31,434	25,087
Unearned Revenue	-	-	364,922	595,943	128,937
	<u>\$ 129,109</u>	<u>\$ 199,199</u>	<u>\$ 604,799</u>	<u>\$ 808,149</u>	<u>\$ 4,750,645</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 32,101	\$ 85,840	\$ 102,023	\$ 100,326	\$ 41,600
Committed	-	-	-	-	-
Restricted	243,616	241,370	175,767	175,789	175,811
Assigned	582,607	517,667	450,000	456,088	100,000
Unassigned	367,569	5,168	245,418	152,022	(83,110)
	<u>\$ 1,225,893</u>	<u>\$ 850,045</u>	<u>\$ 973,208</u>	<u>\$ 884,225</u>	<u>\$ 234,301</u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 1,355,002</u></u>	<u><u>\$ 1,049,244</u></u>	<u><u>\$ 1,578,007</u></u>	<u><u>\$ 1,692,374</u></u>	<u><u>\$ 4,984,946</u></u>

Source: 2019-2023 Audited Financial Statements of the Town.
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Real Property Taxes	\$ 1,186,032	\$ 1,440,261	\$ 1,648,348	\$ 1,531,378	\$ 1,387,532
Real Property Tax Items	56,812	57,572	97,410	99,402	107,718
Non-Property Tax Items	110,242	109,580	109,958	109,846	107,872
Departmental Income	2,611	62,251	80,660	86,157	22,847
Intergovernmental Charges	14,131	-	-	-	-
Use of Money & Property	380	3,790	3,116	19,090	129,273
Licenses and Permits	14,434	12,586	12,619	12,791	12,493
Fines and Forfeitures	190,395	141,244	154,755	311,881	283,922
Sale of Property and Compensation for Loss	-	-	-	1,100	51,160
Miscellaneous	970	2,203	23,044	45,619	75,369
Revenues from State Sources	122,798	218,543	275,096	330,732	160,832
Revenues from Federal Sources	247	214	9,857	134,100	467,558
Total Revenues	<u>\$ 1,699,052</u>	<u>\$ 2,048,244</u>	<u>\$ 2,414,863</u>	<u>\$ 2,682,096</u>	<u>\$ 2,806,576</u>
EXPENDITURES					
General Government Support	\$ 1,222,415	\$ 1,215,411	\$ 1,218,068	\$ 1,321,718	\$ 1,418,080
Public Safety	63,854	64,932	59,613	68,740	72,202
Health	-	-	-	-	-
Transportation	238,935	257,454	228,099	295,367	293,034
Economic Assistance and Opportunity	18,429	21,500	20,308	158,707	25,000
Culture and Recreation	792	79,089	87,395	120,682	363,727
Home and Community Services	18,875	36,619	10,013	22,372	10,024
Employee Benefits	468,448	526,167	495,600	484,825	530,273
Debt Service	205,581	390,468	340,274	311,010	331,181
Total Expenditures	<u>\$ 2,237,329</u>	<u>\$ 2,591,640</u>	<u>\$ 2,459,370</u>	<u>\$ 2,783,421</u>	<u>\$ 3,043,521</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (538,277)</u>	<u>\$ (543,396)</u>	<u>\$ (44,507)</u>	<u>\$ (101,325)</u>	<u>\$ (236,945)</u>
Other Financing Sources (Uses):					
Operating Transfers In	384,413	167,548	167,670	12,342	182,964
Operating Transfers Out	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(595,943)</u>
Total Other Financing	<u>\$ 184,413</u>	<u>\$ 167,548</u>	<u>\$ 167,670</u>	<u>\$ 12,342</u>	<u>\$ (412,979)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(353,864)</u>	<u>(375,848)</u>	<u>123,163</u>	<u>(88,983)</u>	<u>(649,924)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	1,579,757	1,225,893	850,045	973,208	884,225
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,225,893</u>	<u>\$ 850,045</u>	<u>\$ 973,208</u>	<u>\$ 884,225</u>	<u># \$ 234,301</u>

Source: Audited Financial Statements of the Town. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending	2023		2024		2025	
	Adopted Budget	Audited Actual	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
REVENUES						
Real Property Taxes	\$ 1,456,572	\$ 1,387,532	\$ 2,154,682	\$ 2,159,646		
Real Property Tax Items	26,000	107,718	26,000	26,000		
Non-Property Tax Items	110,000	107,872	110,000	105,000		
Departmental Income	301,750	22,847	281,750	281,750		
Intergovernmental Charges	90,000	-	15,000	-		
Use of Money & Property	18,800	129,273	20,000	28,800		
Licenses and Permits	11,000	12,493	11,000	11,000		
Fines and Forfeitures	250,000	283,922	275,000	275,000		
Sale of Property and Compensation for Loss	-	51,160	-	-		
Miscellaneous	-	75,369	-	-		
Revenues from State Sources	268,000	160,832	168,000	318,000		
Revenues from Federal Sources	201	467,558	201	200		
Total Revenues	\$ 2,532,323	\$ 2,806,576	\$ 3,061,633	\$ 3,205,396		
EXPENDITURES						
General Government Support	\$ 1,567,493	\$ 1,418,080	\$ 1,507,441	\$ 1,707,926		
Public Safety	80,200	72,202	71,500	77,684		
Health	-	-	-	-		
Transportation	315,947	293,034	320,806	268,111		
Economic Assistance and Opportunity	30,500	25,000	25,000	25,000		
Culture and Recreation	215,730	363,727	262,911	305,411		
Home and Community Services	18,000	10,024	23,500	12,000		
Employee Benefits	581,235	530,273	602,276	642,901		
Debt Service	356,181	331,181	536,651	538,262		
Total Expenditures	\$ 3,165,286	\$ 3,043,521	\$ 3,350,085	\$ 3,577,295		
Excess of Revenues Over (Under) Expenditures	\$ (632,963)	\$ (236,945)	\$ (288,452)	\$ (371,899)		
Other Financing Sources (Uses):						
Operating Transfers In	182,963	182,964	188,452	193,167		
Proceeds of Obligations	-	-	-	-		
Operating Transfers Out	-	595,943	-	-		
Total Other Financing	\$ 182,963	\$ (412,979)	\$ 188,452	\$ 193,167		
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(450,000)	(649,924)	(100,000)	(178,732)		
FUND BALANCE						
Fund Balance - Beginning of Year	450,000	884,225	100,000	178,732		
Prior Period Adjustments (net)	-	-	-	-		
Fund Balance - End of Year	\$ -	\$ 234,301	\$ -	\$ -		

Source: 2023 Audited Financial Report and budgets of the Town.
This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>GENERAL PART TOWN</u>					
Fund Equity - Beginning of Year	\$ 559,930	\$ 682,681	\$ 792,370	\$ 1,919,816	\$ 657,261
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	806,438	560,228	1,671,886	1,463,209	1,495,337
Expenditures & Other Uses	683,687	450,539	544,440	2,236,608	523,684
Fund Equity - End of Year	\$ 682,681	\$ 792,370	\$ 1,919,816	\$ 1,146,417	\$ 1,628,914
<u>HIGHWAY PART TOWN FUND</u>					
Fund Equity - Beginning of Year	\$ 2,437,770	\$ 2,244,847	\$ 2,758,238	\$ 2,465,489	\$ 2,101,662
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	2,847,491	2,828,902	2,451,019	2,882,870	3,147,812
Expenditures & Other Uses	3,040,414	2,315,511	2,743,768	2,828,267	3,419,676
Fund Equity - End of Year	\$ 2,244,847	\$ 2,758,238	\$ 2,465,489	\$ 2,520,097	\$ 1,829,798
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 1,892,945	\$ 2,001,571	\$ 2,091,092	\$ 2,338,313	\$ 2,530,382
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,222,711	1,279,402	1,057,960	940,751	1,165,298
Expenditures & Other Uses	1,114,085	1,189,881	810,739	733,357	710,502
Fund Equity - End of Year	\$ 2,001,571	\$ 2,091,092	\$ 2,338,313	\$ 2,545,707	\$ 2,985,177
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 1,032,793	\$ 1,275,578	\$ 1,510,304	\$ 1,638,276	\$ 1,790,576
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,340,620	1,549,533	1,340,139	1,221,611	1,435,962
Expenditures & Other Uses	1,097,835	1,314,807	1,212,167	1,055,491	1,227,492
Fund Equity - End of Year	\$ 1,275,578	\$ 1,510,304	\$ 1,638,276	\$ 1,804,396	\$ 1,999,046

Source: 2019-2023 Audited Financial Statements.
This Appendix is not itself audited.

APPENDIX - B
Town of Cortlandville

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2025	\$ 368,500	\$ 121,537.38	\$ 490,037.38
2026	374,500	113,841.88	488,341.88
2027	322,500	105,626.65	428,126.65
2028	328,500	96,978.95	425,478.95
2029	335,500	87,779.28	423,279.28
2030	341,500	78,139.13	419,639.13
2031	353,500	68,207.00	421,707.00
2032	359,500	57,988.40	417,488.40
2033	231,500	47,500.33	279,000.33
2034	233,500	40,942.78	274,442.78
2035	239,500	34,265.75	273,765.75
2036	142,500	29,533.75	172,033.75
2037	143,500	26,833.75	170,333.75
2038	145,500	24,117.50	169,617.50
2039	110,000	21,385.00	131,385.00
2040	111,000	20,117.50	131,117.50
2041	114,000	18,833.75	132,833.75
2042	116,000	17,517.50	133,517.50
2043	117,000	16,185.00	133,185.00
2044	120,000	14,836.25	134,836.25
2045	122,000	13,455.00	135,455.00
2046	124,000	12,057.50	136,057.50
2047	126,000	10,627.50	136,627.50
2048	128,000	9,181.25	137,181.25
2049	130,000	7,718.75	137,718.75
2050	132,000	6,223.75	138,223.75
2051	95,000	4,712.50	99,712.50
2052	97,000	3,168.75	100,168.75
2053	98,000	1,592.50	99,592.50
TOTALS	\$ 5,660,000	\$ 1,110,905.03	\$ 6,770,905.03

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of January 14, 2025.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$3,140,000 PUBLIC IMPROVEMENT SERIAL BONDS-2025 (Federally Taxable)**, dated January 23, 2025, maturing in various principal amounts on January 15 in each of the years 2026 to 2035, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Fiscal Advisors & Marketing, Inc., 120 Walton Street, Suite 600, Syracuse, New York, to the EMMA System:

- (i) (A) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2025, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2025, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Town has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.
- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE TOWN," "TAX INFORMATION," "STATUS OF INDEBTEDNESS," "LITIGATION," AND APPENDIX A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of January 23, 2025.

By _____
Supervisor and Chief Fiscal Officer

FORM OF BOND COUNSEL’S OPINION

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

January 23, 2025

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Cortlandville (the “Town”), in the County of Cortland, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$3,140,000 Public Improvement Serial Bonds-2025 (the “Bonds”), dated and delivered on the date hereof.

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

1. The Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the Town will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town’s representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

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

AUDITED FINANCIAL REPORT

For the Year Ended December 31, 2023

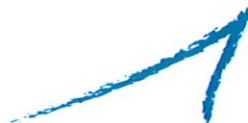
Such Audited Financial Statements and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

TOWN OF CORTLANDVILLE

Cortland, New York

FINANCIAL REPORT

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



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TOWN OF CORTLANDVILLE

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Cortlandville
Cortland, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cortlandville (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INSERO & Co. CPAs, LLP

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Budgetary Comparison Schedules; Schedule of Changes in the Town's Total OPEB Liability and Related Ratios; Schedule of the Town's Contributions - NYSLRS Pension Plan; and Schedule of the Town's Proportionate Share of the Net Pension (Asset)/Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
July 10, 2024

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Our discussion and analysis of the Town of Cortlandville's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2023. This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed in the current year. Please read it in conjunction with the Town's financial statements, which begin on page 5.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,831,360 (net position), compared to \$11,132,992 in 2022.
- ❖ The Town follows Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement requires the Town to record a liability and expense for the Actuarial Accrued Liability. This liability amounted to \$8,875,248 at December 31, 2023 and the net liability decreased by \$68,005.
- ❖ During the year ended December 31, 2023, the Town recorded its proportionate share of the net pension (asset)/liability, along with deferred inflows and outflows of resources related to pensions, in accordance with the parameters of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Current year recognition resulted in an increase of Government-wide expenses of \$331,483.
- ❖ The Town's expenses were \$5,698,368 less than the \$15,177,100 generated in tax and other revenues for governmental programs. Comparatively, in the prior year, expenses were \$2,063,872 less than the \$10,466,184 generated in tax and other revenues for Government programs in the current year.
- ❖ The General Funds recorded an increase in fund balances of \$313,610 in 2023. General Funds combined fund balances at year end were \$2,344,252.
- ❖ The Town's long-term debt decreased \$530,500 during the current fiscal year, due to no new additional BAN proceeds and due to regular debt payments.

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Using this Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5-6) provide information about the Town as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. The Governmental Fund financial statements also report the Town's operations in greater detail than the Government-wide financial statements by providing information about the Town's most significant funds. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of statements for those funds that are not considered major funds and, therefore, are not presented individually in the basic financial statements. The report also includes schedules comparing the Town's final budgets to actual revenues and expenditures for the General Funds and Major Special Revenue Funds; and additional schedules related to the Town's pension and OPEB obligations.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer the question of whether the Town, as a whole, is better off or worse off, as a result of the year's activities. These statements include **all** assets and liabilities using the **accrual basis of accounting**, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

These two statements report the Town's net position and changes in it. One can think of the Town's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, all of the Town's activities, which are governmental in nature, are reported in one column, including public safety, public health, transportation, economic assistance, culture and recreation, home and community services, and general administration. Property and sales taxes, and state and federal grants, finance most of these activities.

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Reporting the Town's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Town's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds not on the Town as a whole. Some funds are required to be established by New York State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: All of the Town's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using **modified accrual accounting**, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between **Governmental Activities** (reported in the Government-wide financial statements) and **Governmental Funds** is explained in a reconciliation following the Governmental Fund financial statements.

The Town as a Whole

The Town's *combined* net position for the year ended December 31, 2023 increased from \$11,132,992 to \$16,831,360. A portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town has chosen not to report infrastructure assets acquired prior to January 1, 2003, in accordance with the transition provisions of GASB Statement No. 34. An additional portion of the Town's net position represents resources subject to external restrictions on how they may be used and are reported as restricted. The remaining category of total net position is unrestricted and may be used to meet the Government's ongoing obligations and services to creditors and citizens.

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Our analysis below focuses on the net position (*Figure 1*), and changes in net position (*Figure 2*), of the Town's Governmental Activities.

Figure 1 - Net Position

<i>Governmental Activities</i>	<i>2023</i>	<i>2022</i>	<i>Dollar Change</i>	<i>Percent Change</i>
<i>Current Assets</i>	\$ 9,151,235	\$ 8,698,469	\$ 452,766	5.2%
<i>Noncurrent Assets</i>	5,651,358	2,262,899	3,388,459	149.7%
<i>Capital Assets, Net</i>	22,434,206	22,065,855	368,351	1.7%
<i>Total Assets</i>	37,236,799	33,027,223	4,209,576	12.7%
<i>Total Deferred Outflows of Resources</i>	2,686,925	2,516,905	170,020	6.8%
<i>Current Liabilities</i>	4,734,382	5,558,599	(824,217)	(14.8%)
<i>Noncurrent Liabilities</i>	16,095,881	15,605,321	490,560	3.1%
<i>Total Liabilities</i>	20,830,263	21,163,920	(333,657)	(1.6%)
<i>Total Deferred Inflows of Resources</i>	2,262,101	3,247,216	(985,115)	(30.3%)
<i>Net Investment in Capital Assets</i>	12,772,706	11,873,855	898,851	7.6%
<i>Restricted</i>	1,517,340	1,707,402	(190,062)	(11.1%)
<i>Unrestricted</i>	2,541,314	(2,448,265)	4,989,579	203.8%
<i>Total Net Position</i>	\$ 16,831,360	\$ 11,132,992	\$ 5,698,368	51.2%

The increase in current assets is primarily based on an increase in unrestricted cash. Noncurrent Assets increased due to the lease receivable on the Gutchess Lumber Sports Complex. Capital assets increased mainly due to capital outlay exceeding depreciation expenses. Current liabilities decreased largely due to decrease in BANs payable and accounts payable.

Noncurrent assets, noncurrent liabilities, deferred outflows of resources, and deferred inflows of resources changed due to changes in actuarially determined amounts provided the NYSLRS and an actuarial valuation of the Town's Other Postemployment Benefits (OPEB) plan.

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Figure 2 demonstrates the operations of the Town's Governmental Activities.

Figure 2 - Changes in Net Position

<i>Governmental Activities and Total Government</i>	<i>2023</i>	<i>2022</i>	<i>Dollar Change</i>	<i>Percent Change</i>
REVENUES				
<i>Program Revenues</i>				
<i>Charges for Services</i>	\$ 3,107,458	\$ 2,756,685	\$ 350,773	12.7%
<i>Operating Grants and Contributions</i>	1,135,832	645,296	490,536	76.0%
<i>Capital Grants and Contributions</i>	610,574	1,445,543	(834,969)	(57.8)%
<i>General Revenues</i>				
<i>Property Taxes and Tax Items</i>	2,243,746	2,178,897	64,849	3.0%
<i>Nonproperty Taxes</i>	3,295,243	3,340,725	(45,482)	(1.4)%
<i>Use of Money and Property</i>	132,553	22,702	109,851	483.9%
<i>Other General Revenues</i>	4,651,694	76,336	4,575,358	5993.7%
Total Revenues	\$ 15,177,100	\$ 10,466,184	\$ 4,710,916	45.0%
PROGRAM EXPENSES				
<i>General Governmental Support</i>	\$ 2,161,200	\$ 1,900,348	\$ 260,852	13.7%
<i>Public Safety</i>	72,202	68,740	3,462	5.0%
<i>Public Health</i>	7,992	3,620	4,372	120.8%
<i>Transportation</i>	3,707,976	3,218,403	489,573	15.2%
<i>Economic Assistance and Opportunity</i>	25,000	158,707	(133,707)	(84.2)%
<i>Culture and Recreation</i>	638,732	469,215	169,517	36.1%
<i>Home and Community Services</i>	2,569,300	2,410,229	159,071	6.6%
<i>Interest on Long-Term Debt</i>	296,330	173,050	123,280	71.2%
Total Expenses	\$ 9,478,732	\$ 8,402,312	\$ 1,076,420	12.8%
CHANGE IN NET POSITION	\$ 5,698,368	\$ 2,063,872	\$ 3,634,496	176.1%

Capital grants and contributions decreased due to American Rescue Plan Act (ARPA) revenues. Total expenses increased in 2023 primarily due to changes in pension and OPEB expenses along with results of operations.

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

THE TOWN'S FUNDS

As the Town completed the year, its Governmental Funds, as presented in the Balance Sheet on page 7, reported an increase in combined fund balance. *Figure 3* shows the changes in fund balances during the year for the Town's funds.

Figure 3 - Fund Balances at Years Ended

<i>Governmental Funds</i>	<i>2023</i>	<i>2022</i>	<i>Dollar Change</i>
<i>General Fund - Town-Wide</i>	\$ 234,301	\$ 884,225	\$ (649,924)
<i>General Fund - Part-Town</i>	2,109,951	1,146,417	963,534
<i>Highway Fund - Part-Town</i>	2,155,046	2,520,097	(365,051)
<i>Water Fund</i>	2,992,904	2,545,707	447,197
<i>Sewer Fund</i>	2,004,695	1,804,396	200,299
<i>Special Grant Fund</i>	21,596	7,005	14,591
<i>Capital Projects Fund</i>	(3,644,930)	(4,030,747)	385,817
<i>Non-Major Fund</i>	275,471	275,415	56
<i>Totals</i>	\$ 6,149,034	\$ 5,152,515	\$ 996,519

General Funds Budgetary Highlights

Over the course of the year, the Town Council and management of the Town revised the Town budgets several times. These budget amendments consisted of transfers between functions.

Resources available for appropriation in the General Funds were \$549,848 more than the final budget. Expenditures in the General Funds were \$324,517 favorable when compared to budget due to cost containment measures.

Capital Assets and Debt Administration

Capital Assets

At the end of December 31, 2023, the Town had \$46,802,649, less accumulated depreciation of \$24,368,443, invested in a broad range of capital assets, including buildings, machinery and equipment, roads, and bridges.

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Figure 4 - Capital Assets, Net of Depreciation

<i>Governmental Activities and Total Government</i>	<i>2023</i>	<i>2022</i>	<i>Dollar Change</i>
<i>Land</i>	\$ 1,235,781	\$ 1,235,781	\$ -
<i>Construction in Progress</i>	4,462,145	3,826,997	635,148
<i>Improvements</i>	3,725,110	3,917,303	(192,193)
<i>Buildings</i>	6,478,867	6,679,833	(200,966)
<i>Machinery and Equipment</i>	1,541,170	1,224,631	316,539
<i>Infrastructure</i>	4,991,133	5,181,310	(190,177)
<i>Totals</i>	\$22,434,206	\$22,065,855	\$ 368,351

Depreciation expense during the year amounted to \$1,056,989. The Town has not reported any infrastructure assets prior to 2003, in accordance with the transition provisions of GASB Statement No. 34.

Debt Administration

Debt (bonds and BANs), considered a liability of Governmental Activities, decreased, bringing total debt to \$9,661,500 as of December 31, 2023, as shown in *Figure 5*. Of the amount of bonds and notes outstanding, \$8,314,500 is subject to the constitutional debt limit and represented 11.09% of the Town's statutory debt limit. The Town's bond rating is currently Aa3 from Moody's.

Figure 5 - Major Outstanding Debt at Years Ended

<i>Governmental Activities and Total Government</i>	<i>2023</i>	<i>2022</i>	<i>Dollar Change</i>	<i>Percent Change</i>
<i>Bond Anticipation Notes</i>	\$ 3,640,000	\$ 3,815,000	\$ (175,000)	(4.6%)
<i>Serial Bonds</i>	6,021,500	6,377,000	(355,500)	(5.6%)
<i>Totals</i>	\$ 9,661,500	\$10,192,000	\$ (530,500)	(5.2%)

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Approved 2024 budget shows an increase in tax rate of \$0.03 per \$1,000 of assessed value. The Town Board did not override the tax cap.
- Water benefit tax decreased \$1.96 per unit and the Sewer benefit tax decreased \$5.47. The number of units calculated changes year to year as well as debt being paid down or added. The total number of water units increased from the prior year and the sewer had an increase in total units from the prior year.
- The Town of Cortlandville was awarded a Community Development Block Grant in 2021 (CDBG #287ED967-21) for Seven Valley Specialty Cable, LLC in the amount of \$330,000. The CDBG project commenced in 2021 and is ongoing in 2021 and 2023. The Town received an extension to expend funds through 2024, funds released as jobs are created.
- The Town submitted a 2019 Consolidated Funding Application (CFA) for the New York State Department of Environmental Conservation's Water Quality Improvement Project (WQIP #93785) Program for a Source Water Protection Grant to acquire three parcels totaling 107+ acres for the purpose of protecting the Town drinking water supply wells (Lime Hollow wells). The Town was awarded \$178,240. The Town is continuing to work on paperwork and has begun to receive funds in 2024.
- In 2021, the Town received \$364,922 in ARPA funding and in 2022, the Town received another \$364,922. A portion of these funds have been passed along to Non-Profit organizations that could benefit the residents of Cortlandville. The Town also received \$500,000 of ARPA funds from Cortland County; \$250,000 in 2022 and \$250,000 in 2023. These funds were intended for and used at GLSC.
- The Town has begun construction on the Concession building at GLSC as a part of Phase II.
- The Planning and Feasibility study has commenced in 2024. The Town will use the results of this study to determine future phases of the park.
- The Town is currently working on and has been awarded the following grants:
 - ESD #133,379 for \$200,000
 - EPF Parks Grant #210954 for \$500,000
 - ESD Planning and Feasibility #135,435 for \$32,500
 - Shared services grant for \$229,605
 - NYSERDA grant for \$5000 for an energy study
 - NYSERDA grant for \$10,000 for electric maintenance equipment.
 - WQIP Water Quality grant \$178,000 (mentioned above)

TOWN OF CORTLANDVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about the report or need any additional financial information, contact Thomas Williams, Supervisor, Town of Cortlandville, at 3577 Terrace Road, Cortland, New York 13045.

TOWN OF CORTLANDVILLE

STATEMENT OF NET POSITION DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 7,222,364
Due From State and Federal Governments	166,244
Due From Other Governments	801,483
Other Receivables	612,363
Prepaid Expenses	121,554
Leases Receivable, Current Portion	216,171
Loans Receivable, Current Portion	11,056
Total Current Assets	9,151,235
Noncurrent Assets	
Cash and Cash Equivalents - Restricted	1,384,702
Leases Receivable, Long-Term Portion	4,210,107
Loans Receivable, Long-Term Portion	56,549
Capital Assets, Non-Depreciable	5,697,926
Other Capital Assets, Net of Accumulated Depreciation	16,736,280
Total Noncurrent Assets	28,085,564
Total Assets	37,236,799
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,138,646
Other Postemployment Benefits	1,548,279
Total Deferred Outflows of Resources	2,686,925
LIABILITIES	
Current Liabilities	
Accounts Payable	322,427
Accrued Liabilities	77,263
Bond Anticipation Notes Payable	3,640,000
Interest Payable	204,255
Unearned Revenues	128,937
Current Portion of Noncurrent Obligations:	
Bonds Payable	361,500
Total Current Liabilities	4,734,382
Noncurrent Liabilities and Obligations	
Bonds Payable	5,660,000
Other Postemployment Benefits Liability	8,875,248
Net Pension Liability - Proportionate Share	1,560,633
Total Noncurrent Liabilities	16,095,881
Total Liabilities	20,830,263
DEFERRED INFLOWS OF RESOURCES	
Pensions	77,797
Other Postemployment Benefits	2,184,304
Total Deferred Inflows of Resources	2,262,101
NET POSITION	
Net Investment in Capital Assets	12,772,706
Restricted	1,517,340
Unrestricted	2,541,314
Total Net Position	\$ 16,831,360

See Notes to Financial Statements

TOWN OF CORTLANDVILLE

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position Total Governmental Activities
Governmental Activities					
General Governmental Support	\$ 2,161,200	\$ 225,316	\$ 179,370	\$ 250,000	\$ (1,506,514)
Public Safety	72,202	304,474	-	-	232,272
Public Health	7,992	-	-	-	(7,992)
Transportation	3,707,976	-	-	360,574	(3,347,402)
Economic Assistance and Opportunity	25,000	-	-	-	(25,000)
Culture and Recreation	638,732	-	-	-	(638,732)
Home and Community Services	2,569,300	2,577,668	956,462	-	964,830
Interest on Long-Term Debt	296,330	-	-	-	(296,330)
Total Governmental Activities	\$ 9,478,732	\$ 3,107,458	\$ 1,135,832	\$ 610,574	(4,624,868)

GENERAL REVENUES

Real Property Taxes	2,136,028
Real Property Tax Items	107,718
Nonproperty Tax Items	3,295,243
Use of Money and Property	132,553
Lease Revenues	4,417,327
Sale of Property and Compensation for Loss	145,044
Miscellaneous Local Sources	89,323
Total General Revenues	10,323,236
Change in Net Position	5,698,368
Net Position - Beginning of Year	11,132,992
Net Position - End of Year	\$ 16,831,360

See Notes to Financial Statements

TOWN OF CORTLANDVILLE

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2023

	Major Funds										Non-Major Governmental Fund	Total Governmental Funds
	Special Revenue Funds											
	General Town-Wide Fund	General Part-Town Fund	Highway Part-Town Fund	Water Fund	Sewer Fund	Special Grant Fund	Capital Projects Fund	Highway Town-Wide Fund	Special Fund	Total Governmental Funds		
ASSETS												
Cash and Cash Equivalents - Unrestricted	\$ 381,116	\$ 1,600,628	\$ 1,572,019	\$ 2,081,320	\$ 1,154,942	\$ -	\$ 156,868	\$ 275,471	\$ -	\$ 7,222,364		
Cash and Cash Equivalents - Restricted	110,778	20,680	243,354	463,258	525,036	21,596	-	-	-	1,384,702		
Due From Other Funds	-	-	-	13,232	11,855	-	-	-	-	25,087		
Due From State and Federal Governments	-	-	-	166,244	-	-	-	-	-	166,244		
Due From Other Governments	-	485,000	316,483	-	-	-	-	-	-	801,483		
Other Receivables	25,174	-	11,850	274,696	300,643	-	-	-	-	612,963		
Prepaid Expenses	41,600	4,444	47,424	15,084	13,002	-	-	-	-	121,554		
Leases Receivable	4,426,278	-	-	-	-	-	-	-	-	4,426,278		
Loans Receivable	-	-	-	-	-	67,605	-	-	-	67,605		
Total Assets	\$ 4,984,946	\$ 2,110,752	\$ 2,191,130	\$ 3,013,834	\$ 2,005,478	\$ 89,201	\$ 156,868	\$ 275,471	\$ -	\$ 14,827,680		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities												
Accounts Payable	\$ 102,031	\$ 801	\$ 36,084	\$ 20,930	\$ 783	\$ -	\$ 161,798	\$ -	\$ -	\$ 322,427		
Accrued Liabilities	77,263	-	-	-	-	-	-	-	-	77,263		
Due to Other Funds	25,087	-	-	-	-	-	-	-	-	25,087		
Bond Anticipation Note Payable	-	-	-	-	-	-	3,640,000	-	-	3,640,000		
Unearned Revenue	128,937	-	-	-	-	-	-	-	-	128,937		
Total Liabilities	333,318	801	36,084	20,930	783	-	3,801,798	-	-	4,193,714		
Deferred Inflows of Resources												
Unavailable Revenues	4,417,327	-	-	-	-	67,605	-	-	-	4,484,932		
Total Deferred Inflows of Resources	4,417,327	-	-	-	-	67,605	-	-	-	4,484,932		
Fund Balances												
Nonspendable	41,600	4,444	47,424	15,084	13,002	-	-	-	-	121,554		
Restricted	175,811	20,680	243,354	463,258	525,036	21,596	-	-	-	1,449,735		
Assigned	100,000	-	1,864,268	2,514,562	1,466,657	-	-	275,471	-	6,220,958		
Unassigned	(83,110)	2,084,827	-	-	-	-	(3,644,930)	-	-	(1,643,213)		
Total Fund Balances (Deficit)	234,301	2,109,951	2,155,046	2,992,904	2,004,695	21,596	(3,644,930)	275,471	-	6,149,034		
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,984,946	\$ 2,110,752	\$ 2,191,130	\$ 3,013,834	\$ 2,005,478	\$ 89,201	\$ 156,868	\$ 275,471	\$ -	\$ 14,827,680		

See Notes to Financial Statements

TOWN OF CORTLANDVILLE

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2023

Total Governmental Fund Balances **\$ 6,149,034**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets of the governmental funds, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. 22,434,206

The Town's proportion of the net pension (asset)/liability is not reported in the funds. (1,560,633)

Deferred inflows of resources are not recognized as revenue until a future period and, therefore, are not reported as revenue in Governmental Funds. Deferred outflows and inflows of resources related to OPEB and pensions do not affect current period expenditures and, therefore, are not reported as assets and liabilities, respectively, in the Governmental Funds.

Deferred Inflows of Resources - Unavailable Revenue	\$ 4,484,932	
Deferred Inflows of Resources - Pension	(77,797)	
Deferred Inflows of Resources - OPEB	(2,184,304)	
Deferred Outflows of Resources - Pension	1,138,646	
Deferred Outflows of Resources - OPEB	<u>1,548,279</u>	4,909,756

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Accrued Interest Payable (204,255)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Other Postemployment Benefits Liability	\$ (8,875,248)	
Bonds Payable	<u>(6,021,500)</u>	<u>(14,896,748)</u>

Net Position of Governmental Activities **\$ 16,831,360**

See Notes to Financial Statements

TOWN OF CORTLANDVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

	Major Funds							Non-Major Governmental Fund		Total Governmental Funds
	Special Revenue Funds							Special Highway Town-Wide Fund	Capital Projects Fund	
	General Town-Wide Fund	General Part-Town Fund	Highway Part-Town Fund	Water Fund	Sewer Fund	Special Grant Fund				
REVENUES										
Real Property Taxes	\$ 1,387,532	\$ -	\$ 748,496	\$ 105,565	\$ 266,427	\$ -	\$ -	\$ -	\$ -	\$ 2,508,020
Real Property Tax Items	107,718	-	-	-	-	-	-	-	-	107,718
Nonproperty Tax Items	107,872	1,369,696	1,925,547	-	-	-	-	-	-	3,403,115
Departmental Income	22,847	101,930	-	1,048,072	1,157,604	10,556	-	-	-	2,341,009
Intergovernmental Charges	-	-	-	-	726	-	-	-	-	726
Use of Money and Property	129,273	174	483	453	306	1,785	22	56	-	132,553
Licenses and Permits	12,493	-	-	-	-	-	-	-	-	12,493
Fines and Forfeitures	51,160	-	71,775	11,209	10,900	-	-	-	-	283,922
Sale of Property and Compensation for Loss	75,369	5,000	8,934	-	-	-	-	-	-	145,044
Miscellaneous Local Sources	160,832	18,538	360,574	-	-	-	-	-	-	89,323
State Sources	467,558	-	-	-	-	488,904	-	-	-	539,944
Federal Sources	2,806,576	1,495,338	3,115,829	1,165,299	1,435,963	501,246	250,022	56	-	1,206,462
Total Revenues										10,770,329
EXPENDITURES										
General Governmental Support	1,418,080	119,919	-	7,948	-	-	-	-	-	1,545,947
Public Safety	72,202	-	-	-	-	-	-	-	-	72,202
Public Health	-	5,783	-	-	-	-	-	-	-	5,783
Transportation	293,034	-	2,967,399	-	-	-	-	-	-	3,260,433
Economic Assistance and Opportunity	25,000	-	-	-	-	-	-	-	-	25,000
Culture and Recreation	363,727	121,898	-	-	-	-	-	-	-	485,625
Home and Community Services	10,024	187,121	-	445,795	814,698	486,655	-	-	-	1,944,293
Employee Benefits	530,273	97,083	513,481	82,559	52,335	-	-	-	-	1,275,731
Debt Service	272,500	-	-	74,000	184,000	-	-	-	-	530,500
Principal Interest	58,681	-	-	31,564	77,903	-	-	-	-	168,148
Capital Outlay	-	-	-	-	-	-	635,148	-	-	635,148
Total Expenditures	3,043,521	531,804	3,480,880	641,866	1,128,936	486,655	635,148	-	-	9,948,810
Excess of Revenues (Expenditures)	(236,945)	963,554	(365,051)	523,433	307,027	14,591	(385,126)	56	-	821,519
OTHER FINANCING SOURCES (USES)										
Interfund Transfers In	182,964	-	-	-	-	-	595,943	-	-	778,907
Interfund Transfers (Out)	(595,943)	-	-	(76,236)	(106,726)	-	-	-	-	(778,907)
BANK Redeemed From Appropriations	-	-	-	-	-	-	175,000	-	-	175,000
Total Other Financing Sources (Uses)	(412,979)	-	-	(76,236)	(106,726)	-	770,943	-	-	175,000
Net Changes in Fund Balances	(649,924)	963,554	(365,051)	447,197	200,299	14,591	385,817	56	-	996,519
Fund Balances (Deficit), Beginning of Year	884,225	1,146,417	2,520,097	2,545,707	1,804,396	7,005	(4,030,747)	275,415	-	5,152,515
Fund Balances (Deficit), End of Year	\$ 234,301	\$ 2,109,951	\$ 2,155,046	\$ 2,992,904	\$ 2,004,695	\$ 21,596	\$ (3,644,930)	\$ 275,471	\$ -	\$ 6,149,034

See Notes to Financial Statements

TOWN OF CORTLANDVILLE

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ 996,519**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and the book value of disposed assets exceeded capital outlay in the current period.

Capital Outlay	\$ 1,425,340	
Depreciation Expense	<u>(1,056,989)</u>	368,351

Changes in the Town's proportionate share of net pension (asset)/liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the Town's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS		(331,483)
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Cash outflows of resources from the issuance of loans to qualified recipients under revolving loan programs are recorded as expenditures, whereas loan repayments are recorded as revenue in the fund financial statements. In the Government-wide statements, these transactions affect only cash and loans receivable and are not recorded in the Statement of Activities. This is the amount of loan repayments.

Forgivable Loans Written Off	\$ (37,113)	
Repayments	<u>(10,556)</u>	(47,669)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Lease Receivable Additions	\$ 4,569,649	
Lease Payments	<u>(152,322)</u>	4,417,327

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

BANs Redeemed From Appropriations	\$ (175,000)	
Debt Principal Payments	<u>530,500</u>	355,500

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in Interest Payable		(128,182)
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Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. In addition, changes in deferred outflows of resources and deferred inflows of resources do not affect current financial resources and are also not reported in the Governmental Funds.

Other Postemployment Benefits		<u>68,005</u>
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Change in Net Position of Governmental Activities		<u>\$ 5,698,368</u>
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See Notes to Financial Statements

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies**

The basic financial statements of the Town of Cortlandville (Town) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant government's accounting policies are described below.

Financial Reporting Entity

The Town, which was established in 1829, is governed by its Charter, Town Law, other general laws of New York State, and various local ordinances. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as chief executive officer, and as chief fiscal officer.

The following basic services are provided: highways and streets, water, sanitation, health, culture and recreation, public improvements, planning and zoning, and general administration.

Fire protection is provided by a separate department which is funded by a Fire Tax District (the District). The District is funded by means of a tax on the real property tax bill to the Town's taxpayers. In 2023, the Town collected and the submitted tax revenue in the amount of \$869,000 to the District.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the Town;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no component units have been included in the Town's reporting entity.

Basic Financial Statements

The Town's basic financial statements include both Government-wide (reporting the Town as a whole) and Governmental Fund financial statements (reporting the Town's funds). The Government-wide and Governmental Fund financial statements categorize primary activities as governmental. The Town's general governmental support, public safety, public health transportation, economic assistance, culture and recreation, and home and community services are classified as Governmental Activities.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental and Business-type). Government-wide financial statements do not include the activities reported in the Fiduciary Funds. The focus of the Government-wide financial statements addresses the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the Town's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Town.

Indirect expenses, principally employee benefits, are allocated to the functional areas in proportion to the payroll expended for those areas.

Governmental Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Town records its transactions in the funds described below.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities, are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following paragraphs describe the Town's Governmental Funds.

Major Funds

General Funds - Principal operating funds which include all operations not required to be recorded in other funds. There are two general funds; one accounting for activity affecting the entire Town (General Town-Wide) and a second which accounts for activity outside the Village of McGraw (General Part-Town).

Special Revenue Funds

- Highway Part-Town Fund - Established pursuant to Highway Law §141, used to account for revenues and expenditures for highway purposes outside the Village of McGraw.
- Highway Town-Wide Fund - Established pursuant to Highway Law §141, used to account for revenues and expenditures for highway purposes of the entire Town.
- Water Fund - Established by law to account for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.
- Sewer Fund - Established by law to account for revenues derived from charges for sewer usage and the application of such revenues toward related operating expenses and debt retirement.
- Special Grant Fund - Established by law to account for activities under the Housing and Community Development Act of 1974.

Capital Projects Fund - Used to account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses.

Accrual Basis

The Government-wide financial statements are presented on the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, State and federal aid, sales tax, and certain user charges. The Town considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and State grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when the asset is received. Exceptions to this general rule are 1) principal and interest on indebtedness are not recognized as an expenditure until due; and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

Property Taxes

Real property taxes are levied annually by the Town no later than January 1 and become a lien on January 1. Town taxes are payable from January 1 to a date not later than June 1 and are deposited directly to the credit of the Town fiscal officer. The Town collects all real estate taxes for Town and Cortland County purposes. The Town distributes the collected tax money to the Town Supervisor prior to distributing the balance collected to the county on June 1. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 1 Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments having maturities of three months or less are considered cash equivalents.

Investments

Investments are stated at fair value.

Receivables

Property tax receivables are stated net of the estimated allowance for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federal programs. Other receivables represent amounts owed to the Town, which include sewer rents, water rents, and assessments. No provision has been made for uncollectible accounts for amounts due from the state and federal governments and other receivables as it is believed that such amounts would be immaterial.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost, including the right to use assets acquired through financed lease arrangements. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$5,000 and having a useful life of greater than one year are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	40 Years
Machinery and Equipment	5-20 Years
Infrastructure	15-60 Years

Unearned Revenues

The Town reports unearned revenues on its Statement of Net Position and its Balance Sheet - Governmental Funds. Unearned revenues arise when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the Town has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 1 Summary of Significant Accounting Policies - Continued

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions and other postemployment benefits in the Statement of Net Position. The types of deferred outflows of resources related to pensions and other postemployment benefits are described in Notes 6 and 7, respectively.

The Town has deferred inflows of resources related to unavailable revenue, which is reported only on the Balance Sheet - Governmental Funds. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

At December 31, 2023, the Town's deferred inflows of resources related to revenues consisted of \$67,605 in rehabilitation loans receivable and \$4,417,327 in leases receivable. In addition, the Statement of Net Position reports a separate section for deferred inflows of resources related to pensions and other postemployment benefits; these types of deferred inflows of resources are described in Notes 6 and 7, respectively.

Insurance and Risk Management

The Town maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. No settlements exceeded insurance coverage in any of the past three years.

Vacation, Sick Leave, and Compensatory Absences

Town employees are granted vacation, sick leave, and other leave benefits as defined in agreements between the Town and employee representative units. Limited amounts of leave time may be accumulated up to 40 hours and the cost, therefore, is recognized when payment is made to employees. In the event of termination, an employee is entitled to payment for accumulated vacation, unused compensatory absences, and one half of accumulated sick leave.

Equity Classifications - Governmental Activities

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Activities - Continued

- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources which do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Funds

The Town follows GASB Statement No. 54, which reports the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Funds. In funds other than the General Funds, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Funds and could report a surplus or deficit. In funds other than the General Funds, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Funds - Continued

The Town Council has not adopted any resolutions to commit or assign fund balance. Currently, fund balances are assigned by the Town Clerk for encumbrances and the Board, by resolution, approves fund balance appropriations for next year's budget. Town management applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental Funds are netted as part of the reconciliation to the Government-wide financial statements.

Revenues

Substantially all governmental fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are deferred. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Tax Levy

The Town is authorized by New York State General Municipal Law (GML) §3-c to increase its tax levy by a statutorily defined percentage. The Town has the ability to exceed that percentage upon the vote of 60% of the Town Board. The Town has not exceeded this limit for the year ended December 31, 2023.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Use of Estimates

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

New Accounting Standard

The Town adopted and implemented the following current Statement of the GASB effective for the year ended December 31, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending December 31, 2023.

The Town has evaluated the pronouncement and determined there is no material impact on its financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending December 31, 2024.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and material.

***Note 2* Cash and Investments**

The Town's investment policies are governed by state statutes. In addition, the Town has its own written investment policy. The Town of Cortlandville's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Town Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit at 105% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and underlying securities must be obligations of the Federal Government. Underlying securities must have a market value of at least 105% of the cost of the repurchase agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 2 Cash and Investments - Continued

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

The Town's aggregate bank balances of \$8,607,066 are either insured or collateralized with securities held by the pledging financial institution in the Town's name.

Restricted Cash

Total restricted cash of \$1,384,702 is composed of \$1,204,835 reserved for capital purposes, \$80,643 reserved for insurance, \$21,596 for community development, \$65,033 reserved for debt, \$1,647 for park improvements, and \$75,981 reserved for retirement contributions.

Note 3 Property Taxes

At December 31, 2023, total real property taxes receivable was \$25,174. No allowance for uncollectible taxes has been reported, as all property taxes are deemed collectible.

Note 4 Other Receivables

Other receivables at December 31, 2023 were as follows:

	<u>Description</u>	<u>Amount</u>
General Fund	Relevied Taxes	\$ 25,174
Water Fund	Rents	274,696
Highway Part-Town Fund	Reimbursements	11,850
Sewer Fund	Rents	<u>300,643</u>
Total		<u>\$ 612,363</u>

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 5 Capital Assets

A summary of changes in capital assets at December 31, 2023 is as follows:

<u>Governmental Activities</u>	<u>Balance at December 31, 2022</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance at December 31, 2023</u>
Non-Depreciable Capital Assets				
Land	\$ 1,235,781	\$ -	\$ -	\$ 1,235,781
Construction in Progress	3,826,997	635,148	-	4,462,145
Total Non-Depreciable Capital Assets	<u>5,062,778</u>	<u>635,148</u>	<u>-</u>	<u>5,697,926</u>
Depreciable Capital Assets				
Buildings	9,362,194	-	15,158	9,377,352
Improvements	6,343,426	132,242	-	6,475,668
Machinery and Equipment	6,425,228	657,950	(288,983)	6,794,195
Infrastructure	18,457,508	-	-	18,457,508
Total Depreciable Capital Assets	<u>40,588,356</u>	<u>790,192</u>	<u>(273,825)</u>	<u>41,104,723</u>
Total Historical Cost	<u>45,651,134</u>	<u>1,425,340</u>	<u>(273,825)</u>	<u>46,802,649</u>
(Less) Accumulated Depreciation				
Buildings	2,682,361	215,182	942	2,898,485
Improvements	2,426,123	324,435	-	2,750,558
Machinery and Equipment	5,200,597	327,195	(274,767)	5,253,025
Infrastructure	13,276,198	190,177	-	13,466,375
Total Accumulated Depreciation	<u>23,585,279</u>	<u>1,056,989</u>	<u>(273,825)</u>	<u>24,368,443</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,065,855</u>	<u>\$ 368,351</u>	<u>\$ -</u>	<u>\$ 22,434,206</u>

Depreciation expense was charged to functions as follows:

General Governmental Support	\$ 83,398
Transportation	295,112
Culture and Recreation	219,444
Home and Community Services	459,035
Total	<u>\$ 1,056,989</u>

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System)

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Town participates in the New York State and Local Employees' Retirement System (the System) which includes the New York State Employees' Retirement System plan (ERS). These plans are cost-sharing multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The System's financial statements, from which the System's fiduciary respective net position is determined, are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual reports.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Contributions

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

	2023	2022	2021
ERS	\$ 226,727	\$ 301,708	\$ 289,641

Pension (Asset)/Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the Town reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for the System. The net pension (asset)/liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The Town's proportionate share of the net pension (asset)/liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the Town by the ERS System.

	ERS
Actuarial Valuation Date	April 1, 2022
Net Pension (Asset)/Liability	\$ 5,510,471,849
Town's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,560,633
Town's Share of the Plan's Total Net Pension (Asset)/Liability	0.0072777%

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Pension (Asset)/Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended December 31, 2023, the Town recognized pension expense of \$564,946 for ERS in the financial statements. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 166,220	\$ 43,828
Changes of Assumptions	757,944	8,377
Net Differences Between Projected and Actual		
Earnings on Pension Plan Investments	-	9,169
Changes in Proportion and Differences		
Between the Town's Contributions		
and Proportionate Share of Contributions	37,333	16,423
Town's Contributions Subsequent to the		
Measurement Date	177,149	-
Total	\$ 1,138,646	\$ 77,797

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	ERS
2024	\$ 217,118
2024	(77,779)
2026	318,701
2027	425,660
2028	-
Thereafter	-

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Actuarial Assumptions

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

	ERS
Measurement Date	March 31, 2023
Actuarial Valuation Date	April 1, 2022
Investment Rate of Return	5.9%
Salary Increases	4.4%
Cost of Living Adjustments	1.5%
Inflation Rate	2.9%

Annuitant mortality rates are based on April 1, 2015 to March 31, 2020, System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020.

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

	ERS
Measurement Date	March 31, 2023
Asset Type	
Domestic Equity	4.3%
International Equity	6.9%
Real Estate	4.6%
Private Equity	7.5%
Opportunistic Portfolio/Absolute Return Strategy	5.4%
Real Assets	5.9%
Fixed Income	1.5%
Cash	0.0%
Credit	5.4%

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension (asset)/liability calculated using the discount rate, as well as what the Town's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Town's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,771,380	\$ 1,560,633	\$ (286,704)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands
	ERS
Valuation Date	March 31, 2023
Employers' Total Pension Liability	\$ 232,627,259
Plan Net Position	(211,183,223)
Employers' Net Pension (Asset)/Liability	\$ 21,444,036
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Payables to the Pension Plans

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of December 31, 2023 represent the projected employer contribution for the period of April 1, 2023 through December 31, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2023 amounted to \$-0-.

Current Year Activity

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended December 31, 2023 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (566,553)	\$ 2,127,186	\$ 1,560,633
Deferred Outflows of Resources	(1,201,678)	63,032	(1,138,646)
Deferred Inflows of Resources	1,936,532	(1,858,735)	77,797
Total Effect on Net Position	\$ 168,301	\$ 331,483	\$ 499,784

Note 7 Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description

The Town provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the Town has in place with different classifications of employees. The plan is a single-employer defined benefit healthcare plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided

The Town provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Town offices and are available upon request.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 7 Other Postemployment Benefits - Continued

General Information about the OPEB Plan - Continued

Employees Covered by Benefit Terms - At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	28
Active Employees Fully	
Eligible for Benefits	<u>37</u>
Total	<u>65</u>

Total OPEB Liability

The Town's total OPEB liability of \$8,875,248 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Single Discount Rate	3.72%
Salary Scale	3.5%
Inflation Rate	2.7%
Healthcare Cost Trend Rate	7.30%, declining to 4.14% in 2093

Mortality rates were based on the RPH-2014 Mortality Table with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2020.

Turnover rates were based on the experience under the NYS and Local Retirement System, as reported in June 2019.

Retirement rates were based on the experience under the New York State and Local Retirement System, as reported in June 2019.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 7 Other Postemployment Benefits - Continued

Total OPEB Liability - Continued

The actuarial assumptions used in the January 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	Total OPEB Liability
Balance at December 31, 2022	\$ 9,583,821
Changes for the Year	
Service Cost	382,045
Interest Cost	202,857
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	772,037
Changes in Assumptions or Other Inputs	(1,828,617)
Benefit Payments	(236,895)
	(708,573)
Balance at December 31, 2023	\$ 8,875,248

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 10,450,346	\$ 8,875,248	\$ 7,628,001

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 7,511,856	\$ 8,875,248	\$ 10,640,529

For the year ended December 31, 2023, the Town recognized OPEB expense of \$190,688.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 7 **Other Postemployment Benefits - Continued**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 642,501	\$ 606,147
Changes in Assumptions or Other Inputs	647,105	1,578,157
Contributions Subsequent to Measurement Date	258,673	-
Total	\$ 1,548,279	\$ 2,184,304

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Amount
2024	\$ (137,004)
2025	(178,049)
2026	(242,039)
2027	(167,421)
2028	(170,185)
2029 and Thereafter	-

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 9,583,821	\$ (708,573)	\$ 8,875,248
Deferred Outflows of Resources	(1,315,227)	(233,052)	(1,548,279)
Deferred Inflows of Resources	1,310,684	873,620	2,184,304
Total Effect on Net Position	\$ 9,579,278	\$ (68,005)	\$ 9,511,273

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 8 Short-Term Debt - Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis; and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement.

State law requires that bond anticipation notes (BANs) issued for capital purposes be converted to long-term financing within five years after the original issue date. The Town issues BANs to finance capital improvements.

Changes in short-term debt outstanding are as follows:

	<u>Payable at</u> <u>December 31, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Payable at</u> <u>December 31, 2023</u>
Bond Anticipation Notes	\$ 3,815,000	\$ 3,640,000	\$ 3,815,000	\$ 3,640,000

Interest expense on short-term debt for fiscal year 2023 was \$23,653. BANs redeemed from appropriations totaled \$175,000.

Note 9 Long-Term Debt

At December 31, 2023, the total outstanding indebtedness of the Town aggregated \$9,661,500. Of this amount, \$8,314,500 was subject to the constitutional debt limit and represented 11.09% of its debt limit.

Serial Bonds and Notes

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the general Government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 9 Long-Term Debt - Continued

Debt Maturity Schedule

The following is a summary of bonds outstanding at December 31, 2023 with corresponding maturity schedules:

Description of Issue	Year Issued	Original Amount	Interest Rate	Final Maturity	Balance Outstanding
Polkville Water Improvements	2012	\$ 980,000	2.00%	2050	\$ 828,000
Town Hall Building	2007	275,000	4.57%	2026	82,500
Town Hall Expansion	2006	325,000	4.57%	2026	97,500
NYSEFC Sewer Improvements	2005	1,475,000	2.48%	2035	1,020,000
Route 13 Sewer Project	2016	2,754,000	1.63%	2053	2,351,000
Public Improvements	2017	1,675,000	2-3.00%	2032	1,080,000
Highway Garage Project	2018	750,000	3.95%	2038	562,500
Total					<u>\$ 6,021,500</u>

Interest paid on certain Serial Bonds varies from year to year, in accordance with the interest rates specified in bond agreements.

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

Year	Bonds Principal	Bonds Interest	Total
2024	\$ 361,500	\$ 135,210	\$ 496,710
2025	368,500	125,724	494,224
2026	374,500	116,141	490,641
2027	322,500	106,077	428,577
2028	328,500	98,449	426,949
2029-2033	1,621,500	363,574	1,985,074
2034-2038	904,500	201,891	1,106,391
2039-2043	568,000	128,309	696,309
2044-2048	620,000	77,098	697,098
2049-2053	552,000	24,966	576,966
Total	<u>\$ 6,021,500</u>	<u>\$ 1,377,439</u>	<u>\$ 7,398,939</u>

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 9 Long-Term Debt - Continued

Changes in Indebtedness

The following is a summary of changes in the Town's indebtedness for the year ended December 31, 2023:

Governmental Activities	Balance December 31, 2022	New Issues/ Additions	Maturities/ Payments	Balance December 31, 2023	Amount Due Within One Year
General Obligation Bonds	\$ 6,377,000	\$ -	\$ (355,500)	\$ 6,021,500	\$ 361,500
				Interest Paid on Short-Term and Long-Term Debt	\$ 168,148
				Prior Year Accrued Interest	(76,073)
				Current Year Accrued Interest	204,255
				Interest Expense	\$ 296,330

Note 10 Leases

Lessor – Lease Receivable

The Town entered into a lease agreement for a park facility that is considered a lease. The Town is not party to any short-term leases, and current leases do not require any variable payments.

Lease receivables as of December 31, 2023 are as follows:

Description of Lease	Term of Lease	Discount Rate	Outstanding December 31,
Park Facility	5/31/2023-5/31/2043	0.62%	\$ 4,426,278

The following is a summary of future lease receivables:

Year	Principal	Interest	Total
2024	\$ 216,171	\$ 26,829	\$ 243,000
2025	217,515	25,485	243,000
2026	218,867	24,133	243,000
2027	220,228	22,772	243,000
2028	221,597	21,403	243,000
2029-2033	1,128,826	86,174	1,215,000
2034-2038	1,164,358	50,642	1,215,000
2039-2042	957,820	14,179	971,999
2043	80,896	105	81,001
	\$4,426,278	\$271,722	\$4,698,000

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 11 Interfund Balances

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental Funds financial statements generally reflect such transactions as transfers.

The Town also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Interfund balances at December 31, 2023 are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenue	Interfund Expense
General Fund - Town-Wide	\$ -	\$ 25,087	\$ 182,964	\$ 595,943
Water Fund	13,232	-	-	76,236
Sewer Fund	11,855	-	-	106,728
Capital Projects Fund	-	-	595,943	-
Total	\$ 25,087	\$ 25,087	\$ 778,907	\$ 778,907

Note 12 Reconciliation Between Restricted Fund Balance and Restricted Net Position

Restricted Fund Balance in Governmental Fund Financial Statements	\$ 1,449,735
Reconciling Item: Special Grant Fund Deferred Inflows of Resources	67,605

Restricted Net Position in the Government-Wide Financial Statements	\$ 1,517,340
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TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 13 Fund Balance Detail

At December 31, 2023, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

	General Town-Wide Fund	General Part-Town Fund	Highway Part-Town Fund	Water Fund	Sewer Fund	Special Grant Fund	Total Non-Major Fund
Nonspendable							
Prepaid Expenses	\$ 41,600	\$ 4,444	\$ 47,424	\$ 15,084	\$ 13,002	\$ -	\$ -
Total Nonspendable Fund Balance	<u>\$ 41,600</u>	<u>\$ 4,444</u>	<u>\$ 47,424</u>	<u>\$ 15,084</u>	<u>\$ 13,002</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted							
Unemployment							
Insurance Reserve	\$ 80,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirement							
Contribution Reserve	30,135	19,033	353	13,041	13,419	-	-
Reserve for Debt	65,033	-	-	-	-	-	-
Other	-	1,647	-	-	-	21,596	-
Capital Reserve	-	-	243,001	450,217	511,617	-	-
Total Restricted Fund Balance	<u>\$ 175,811</u>	<u>\$ 20,680</u>	<u>\$ 243,354</u>	<u>\$ 463,258</u>	<u>\$ 525,036</u>	<u>\$ 21,596</u>	<u>\$ -</u>
Assigned							
Appropriated for Next							
Year's Budget	\$ 100,000	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 275,062
Encumbrance	-	-	201,158	-	-	-	-
Remaining							
Fund Balance	-	-	463,110	2,514,562	1,466,657	-	409
Total Assigned Fund Balance	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 1,864,268</u>	<u>\$ 2,514,562</u>	<u>\$ 1,466,657</u>	<u>\$ -</u>	<u>\$ 275,471</u>

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 14 Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended December 31, 2023 of the Governmental Funds reserves were as follows:

<u>Reserved Fund Balance</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Unemployment Insurance Reserve	\$ 80,627	\$ -	\$ 16	\$ -	\$ 80,643
Retirement Contribution Fund Reserve	75,965	-	16	-	75,981
Park Improvements	1,647	-	-	-	1,647
Capital Reserve	1,361,851	-	264	(157,280)	1,204,835
Reserve for Debt	65,033	-	-	-	65,033
Special Grant Fund	7,005	501,246	-	(486,655)	21,596
Total Restricted Fund Balance	<u>\$ 1,592,128</u>	<u>\$ 501,246</u>	<u>\$ 296</u>	<u>\$ (643,935)</u>	<u>\$ 1,449,735</u>

Note 15 Contingencies

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

The Town has several tax review proceedings pending. All of these proceedings are currently in negotiation and expected to be resolved; no adjustments have been made for potential refunds.

Note 16 Environmental Liability

The Town was designated a potentially responsible party by the New York State Department of Environmental Conservation (NYSDEC) for an inactive waste site located in the Town. The site was closed using grant funds at no cost to the Town. Monitoring of the site is estimated to cost \$1,250,000 over the next 25 years.

In 2017, the Board authorized the Supervisor to sign an Order on Consent and Administrative Settlement received by the NYSDEC that requires the Town to undertake future costs stemming from the monitoring and maintenance of the site. No liability has been recorded in the financial statements due to the uncertainty regarding the amount for which the Town will be responsible.

TOWN OF CORTLANDVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 17 Stewardship, Compliance and Accountability

Deficit Fund Balance

At December 31, 2023, the Capital Projects Fund had a deficit fund balance of \$3,644,930. This deficit will be eliminated as short-term debt is converted to long-term debt and other sources of funds.

Note 18 Tax Abatements

For the year ended December 31, 2023, the Town was subject to tax abatements negotiated by the Cortland County Industrial Development Agency (CCIDA). Abatement agreements entered into by CCIDA reduce property taxes collected by the Town. During 2023, additional agreements with solar producers began; these agreements call for more level payments and cause the payments received to be higher than taxes in the initial years.

Information relevant to disclosure of the program for the year ended December 31, 2023 is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 19,546
Total	\$ 19,546

TOWN OF CORTLANDVILLE

BUDGETARY COMPARISON SCHEDULE GENERAL TOWN-WIDE FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance
REVENUES					
Real Property Taxes	\$ 1,387,532	\$ 1,387,532	\$ 1,387,532	\$ -	\$ -
Real Property Tax Items	95,040	95,040	107,718	-	12,678
Nonproperty Tax Items	110,000	110,000	107,872	-	(2,128)
Departmental Income	301,750	301,750	22,847	-	(278,903)
Intergovernmental Charges	90,000	90,000	-	-	(90,000)
Use of Money and Property	18,800	18,800	129,273	-	110,473
Licenses and Permits	11,000	11,000	12,493	-	1,493
Fines and Forfeitures	250,000	250,000	283,922	-	33,922
Sale of Property and Compensation for Loss	-	-	51,160	-	51,160
Miscellaneous Local Sources	-	-	75,369	-	75,369
State Sources	268,000	268,000	160,832	-	(107,168)
Federal Sources	201	596,144	467,558	-	(128,586)
Total Revenues	2,532,323	3,128,266	2,806,576	-	(321,690)
EXPENDITURES					
General Governmental Support	1,567,493	1,540,443	1,418,080	-	122,363
Public Safety	80,200	76,929	72,202	-	4,727
Transportation	315,947	322,035	293,034	-	29,001
Economic Assistance and Opportunity	30,500	30,500	25,000	-	5,500
Culture and Recreation	215,730	366,810	363,727	-	3,083
Home and Community Services	18,000	18,000	10,024	-	7,976
Employee Benefits	581,235	562,719	530,273	-	32,446
Debt Service (Principal and Interest)	356,181	356,181	331,181	-	25,000
Total Expenditures	3,165,286	3,273,617	3,043,521	-	230,096
Excess of Revenues (Expenditures)	(632,963)	(145,351)	(236,945)	-	(91,594)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	182,963	182,963	182,964	-	1
Interfund Transfers (Out)	-	(595,943)	(595,943)	-	-
Total Other Financing Sources (Uses)	182,963	(412,980)	(412,979)	-	1
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(450,000)	(558,331)	(649,924)	\$ -	\$ (91,593)
Appropriated Fund Balance	450,000	558,331			
Net Change in Fund Balance	\$ -	\$ -	(649,924)		
Fund Balance, Beginning of Year			884,225		
Fund Balance, End of Year			\$ 234,301		

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

BUDGETARY COMPARISON SCHEDULE GENERAL PART-TOWN FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES					
Nonproperty Tax Items	\$ 485,000	\$ 485,000	\$ 1,369,696	\$ -	\$ 884,696
Departmental Income	88,700	88,700	101,930	-	13,230
Use of Money and Property	100	100	174	-	74
Miscellaneous Local Sources	-	-	5,000	-	5,000
State Sources	18,000	18,000	18,538	-	538
Federal sources	32,000	32,000	-	-	(32,000)
Total Revenues	<u>623,800</u>	<u>623,800</u>	<u>1,495,338</u>	<u>-</u>	<u>871,538</u>
EXPENDITURES					
General Governmental Support	147,228	143,955	119,919	-	24,036
Public Health	5,000	5,800	5,783	-	17
Culture and Recreation	117,000	121,898	121,898	-	-
Home and Community Services	230,338	230,338	187,121	-	43,217
Employee Benefits	124,234	124,234	97,083	-	27,151
Total Expenditures	<u>623,800</u>	<u>626,225</u>	<u>531,804</u>	<u>-</u>	<u>94,421</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>-</u>	<u>(2,425)</u>	<u>963,534</u>	<u>\$ -</u>	<u>\$ 965,959</u>
Appropriated Fund Balance	<u>-</u>	<u>2,425</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>963,534</u>		
Fund Balance, Beginning of Year			<u>1,146,417</u>		
Fund Balance, End of Year			<u>\$ 2,109,951</u>		

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

BUDGETARY COMPARISON SCHEDULE HIGHWAY PART-TOWN - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES					
Real Property Taxes	\$ 746,526	\$ 746,526	\$ 748,496	\$ -	\$ 1,970
Nonproperty Tax Items	1,900,000	1,900,000	1,925,547	-	25,547
Use of Money and Property	200	200	483	-	283
Sale of Property and Compensation for Loss	12,700	12,700	71,775	-	59,075
Miscellaneous Local Sources	-	-	8,954	-	8,954
State Sources	334,000	334,000	360,574	-	26,574
Total Revenues	<u>2,993,426</u>	<u>2,993,426</u>	<u>3,115,829</u>	<u>-</u>	<u>122,403</u>
EXPENDITURES					
Transportation	3,207,011	3,364,291	2,967,399	201,158	195,734
Employee Benefits	551,415	551,415	513,481	-	37,934
Total Expenditures	<u>3,758,426</u>	<u>3,915,706</u>	<u>3,480,880</u>	<u>201,158</u>	<u>233,668</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(765,000)</u>	<u>(922,280)</u>	<u>(365,051)</u>	<u>\$ (201,158)</u>	<u>\$ 356,071</u>
Appropriated Fund Balance	<u>765,000</u>	<u>922,280</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(365,051)</u>		
Fund Balance, Beginning of Year			<u>2,520,097</u>		
Fund Balance, End of Year			<u><u>\$ 2,155,046</u></u>		

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

BUDGETARY COMPARISON SCHEDULE WATER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Real Property Taxes	\$ 105,565	\$ 105,565	\$ 105,565	\$ -
Departmental Income	932,950	932,950	1,048,072	115,122
Use of Money and Property	-	-	453	453
Sale of Property and Compensation for Loss	20,000	20,000	11,209	(8,791)
Total Revenues	1,058,515	1,058,515	1,165,299	106,784
EXPENDITURES				
General Governmental Support	20,000	20,000	7,948	12,052
Home and Community Services	737,947	739,397	445,795	293,602
Employee Benefits	103,767	103,767	82,559	21,208
Debt Service (Principal and Interest)	105,565	105,565	105,564	1
Total Expenditures	967,279	968,729	641,866	326,863
Excess of Revenues (Expenditures)	91,236	89,786	523,433	433,647
OTHER FINANCING SOURCES (USES)				
Interfund Transfers (Out)	(91,236)	(76,236)	(76,236)	-
Total Other Financing Sources (Uses)	(91,236)	(76,236)	(76,236)	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	13,550	447,197	\$ 433,647
Appropriated Fund Balance/Additions to Reserves	-	(13,550)		
Net Change in Fund Balance	\$ -	\$ -	447,197	
Fund Balance, Beginning of Year			2,545,707	
Fund Balance, End of Year			\$ 2,992,904	

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

BUDGETARY COMPARISON SCHEDULE SEWER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real Property Taxes	\$ 266,427	\$ 266,427	\$ 266,427	\$ -
Departmental Income	1,092,934	1,092,934	1,157,604	64,670
Intergovernmental Charges	726	726	726	-
Use of Money and Property	-	-	306	306
Sale of Property and Compensation for Loss	20,000	20,000	10,900	(9,100)
Total Revenues	<u>1,380,087</u>	<u>1,380,087</u>	<u>1,435,963</u>	<u>55,876</u>
EXPENDITURES				
General Governmental Support	10,000	10,000	-	10,000
Home and Community Services	918,102	919,552	814,698	104,854
Employee Benefits	57,554	57,554	52,335	5,219
Debt Service (Principal and Interest)	261,903	261,903	261,903	-
Total Expenditures	<u>1,247,559</u>	<u>1,249,009</u>	<u>1,128,936</u>	<u>120,073</u>
Excess of Revenues (Expenditures)	<u>132,528</u>	<u>131,078</u>	<u>307,027</u>	<u>175,949</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers (Out)	<u>(132,528)</u>	<u>(106,728)</u>	<u>(106,728)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(132,528)</u>	<u>(106,728)</u>	<u>(106,728)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>-</u>	<u>24,350</u>	<u>200,299</u>	<u>\$ 175,949</u>
Appropriated Fund Balance/Additions to Reserves	<u>-</u>	<u>(24,350)</u>		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>200,299</u>	
Fund Balance, Beginning of Year			<u>1,804,396</u>	
Fund Balance, End of Year			<u>\$ 2,004,695</u>	

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 382,045	\$ 394,429	\$ 340,040	\$ 249,163	\$ 318,761	\$ 305,831	\$	\$	\$	\$
Interest Cost	202,857	199,235	266,186	311,431	333,875	332,908	*	*	*	*
Changes of Benefit Terms	-	-	-	-	-	-	*	*	*	*
Differences Between Expected and Actual Experience	772,037	-	(1,070,026)	-	(1,612,841)	-	*	*	*	*
Changes in Assumptions or Other Inputs	(1,828,617)	90,668	325,849	1,722,944	(839,075)	468,886	*	*	*	*
Benefit Payments	(236,895)	(207,938)	(258,816)	(252,066)	(229,789)	(214,202)	*	*	*	*
	(708,573)	476,394	(396,767)	2,031,472	(2,029,069)	893,423	*	*	*	*
Total OPEB Liability - Beginning of Year	9,583,821	9,107,427	9,504,194	7,472,722	9,501,791	8,608,368	*	*	*	*
Total OPEB Liability - End of Year	\$ 8,875,248	\$ 9,583,821	\$ 9,107,427	\$ 9,504,194	\$ 7,472,722	\$ 9,501,791	\$ 8,608,368	\$	\$	\$
Covered Employee Payroll	\$ 2,200,747	\$ 2,113,038	\$ 2,098,429	\$ 2,317,975	\$ 1,542,739	\$ 2,133,472	\$	\$	\$	\$
Liability as a % of Covered Employee Payroll	403%	454%	434%	410%	484%	445%	*	*	*	*

The following is a Summary of Changes of Assumptions:

Healthcare Cost Trend Rates	7.30%-4.14%	9.00%-3.94%	7.00% - 3.78%	7.00% - 3.78%	6.75% - 3.78%	7.00% - 3.78%
Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Inflation Rate	2.70%	2.20%	2.20%	2.20%	2.20%	2.20%
Discount Rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed for each year going forward as it becomes available.

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

SCHEDULE OF THE TOWN'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 226,727	\$ 301,708	\$ 289,641	\$ 278,538	\$ 276,192	\$ 281,685	\$ 275,760	\$ 354,575	\$ 374,517	\$ 354,583
Contributions in Relation to the Contractually Required Contribution	(226,727)	(301,708)	(289,641)	(278,538)	(276,192)	(281,685)	(275,760)	(354,575)	(374,517)	(354,583)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Town's Covered Employee Payroll	1,991,245	1,921,031	2,036,563	2,019,083	1,948,061	1,882,997	1,841,476	1,824,459	1,886,537	1,841,761
Contributions as a Percentage of Covered Employee Payroll	11.39%	15.71%	14.22%	13.80%	14.18%	14.96%	14.97%	19.43%	19.85%	19.25%

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY FOR THE YEARS ENDED DECEMBER 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension (Asset)/Liability	0.0072777%	0.0069307%	0.0068552%	0.0067205%	0.0063537%	0.0063251%	0.0064701%	0.0069912%	0.0067653%
Town's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,560,633	\$ (566,553)	\$ 6,826	\$ 1,779,626	\$ 450,179	\$ 204,139	\$ 607,946	\$ 1,122,102	\$ 228,548
Town's Covered Employee Payroll	1,991,245	2,018,896	1,949,914	2,019,083	1,948,061	1,882,997	1,841,476	1,824,459	1,886,537
Town's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	78.4%	(28.1%)	0.4%	88.1%	23.1%	10.8%	33.0%	61.5%	12.1%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	90.7%	90.7%	97.9%

The following is a Summary of Changes of Assumptions:

Inflation	2.90%	2.70%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.70%
Salary Increases	4.40%	4.40%	4.40%	4.20%	4.20%	3.80%	3.80%	3.80%	4.90%
Cost of Living Adjustments	1.50%	1.40%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.40%
Investment Rate of Return	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

TOWN OF CORTLANDVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2023

Note 1 **Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in U.S. GAAP-based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

Note 2 **Budget Policies**

Budget policies are as follows:

- Annual operating budgets are maintained for the following Governmental Fund Types:
 - General Funds
 - Special Revenue Funds (Highway, Water, and Sewer Funds)

The Special Grant Fund does not have an annual budget because individual projects have separate budgets, which are not prepared on an annual basis.

No later than September 15, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

After public hearings are conducted to obtain taxpayer comments, no later than October 15, the governing board adopts the budget.

Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.

Expenditures may not legally exceed appropriations at the fund level.

All modifications of the budget must be approved by the Town Council.

The Town Council may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

TOWN OF CORTLANDVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2023

- Note 3 Reconciliation of the Budget Basis to U.S. GAAP**
No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at December 31, 2023.
- Note 4 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**
Changes of assumptions and other inputs reflect a change in the discount rate each period as presented on the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the Last 10 Fiscal Years
- Note 5 Schedule of the Town's Proportionate Share of the Net Pension (Asset)/Liability**
The Schedule of the Town's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, presents partial information. This schedule will present ten years of information as it becomes available from the pension plans.
- Note 6 Schedule of the Town's Contributions - NYSLRS Pension Plans and Schedule of the Town's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

TOWN OF CORTLANDVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2023

Note 6 Schedule of the Town's Contributions - NYSLRS Pension Plans and Schedule of the Town's Proportionate Share of the Net Pension (Asset)/Liability - Continued

NYSLRS - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2022 actuarial valuation determines the employer rates for contributions payable in fiscal year 2023. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.7%
Salary Scale	4.3% in ERS, indexed by service
Investment Rate of Return	5.9% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.5% annually
Active Member Decrements	Based upon FY 2016-2020 experience
Pensioner Mortality	Gender/Collar specific tables based upon FY 2016-2020 experience
Mortality Improvement	Society of Actuaries' Scale MP-2021



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Town Council
Town of Cortlandville
Cortland, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cortlandville, (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
July 10, 2024



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

Town Council
Town of Cortlandville
Cortland, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Cortlandville, (the Town), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2023. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
July 10, 2024

TOWN OF CORTLANDVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Pass - Through Grantor/ Program Title	Assistance Listing #	Pass- Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Passed through NYS Division of Housing and Community Renewal: Community Development Block Grants/Entitlement Grants	14.218	287HR317-21	\$ -	\$ 390,930
Community Development Block Grants/Entitlement Grants	14.218	287ED967-21	-	97,974
Total U.S. Department of Housing and Urban Development			-	<u>488,904</u>
U.S. Department of Treasury				
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	467,558
Passed through Cortland County: (COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	(1)	-	<u>250,000</u>
Total U.S. Department of Treasury			-	<u>717,558</u>
Total Expenditures of Federal Awards			-	<u>\$ 1,206,462</u>

(1) Denotes - Unable to Obtain from Pass - Through Entity

See Notes to Schedule of Expenditures of Federal Awards

TOWN OF CORTLANDVILLE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the Town, an entity as defined in Note 1 to the Town's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Town has not elected to use the 10% de minimus cost rate.

Note 4 **Matching Costs**

Matching costs, i.e., the Town's share of certain program costs, are not included in the reported expenditures.

TOWN OF CORTLANDVILLE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? yes no

Identification of major programs:

ALN Numbers

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? yes no

TOWN OF CORTLANDVILLE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section II **Financial Statement Findings - None noted.**

Section III **Federal Award Findings and Questioned Costs - None noted.**