

PRELIMINARY OFFICIAL STATEMENT DATED JULY 1, 2022

NEW/RENEWAL ISSUES

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

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

TOWN OF CORNWALL ORANGE COUNTY, NEW YORK (the "Town")

\$2,030,000 BOND ANTICIPATION NOTES – 2022 (the "Notes")

Dated Date: July 21, 2022

Maturity Date: July 21, 2023

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

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Form and Denomination: The Notes will not be issued in registered form and, at the option of the purchaser, the Notes may be either registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. For those Notes registered to the purchaser, a single note certificate shall be delivered to the purchaser(s) for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Noteholders will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Description of Book-Entry System" herein).

Payment: Principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry notes shall be payable at the office of the Town Clerk. (See "Description of Book-Entry System" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on July 12, 2022 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about July 21, 2022 in New York, New York, or as otherwise agreed to by the Town and the purchaser(s).

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

July , 2022



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ORANGE COUNTY, NEW YORK**

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* * *

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* * *

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

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OFFICIAL STATEMENT

Relating to

TOWN OF CORNWALL ORANGE COUNTY, NEW YORK

\$2,030,000 BOND ANTICIPATION NOTES – 2022 (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town and presents certain information relating to the Town's \$2,030,000 Bond Anticipation Notes – 2022 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “RISK FACTORS” and “IMPACT OF COVID-19” herein.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Town will act as Fiscal Agent for any Notes issued in book-entry form and the purchaser shall act as Fiscal Agent for any Notes registered in the name of the purchaser. Paying agent fees, if any, will be paid by the purchaser(s). The Town's contact information is as follows: Josh Wojehowski, Supervisor, Town of Cornwall, Town Hall, 183 Main Street, Cornwall, New York 12518, telephone number 845/534-3760, email: supervisor@cornwallny.gov.

Optional Redemption

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

Description of Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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 and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated 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”). Standard & Poor’s assigns a rating of “AA+” to DTC. 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 and www.dtc.org.

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

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

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Source: The Depository Trust Company, New York, New York.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the New York Local Finance Law, and various bond resolutions duly adopted by the Town Board of the Town on the dates set forth below for the following purposes:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Outstanding</u>	<u>Date</u> <u>Authorized</u>	<u>Total</u> <u>Amount</u> <u>to be Issued</u>
03/21/2017	Real Property Revaluation Project	\$ 30,000	\$ 30,000	\$ 0
05/08/2017	Acquisition of Highway Equipment	275,000	25,000	250,000
05/08/2017	Acquisition of Rear Load Packer Truck	170,000	15,000	155,000
06/18/2018	Repave Town Hall	40,000	20,000	20,000
06/18/2018	Acquisition of a Dump Truck	90,000	45,000	45,000
02/27/2019	Acquisition of Highway Vehicles	315,000	40,000	275,000
02/27/2019	Payment of Settled Claim	30,000	10,000	20,000
02/27/2019	Improvements Sidewalks on Broadway	55,000	10,000	45,000
02/27/2019	Improvements Police Annex Roof	70,000	10,000	60,000
02/27/2019	Streetscape Improvements on Main St.	80,000	25,000	55,000
02/27/2019	Improvements to Laurel Crest Park	120,000	15,000	105,000
02/27/2019	Improvements to Bridge on Bridge St.	165,000	15,000	150,000
02/27/2019	Acquisition of Packer Body for Sanitation	175,000	20,000	155,000
05/10/2021	Acquisition of Highway Equipment	570,000	30,000	540,000
05/10/2021	Acquisition of Small Packer Truck	165,000	10,000	155,000
Totals:		<u>\$2,350,000</u>	<u>\$320,000</u>	<u>\$2,030,000</u>

Security and Source of Payment

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

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, 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).

RISK FACTORS

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

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

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

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

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. 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. (See also "State Aid" herein.)

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

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE TOWN

There follows in this Official Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

The Town, with a land area of over 25 square miles and a currently estimated population of 12,437 according to the 2020 U.S. Census estimates, is located in east central Orange County, south of the Town of New Windsor on the west bank of the Hudson River about 60 miles north of New York City. The Town is primarily a suburban residential area with some commercial and industrial operations and some agriculture, the latter principally in the western portion.

Current residential development, in addition to garden apartment complexes, consists mainly of single family dwellings. Residents find employment opportunities in the in-Town industries; in Newburgh; at the United States Military Academy at West Point; in Beacon; in Fishkill; in Poughkeepsie (site of I.B.M. installations); in Middletown; and in Goshen (The County Seat) and Port Jervis.

The former Stewart Air Force Base (now Stewart International Airport) has grown into a major passenger airport for the mid-Hudson region and continues to serve as a military airfield as well. In the late 1990's it became the first US commercial airport to be privatized when National Express Group was awarded a 99 year lease on the airport. On January 25, 2007, the Port Authority of New York and New Jersey voted to acquire the lease and is responsible for updating its ten-year capital improvement plan to upgrade and enhance the airport. Some of the major airlines with terminals in the airport include Delta, US Airways, Express, Jet Blue and Allegiant Air.

St. Luke's Cornwall Hospital ("SLCH") is a not-for-profit hospital serving the health care needs of those in the Hudson Valley. In January 2002, St. Luke's Hospital and the Cornwall Hospital merged to create an integrated health care delivery system, providing quality comprehensive health care services. SLCH has nearly 300 physicians on staff, representing dozens of medical specialties. Additionally, more than 1,500 clinical and support personnel work at the hospital, making it one of the largest employers in Orange County.

Rail transportation is provided by the Conrail and Metro North railroads. The New York State Thruway traverses the Town, with access via the Newburgh exits, just north of New Windsor and Exit 16 in Woodbury. Other highways are U.S. Highway 9W, New York State Highways Nos. 32, 94 and 218.

Utilities and Other Services

Electricity and natural gas are supplied to the Town by the Central Hudson Gas and Electric Corporation. Water supply and distribution is primarily provided by the Village of Cornwall-on-Hudson. Sanitary sewer services are provided to about 75% of the Town residents through special assessment sewer districts. The Town is responsible for the financing, construction and maintenance of the facilities located within them. The balance of the Town utilizes septic systems. Police protection is provided by the Town Police Department, and fire protection is provided by Fire Districts which serve the entire Town.

Government

The Town was established in 1764. Two independently governed school districts are located within the Town which relies on its own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as its basis for taxation of property located within the Town.

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

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

The Town Clerk is elected to a two-year term. The Receiver of Taxes is elected to a four year term. The Town Board appoints the Assessor, the Attorney for the Town, the Town Engineer and Highway Superintendent.

Financial Organization

The Supervisor is the chief fiscal officer of the Town as well as the accounting officer, and his duties include administration, direction and control of budget and insurance, accounts payable and receivable and payroll. The Supervisor is also responsible for drafting and preparing the budget and securing and administering State and Federal grants.

Employees

The Town provides services through approximately 50 full-time employees and 76 part-time employees, some of which are represented by organized labor:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
Civil Service Employees Association	26	12/31/2020 ^a
Patrolmen's Benevolent Association	17	12/31/2024

a. Contracts are expired and are currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town has had a population trend, as compared to the County and the State as indicated below:

<u>Year</u>	<u>Town of Cornwall</u>	<u>County of Orange</u>	<u>State of New York</u>
1990	11,274	307,647	17,990,455
2000	12,307	341,367	18,976,457
2010	12,646	372,813	19,378,102
2020	12,437	382,077	19,514,849

Source: U.S. Bureau of the Census

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Cornwall	\$18,974	\$28,509	\$36,658	\$48,469
County of Orange	5,198	21,597	28,944	35,616
State of New York	16,501	23,389	30,791	40,898
	<u>Median Family Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Cornwall	\$43,967	\$59,237	\$92,782	\$124,714
County of Orange	39,198	60,355	82,480	97,542
State of New York	32,965	51,691	67,405	87,270

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2016-2020)

Selected Listing of Larger Employers in the County^a

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Approx. No. of Employees</u>
United States Military Academy at West Point	Military	4,000
Orange Regional Medical Center	Hospital	2,524
Orange County Government	Government	2,148
Crystal Run Healthcare	Multi-Specialty Physicians' Practice	1,800
Access: Supports for Living	Non-Profit Organizations	1,289
St Luke's Cornwall Hospital	Hospital	1,247
Elant, Inc.	Senior Health and Housing	1,200
C & S Wholesale Grocers, Inc.	Food	800
Empire Blue Cross/Blue Shield	Health insurance	795
Spectrum Enterprise	Communications	750
The ARC of Orange County	Non-Profit Organizations	750
Amscan, Inc.	Distribution	525
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500
Bon Secours Community Hospital	Hospital	490
Staples, Inc.	Office Supplies	460
Verla International LTD	Cosmetic	445
YRC Worldwide	Trucking-Motor Freight	435
United Natural Foods, Inc (UNFI)	Organic Food Distributor	400

Source: Orange County.

a. Not necessarily representative of the Town.

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>County of Orange (%)</u>	<u>New York State (%)</u>
2017	4.6	4.7
2018	3.9	4.1
2019	3.8	4.0
2020	8.4	10.0
2021	5.0	7.2
2022 (3 Month Average)	3.7	5.0

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was 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 or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, 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).

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, except in the event that the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedure for the bond resolutions authorizing the issuance of the Notes.

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate outstanding principal amount thereof 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 and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

The following pages set forth certain details with respect to the indebtedness of the Town.

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin^a
(As of July 1, 2022)

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2018	\$1,627,601,094	100.00	\$1,627,601,094
2019	1,626,720,919	100.00	1,626,720,919
2020	1,643,042,582	95.23	1,725,341,365
2021	1,651,534,143	93.00	1,775,843,165
2022	1,659,410,641	75.45	<u>2,199,351,413</u>
Total Five Year Full Valuation			\$8,954,857,955
Average Five Year Full Valuation			1,790,971,591
Debt Limit - 7% of Average Full Valuation			125,368,011
Inclusions:			
Outstanding Bonds:			
General Town Purposes			\$3,810,000
Bond Anticipation Notes			<u>2,350,000</u>
Total Inclusions			<u>6,160,000</u>
Exclusions:			
Appropriations			<u>465,000</u>
Total Exclusions:			<u>465,000</u>
Total Net Indebtedness Before Issuing the Notes			<u>5,695,000</u>
The Notes			2,030,000
Less: BANs Being Redeemed by the Notes			<u>2,030,000</u>
Net Effect of the Notes			<u>0</u>
Total Net Indebtedness After Issuing the Notes			<u>5,695,000</u>
Net Debt Contracting Margin			<u><u>\$119,673,011</u></u>
Per Cent of Debt Contracting Margin Exhausted			4.54%

a. See also "New York State Environmental Facilities Corporation" herein.

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$385,000	\$96,606	\$481,606
2023	265,000	88,053	353,053
2024	210,000	81,493	291,493
2025	90,000	78,042	168,042
2026	90,000	76,731	166,731
2027	90,000	75,357	165,357
2028	90,000	73,938	163,938
2029	95,000	72,473	167,473
2030	95,000	70,861	165,861
2031	95,000	68,929	163,929
2032	100,000	66,750	166,750
2033	100,000	64,203	164,203
2034	100,000	61,466	161,466
2035	105,000	58,569	163,569
2036	105,000	55,402	160,402
2037	105,000	52,121	157,121
2038	110,000	48,734	158,734
2039	110,000	45,090	155,090
2040	115,000	41,360	156,360
2041	115,000	37,147	152,147
2042	120,000	32,935	152,935
2043	120,000	28,539	148,539
2044	125,000	24,144	149,144
2045	125,000	19,565	144,565
2046	130,000	14,816	144,816
2047	130,000	9,877	139,877
2048	130,000	4,939	134,939
	<u>\$4,110,000</u>	<u>\$1,512,541</u>	<u>\$5,622,541</u>

a. The subsidies received from the Environmental Facilities Corporation (EFC) have not been deducted from the interest due on approximately \$3 million in loans through EFC. Does not reflect payments made to date. See also "New York State Environmental Facilities Corporation" herein.

Details of Short-Term Indebtedness Outstanding (As of July 1, 2022)

The Town has outstanding bond anticipation notes in the amount of \$2,350,000 for various improvements to the Town that mature on July 22, 2022. Such bond anticipation notes will be redeemed by the Notes and available funds in the amount of \$320,000.

New York State Environmental Facilities Corporation

The Town is in the process of completing improvements to the Sewer District. The estimated cost for such projects is \$5.3 million, \$1.1 million of which is to be paid from a grant from New York State. The Town has applied to the New York State Environmental Facilities Corporation (“EFC”) for financial assistance, grants and subsidized loans. In May of 2016, the Town entered into a Project Financing Agreement with the NYSEFC to finance such project.

The Town issued \$3,185,932 in EFC bonds which closed on June 13, 2019. As of December 31, 2021 the Town has \$2,855,000 outstanding bonds for the EFC 2019A issue.

Capital Project Plans

The Town is generally responsible for providing services as required to the Town residents outside of the Village of Cornwall-on-Hudson. The Town maintains a Town road system necessitating road resurfacing and improvements and the acquisition of machinery and from time to time equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Town is regularly acquiring and improving recreation facilities. Except as noted below, needs for capital funding for the above described projects for which the Town has responsibility are anticipated to continue and to be in approximately the same amounts as have generally prevailed in the past.

Authorized but Unissued Indebtedness

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount</u>
6/19/2017	Sewer District No. 1	\$8,000,000
1/8/2018	Sewer District No. 1	7,500,000
6/7/2021	Packer Truck for Sanitation Department	165,000
6/7/2021	Acquisition of Highway Equipment	<u>570,000</u>
		<u><u>\$16,235,000</u></u>

Trend of Town Indebtedness

The following table represents the trend of outstanding indebtedness of the Town at the end of the last five preceding fiscal years.

	<u>Fiscal Year Ending December 31:</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$1,820,000	\$1,525,000	\$1,225,000	\$4,575,000	\$4,110,000
EFC Debt	431,272	3,417,859	3,025,932	2,940,000	2,855,000
BANs	<u>1,719,853</u>	<u>1,960,000</u>	<u>3,230,000</u>	<u>2,100,000</u>	<u>2,350,000</u>
Total Debt Outstanding	<u><u>\$3,971,125</u></u>	<u><u>\$6,902,859</u></u>	<u><u>\$7,480,932</u></u>	<u><u>\$9,615,000</u></u>	<u><u>\$9,315,000</u></u>

Calculation of Estimated Overlapping and Underlying 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 applicable outstanding indebtedness of such political subdivisions is as follows:

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	07/06/2021	4.14	\$10,790,496	\$10,058,130
Village of Cornwall on the Hudson	02/28/2019	100.00	1,964,095	1,964,095
Cornwall CSD	12/23/2021	82.29	17,466,052	17,466,052
Washingtonville CSD	10/27/2021	0.73	400,113	400,113
Fire Districts (Est.)	12/31/2020	Var.	125,000	125,000
Totals			\$30,745,756	\$30,013,390

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

Debt Ratios (As of July 1, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$6,160,000	\$495	0.280
Net Direct Debt	5,845,000	470	0.266
Total Direct & Applicable Total Overlapping Debt	36,905,756	2,967	1.678
Net Direct & Applicable Net Overlapping Debt	35,858,390	2,883	1.630

^aThe estimated population of the Town is 12,437.

^bThe full valuation of taxable real property in the Town is \$2,199,351,413.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2021, such report is attached as Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

Fund Structure and Accounts

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

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

The Town presently maintains the following governmental funds: General Fund, Highway Fund, Sanitation Fund, Sewer Funds, and the Water Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sanitary landfill post closure costs, installment purchases, judgments and claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, 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; (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 are 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 in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Town maintains a list of financial institutions and dealers approved for investment purposes and establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Town conducts business must be credit worthy. Banks are required to provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town. Security dealers not affiliated with a bank are required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The chief fiscal officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

The Town Supervisor is authorized to contract for the purpose of investments: (1) directly, including through a repurchase agreement, from an authorized trading partner, (2) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (3) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

Repurchase agreements are authorized subject to the following restrictions: (1) all repurchase agreements must be entered into subject to a Master Repurchase Agreement; (2) trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (3) obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America; (4) no substitution of securities will be allowed; and (5) the custodian shall be a party other than the trading partner.

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before August 15th. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Town Comptroller. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

Budget Summaries for the 2021 and 2022 fiscal years may be found in Appendix A.

Financial Operations

The Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

Town finances are operated primarily through the General and Special Revenue Funds. The General Fund receives most of its revenue from real property tax and State aid. Current operating expenditures are paid from these funds subject to available appropriations. The Special Revenue Funds are made up of the Town outside Village, Highway, Sewer, Sanitation, Lighting, Ambulance and Water Funds. The primary source of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

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 most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 0.0%; Environmental Score: 13.3%).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released in August, 2014. The purpose of such audit was to review the Town's financial condition for the period January 1, 2011 through December 31, 2013. The complete report may be found on the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

Revenues

The Town receives most of its revenues from a real property tax on all non-exempt property situated within the Town and from State Aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A. See "Real Property Tax Information", herein.

State Aid

Based on the audited financial statements of the Town, the Town received approximately 12.56% of its total General Fund operating revenue from State aid in 2021. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

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. Additionally, 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 this year or future years, 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.

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. Currently, due to the outbreak of COVID-19, the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also *"Impacts of COVID-19"* herein.)

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

On April 25, 2020 the New York State Division of the Budget (the "DOB") announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projected a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. On August 13, 2020, the DOB issued its first quarterly update to the Financial Plan (the "Updated Financial Plan") which noted that the DOB began withholding 20% of most local aid payments in June due to the absence of Federal action. Depending on the size and timing of any new Federal aid, all or a portion of such withheld funds may become permanent reductions. The Updated Financial Plan includes \$8.2 billion in recurring local aid reductions and that, in the absence of unrestricted Federal aid, the DOB will continue to withhold a range of payments through the second quarter of the State's 2021 fiscal year. On October 30, 2020, the DOB issued its midyear update to the Financial Plan (the "Midyear Update") which projects a \$14.9 billion General Fund revenue decline and a 15.3% All Funds tax receipts decline from the State 2020-21 Budget forecast released in February, creating a total loss of nearly \$63 billion through FY 2024 as a direct consequence of the COVID-19 pandemic. In the absence of Federal funding to offset this revenue loss, the Midyear Update shows the State reduced spending through September by \$4.3 billion compared to FY 2020 spending over the same period by freezing hiring, new contracts and pay raises, and temporarily holding back 20% of most payments, including payments to municipalities and school districts.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

As a result, in the absence of Federal assistance, budget control actions are expected to significantly reduce State spending in several areas, including “aid-to-localities,” a broad spending category that includes funding for health care, municipalities, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

In addition, the availability of State aid and the timeliness of payment of State aid to municipalities and school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

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, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Town’s General Fund revenue (including transfers) comprised of State aid for each of the fiscal years 2017 through 2021.

Fiscal Year Ending December 31:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2017	\$5,486,577	\$535,935	9.77
2018	5,755,070	522,792	9.08
2019	5,810,258	558,331	9.61
2020	5,659,332	497,687	8.79
2021	6,705,776	842,535	12.56

Sources: Audited financial statements (2017-2021).

Expenditures

The major categories of expenditures for the Town are General Government Support, Public Safety, Transportation, Economic Assistance and Opportunity, Home and Community Services, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (the “Retirement System” or “ERS”) and the New York State and Local Police and Fire Retirement System (PFRS). The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for new ERS employees

hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after five years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines in the recent past, in certain years the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State’s Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years. The Town has decided not to amortize any payments to the Retirement System.

Required Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	<u>ERS</u>	<u>PFRS</u>
2017	\$341,440	\$189,518
2018	346,773	209,794
2019	349,718	228,975
2020	334,400	228,975
2021	345,217	246,581
2022 (Budgeted)	374,200	310,000

Sources: Town Officials.

Other Post Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Town, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 75 (“GASB 75”) described below requires such accounting.

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation

municipal bonds. There is no amortization of prior service cost.

The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation:

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending December 31, 2021:</u>
Balance as of December 31, 2020	\$14,748,897
Changes for the year:	
Service Cost	538,483
Interest	414,554
Changes of benefit terms	0
Differences between actual and expected experience	0
Changes in assumptions or other outputs	1,754,605
Benefit payments	(315,318)
Total Changes	<u>\$2,392,324</u>
Total OPEB liability as of December 31, 2021	<u><u>\$17,141,221</u></u>

The Office of the New York State Comptroller has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The Town cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

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

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix A, herein.) Property taxes accounted for approximately 57.79% of total general fund revenues, for the fiscal year ended 2021. On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. See “Tax Levy Limit Law,” herein.

Tax Rates
(Per \$1,000 Assessed Valuation)

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
County	3.83%	3.77%	3.93%	3.73%	3.69%
General:					
Town-Wide	1.63	1.75	1.82	1.72	1.45
Part-Town	1.50	1.36	1.33	1.55	1.03
Highway	1.05	1.09	0.94	0.94	0.32
Special Districts (Selected Items):					
Cornwall Sewer	1.58	1.55	1.97	1.99	2.01
Cantebury Fire	1.06	1.06	1.07	1.07	1.06

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021 inclusive and as budgeted for the fiscal year 2022.

<u>Fiscal Year Ending December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2017	\$5,486,577	\$3,471,066	63.26
2018	5,755,070	3,692,948	64.17
2019	5,810,258	3,716,888	63.97
2020	5,659,332	3,693,680	65.27
2021	6,705,776	3,875,128	57.79
2022 (Budgeted)	6,463,141	2,891,341	44.74

Sources: Audited financial statements (2017-2021) and the Adopted Budget for 2022.

Tax Collection Procedure

The Town levies and collects all ad valorem and special assessment taxes and charges for general Town, highway, special district and fire district purposes. The Town also collects County and School District property taxes.

Town tax bills, which include the County levy, are mailed on or about January 1 of each year, and may be paid without penalty or interest charge on or before January 31. Penalties for delinquent payment are imposed at the rate of 1% for bills paid in February, 1-1/2% for bills paid in March, and 2% for bills paid in April. Thereafter, all unpaid taxes and the penalties thereon must be paid to the County Treasurer, and an additional penalty of 5% is added thereto.

The Town permits the payment of its taxes on an installment basis, with equal installments due on or before January 15 and July 15, respectively. A 3% service charge is added to the tax bills of those taxpayers selecting the installment plan. In addition, a 1% interest charge is imposed for the first installment if paid after January 15 and on or before January 20; the installment option may not be exercised thereafter. After January 20, the tax bill is payable in full without interest or penalty if paid on or before January 31.

Pursuant to the Real Property Tax Law, the Town retains from the first tax collections an amount sufficient to satisfy the amounts levied for all Town purposes. The balance is then paid to the County Commissioner of Finance. In April, the Town files a report of uncollected taxes with the County Commissioner of Finance. In the event the Town does not collect sufficient amounts to satisfy all Town purposes, the County is permitted under the Local Finance Law to issue tax anticipation notes to provide funds to pay delinquent Town items to the Town.

School District taxes are billed in September and payable without penalty to September 30th. If paid during October a penalty of 3% is imposed thereon. After October 31st, unpaid School District taxes are returned to the County Treasurer and relevied on the County Tax Roll with a 7% penalty added.

The full amount of the Town tax levies are guaranteed by the County.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, 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 for any fiscal year commencing after May 31, 2012, without providing an exclusion for debt service on obligations issued by the Town. 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, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the 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 Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described 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 tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

The 2016 through 2022 Budgets did not exceed the tax levy limitation.

Large Taxable Properties
2022 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Idlewind Creek Apartments	Apartments	\$21,850,000
Palisades Interstate Park Commission	State Lands	16,853,800
Central Hudson	Public Utility	16,759,592
Cornwall Apartments	Apartments	10,141,000
Vails Gate Business Center	Commercial	9,335,110
Joy Apartment, LLC.	Apartments	7,182,900
Cornwall Owners Corp.	Co-Ops	6,000,000
Cornwall Shopping, LLC.	Commercial	5,578,600
CSX Transportation, Inc.	Transportation	5,705,449
Cornwall Medical Complex, LLC.	Medical Building	5,243,200
Bigg	Various	4,144,300
A&W Properties	Commercial	3,152,800
Cornwall Properties	Manufacturing	2,802,500
	Total ^b	<u><u>\$114,749,251</u></u>

a. Assessment Roll established in 2021 for levy and collection of taxes in 2022.

b. Represents 6.92% of the 2022 Taxable Assessed Valuation of the Town.

LITIGATION

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

The Town is being sued based on allegations that the Town caused water damage to a plaintiff's property by failing to maintain a roadside storm drainage system. The Town is vigorously contesting the claim.

There was a notice of claim filed in 2019 by Cornwall Warehousing and SRII seeking money damages in the amount of \$4,700,000 in monetary loss and \$3,000,000 in emotional distress based upon alleged interference with contract, defamation and violation of civil rights arising from the Town Building Department's issuance of orders to remedy building code violations and refusal to issue a "no open violations" letter for the plaintiff's property. The claim is not yet in suit and is being vigorously contested by the Town.

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. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will 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.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

The American Rescue Plan Act ("ARPA"), a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The Town received approximately \$1.36 million in direct aid through the ARPA which was signed into law on March 11, 2021. The Town received 50% of its allocation in 2021 and the remaining 50% in 2022. According to the ARPA, the Town must obligate the funds by December 31, 2024 and expend them by December 31, 2026. It is the intent of the Town, to the extent allowable under the ARPA, to use these funds for expenditures incurred as well as lost revenue related to COVID-19. The intended use of the remaining funds is still under discussion, but investment in the Town's infrastructure is under consideration (pending further guidance under the ARPA).

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules. The Town will continue to monitor closely the 2022 economic environment and the global COVID-19 pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the Town (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses 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 Notes.

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 Notes in order that interest on the Notes 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 Notes, 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 Notes 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 Town, in executing the Tax Certificate, will certify to the effect that the Town 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 Notes 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 Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. 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 Notes.

Prospective owners of the Notes 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 Notes 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 Note (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 note 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 Notes. In general, the issue price for each maturity of Notes 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 Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes 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 Notes. 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 Discount Note. 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 Notes 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 Notes.

Note Premium

In general, if an owner acquires a note 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 note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond and note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond and note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note 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 Note may realize a taxable gain upon disposition of the Premium Note 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 Note should consult their own tax advisors regarding the treatment of bond and note 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 and note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. 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 Note 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 Notes 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 Notes under federal or state law or otherwise prevent beneficial owners of the Notes 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 Notes.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Town. Said opinion will be available at the time of delivery of the Notes, and will be substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the Town will provide an executed copy of its Undertaking to Provide Notice of Events substantially in the form set forth in Appendix D.

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

BOND RATING

The Notes are not rated. S&P has assigned a rating of “AA” to the Town’s outstanding long-term debt. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P Global Ratings (“S&P”) 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of S&P circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Town’s bonds or the availability of a secondary market for such bonds.

MUNICIPAL ADVISOR

Munistat Services, 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 municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Josh Wojehowski, Supervisor, Town of Cornwall, Town Hall, 183 Main Street, Cornwall, New York 12518, telephone number 845/534-3760, email: supervisor@cornwallny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.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. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. 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. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

The preparation and distribution of this Official Statement has been authorized by the resolutions of the Town which delegate to the Town Supervisor the power to sell and issue the Notes.

TOWN OF CORNWALL, NEW YORK

By: s/s JOSH WOJEHOWSKI
Town Supervisor and Chief Fiscal Officer
Town of Cornwall
Cornwall, New York

July , 2022

APPENDIX A

FINANCIAL INFORMATION

.

**Statement of Revenues, Expenditures and Fund Balances
General Fund**

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 3,471,066	\$ 3,692,948	\$ 3,716,888	\$ 3,693,680	\$ 3,875,128
Real Property Tax Items	17,987	14,718	13,411	25,324	15,904
Non-Property Tax Items	851,988	950,497	944,951	885,543	1,041,979
Departmental Income	265,266	270,539	283,885	249,225	495,313
Use of Money and Property	65,929	74,649	77,998	93,132	69,393
Licenses & Permits	14,941	10,055	10,036	8,693	9,599
Fines & Forfeitures	200,300	202,583	197,032	104,974	177,786
Sale of Property & Compensation for Loss	1,134	13,215	5,085		2,650
Miscellaneous	62,031	3,074	2,641	101,074	175,489
State & Federal Aid	535,935	522,792	558,331	497,687	842,535
	<u>5,486,577</u>	<u>5,755,070</u>	<u>5,810,258</u>	<u>5,659,332</u>	<u>6,705,776</u>
Total Revenues					
Expenditures:					
General Government Support	1,705,016	1,626,993	1,859,605	1,685,607	1,710,535
Public Safety	1,497,983	1,552,399	1,564,979	1,642,816	1,594,242
Health	6,900	18,382	23,178	22,064	152,769
Economic Assistance	46,430	46,680	44,907	39,300	25,671
Culture and Recreation	320,180	312,732	361,129	105,358	320,698
Home and Community Services	89,936	107,695	90,163	182,535	162,851
Employee Benefits	1,502,272	1,564,509	1,552,935	1,536,709	1,602,762
Debt Service	115,972	110,275	118,773	240,071	367,687
	<u>5,284,689</u>	<u>5,339,665</u>	<u>5,615,669</u>	<u>5,454,460</u>	<u>5,937,215</u>
Total Expenditures					
Other Financing Sources (Uses):					
Proceeds From:					
Advanced Refunding	600,000				
Payments to Escrow Agent	(651,464)				
Operating Transfers In	145,135				
Operating Transfers Out					
	<u>93,671</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	295,559	415,405	194,589	204,872	768,561
Fund Balance Adjustments					
Fund Balance Beginning of Year	<u>1,209,374</u>	<u>1,504,933</u>	<u>1,920,338</u>	<u>2,114,927</u>	<u>2,319,799</u>
Fund Balance End of Year	<u>\$ 1,504,933</u>	<u>\$ 1,920,338</u>	<u>\$ 2,114,927</u>	<u>\$ 2,319,799</u>	<u>\$ 3,088,360</u>

Sources: Audited Financial Reports of the Town (2017-2021)

NOTE: This Schedule NOT audited.

**Statement of Revenues, Expenditures and Fund Balances
Highway Fund**

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 1,564,444	\$ 1,402,435	\$ 1,463,802	\$ 1,403,019	\$ 1,359,998
Non-Property Tax Items	780,574	808,433	837,182	781,386	940,904
Intergovernmental Charges	59,422	59,422	60,048	60,048	64,092
Use of Money and Property	572	1,142	2,201	8,935	470
Sale of Property & Compensation for Loss	2,563	928	19,842		35,800
State & Federal Aid	119,890	119,953	134,999	95,989	109,372
Miscellaneous					
Total Revenues	<u>2,527,465</u>	<u>2,392,313</u>	<u>2,518,074</u>	<u>2,349,377</u>	<u>2,510,636</u>
Expenditures:					
Transportation	1,365,894	1,227,700	1,288,558	1,089,507	1,341,784
Employee Benefits	578,906	627,799	720,262	560,684	541,486
Debt Service	323,729	235,075	242,251	388,047	378,396
Total Expenditures	<u>2,268,529</u>	<u>2,090,574</u>	<u>2,251,071</u>	<u>2,038,238</u>	<u>2,261,666</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In					
Operating Transfers Out					
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	258,936	301,739	267,003	311,139	248,970
Fund Balance Adjustments		4			
Fund Balance Beginning of Year	381,914	640,850	942,593	1,209,596	1,520,735
Transfers of Fund Balance					
Residual Equity Transfer - Risk Retention					
Fund Balance End of Year	<u>\$ 640,850</u>	<u>\$ 942,593</u>	<u>\$ 1,209,596</u>	<u>\$ 1,520,735</u>	<u>\$ 1,769,705</u>

Sources: Audited Financial Reports of the Town (2017-2021)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 38,489	\$ 38,983	\$ 41,969	\$ 41,983	\$ 26,517
Departmental Income	109,998	119,575	131,521	148,408	144,882
Use of Money and Property	28	73	168	748	38
Miscellaneous	<u>1,000</u>	<u>2,494</u>	<u>2,020</u>	<u>350</u>	<u> </u>
Total Revenues	<u>149,515</u>	<u>161,125</u>	<u>175,678</u>	<u>191,489</u>	<u>171,437</u>
Expenditures:					
Home and Community Services	134,702	114,849	103,043	128,781	129,640
Debt Service	5,638	5,513	500	557	5,081
Employee Benefits	<u>470</u>	<u>475</u>	<u>5,381</u>	<u>5,238</u>	<u>568</u>
Total Expenditures	<u>140,810</u>	<u>120,837</u>	<u>108,924</u>	<u>134,576</u>	<u>135,289</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	8,705	40,288	66,754	56,913	36,148
Fund Balance Adjustments					
Fund Balance Beginning of Year	<u>(35,091)</u>	<u>(26,386)</u>	<u>13,902</u>	<u>80,656</u>	<u>137,569</u>
Fund Balance End of Year	<u>\$ (26,386)</u>	<u>\$ 13,902</u>	<u>\$ 80,656</u>	<u>\$ 137,569</u>	<u>\$ 173,717</u>

Sources: Audited Financial Reports of the Town (2017-2021)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscal Year Ending December 31:				
	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	\$ 336,887	\$ 338,048	\$ 372,408	\$ 396,888	\$ 385,678
Real Property Tax Items	291,540	361,140	451,986	564,500	564,792
Departmental Income	289,117	232,963	250,984	259,732	263,843
Use of Money and Property	353	694	1,007	4,488	197
Licenses & Permits	20,450	15,100	6,700	13,800	15,550
Sale of Property and Comp. for Loss			137,130	8,640	32,265
Interfund Transfers					50,000
Miscellaneous	1,422		2,074		
Total Revenues	939,769	947,945	1,222,289	1,248,048	1,312,325
Expenditures:					
Home and Community Services	853,011	870,891	926,810	962,044	1,025,159
Employee Benefits	8,553	9,156	9,377	9,319	5,144
Debt Service	64,433	81,254	230,581	206,183	201,624
Total Expenditures	925,997	961,301	1,166,768	1,177,546	1,231,927
Transfers In					
Transfers (Out)	(645)				
Total Transfers	(645)	0	0	0	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	13,127	(13,356)	55,521	70,502	80,398
Fund Balance Adjustments		(1)			
Fund Balance Beginning of Year	379,634	392,761	379,404	434,925	505,427
Fund Balance End of Year	\$ 392,761	\$ 379,404	\$ 434,925	\$ 505,427	\$ 585,825

Sources: Audited Financial Reports of the Town (2017-2021)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sanitation Fund

	Fiscal Year Ending December 31:				
	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	\$ 1,495,682	\$ 1,550,800	\$ 1,506,873	\$ 1,661,442	\$ 1,743,877
Use of Money and Property	503	947	1,134	4,883	225
Sale of Property & Compensation for Loss	102	265		120	762
Miscellaneous	3,144	4,209	40	260	5,000
Total Revenues	1,499,431	1,556,221	1,508,047	1,666,705	1,749,864
Expenditures:					
Home and Community Services	968,559	1,021,491	1,194,574	1,190,754	1,172,369
Employee Benefits	368,880	404,944	351,172	411,204	391,042
Debt Service	66,500	85,130	87,272	111,691	107,027
Total Expenditures	1,403,939	1,511,565	1,633,018	1,713,649	1,670,438
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	95,492	44,656	(124,971)	(46,944)	79,426
Fund Balance Adjustments		1			
Fund Balance Beginning of Year	141,203	236,695	281,352	156,381	109,437
Fund Balance End of Year	\$ 236,695	\$ 281,352	\$ 156,381	\$ 109,437	\$ 188,863

Sources: Audited Financial Reports of the Town (2017-2021)

NOTE: This Schedule NOT audited.

**BALANCE SHEET
GENERAL & MAJOR TOWN FUNDS**

	Fiscal Year Ending December 31, 2021				
	General Fund	Highway Fund	Water Fund	Sewer Fund	Sanitation Fund
Assets:					
Cash	\$ 2,836,143	\$ 1,441,744	\$ 152,556	\$ 659,686	\$ 250,250
Accounts Receivable	331,953	370,103	21,306		
Due from Other Funds	493,505			18,625	
Total Assets	\$ 3,661,601	\$ 1,811,847	\$ 173,862	\$ 678,311	\$ 250,250
Liabilities:					
Accounts Payable	\$ 102,725	\$ 27,224	\$ 145	\$ 73,861	\$ 53,111
Accrued Liabilities	33,653	14,918			8,276
Due to Other Funds				18,625	
Unearned Revenues	436,863				
Total Liabilities	573,241	42,142	145	92,486	61,387
Fund Equity					
Fund Balance:					
Restricted	\$	\$ 764,705	\$ 170,693	\$ 585,825	\$ 148,863
Assigned	2,346,761	1,005,000	3,024		40,000
Unassigned	741,599				
Total Fund Equity	3,088,360	1,769,705	173,717	585,825	188,863
Total Liabilities and Fund Equity	\$ 3,661,601	\$ 1,811,847	\$ 173,862	\$ 678,311	\$ 250,250

Sources: Audited Financial Reports of the Town (2021)

NOTE: This Schedule NOT audited

**BALANCE SHEET
GENERAL & MAJOR TOWN FUNDS**

	Fiscal Year Ending December 31, 2020				
	General Fund	Highway Fund	Water Fund	Sewer Fund	Sanitation Fund
Assets:					
Cash	\$ 1,672,075	\$ 1,264,417	\$ 108,560	\$ 617,624	\$ 212,160
Accounts Receivable	385,395	330,184	29,043		585
Due from Other Funds	<u>373,000</u>			<u>18,625</u>	
Total Assets	<u>\$ 2,430,470</u>	<u>\$ 1,594,601</u>	<u>\$ 137,603</u>	<u>\$ 636,249</u>	<u>\$ 212,745</u>
Liabilities:					
Accounts Payable	\$ 81,143	\$ 63,189	\$ 34	\$ 112,197	\$ 93,639
Accrued Liabilities	29,528	10,677			9,669
Due to Other Funds				<u>18,625</u>	
Total Liabilities	<u>110,671</u>	<u>73,866</u>	<u>34</u>	<u>130,822</u>	<u>103,308</u>
Fund Equity					
Fund Balance:					
Restricted		1,125,735	137,569	495,427	69,437
Assigned	1,302,520	395,000		10,000	40,000
Unassigned	1,017,279				
Total Fund Equity	<u>2,319,799</u>	<u>1,520,735</u>	<u>137,569</u>	<u>505,427</u>	<u>109,437</u>
Total Liabilities and Fund Equity	<u>\$ 2,430,470</u>	<u>\$ 1,594,601</u>	<u>\$ 137,603</u>	<u>\$ 636,249</u>	<u>\$ 212,745</u>

Sources: Audited Financial Reports of the Town (2020)

NOTE: This Schedule NOT audited

Budget Summaries

Fiscal Year Ending December 31, 2022

Fund	Appropriations & provisions for other uses	Less Estimated Revenues	Less Unexpended Balance	Amount to be Raised by Tax
General Fund - Townwide	\$ 3,547,291	\$ 891,800	\$ 900,000	\$ 1,755,491
General Fund - Town- Outside Village	2,915,850	980,000	800,000	1,135,850
Highway Fund-Townwide	402,550		30,000	372,550
Highway Fund-Town Outside Village	2,302,850	972,165	975,000	355,685
Fire District	1,244,854	800		1,244,054
Hydrants District	99,000			99,000
Lighting District	117,000			117,000
Sanitation District	1,785,919	200	40,000	1,745,719
Drainage District	5,000		5,000	0
Sewer District	1,220,389	255,150		965,239
Parking District				0
Water District	133,024	130,000	3,024	0
Totals	\$ 13,773,727	\$ 3,230,115	\$ 2,753,024	\$ 7,790,588

Source: Adopted Budget

Budget Summaries

Fiscal Year Ending December 31, 2021

Fund	Appropriations & provisions for other uses	Less Estimated Revenues	Less Unexpended Balance	Amount to be Raised by Tax
General Fund - Townwide	\$ 3,314,130	\$ 801,572	\$ 337,500	\$ 2,175,058
General Fund - Town- Outside Village	2,781,570	796,500	285,000	1,700,070
Highway Fund-Townwide	381,659		45,000	336,659
Highway Fund-Town Outside Village	2,189,004	815,665	350,000	1,023,339
Fire District	1,230,110			1,230,110
Hydrants District	97,000			97,000
Lighting District	104,000			104,000
Sanitation District	1,762,877	4,000	15,000	1,743,877
Drainage District	5,000		5,000	0
Sewer District	1,213,370	252,900	10,000	950,470
Parking District				0
Water District	146,917	120,400		26,517
Totals	\$ 13,225,637	\$ 2,791,037	\$ 1,047,500	\$ 9,387,100

Source: Adopted Budget

TOWN OF CORNWALL
APPENDIX B
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2021**

TOWN OF CORNWALL
CORNWALL, NEW YORK
DECEMBER 31, 2021

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TOWN OF CORNWALL
CORNWALL, NEW YORK
DECEMBER 31, 2021

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Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members
Of the Town Board
Town of Cornwall
Cornwall, New York

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Town of Cornwall, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Town of Cornwall's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the Town of Cornwall, as of December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Cornwall, 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 Town of Cornwall'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.

Auditor's 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 auditor's report that includes are 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 generally accepted 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 generally accepted 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 Town of Cornwall'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 Town of Cornwall'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 and budgetary comparison information 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 auditing standards generally accepted in the United States of America, 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 opinions on the financial statements that collectively comprise Town of Cornwall's basic financial statements. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements' are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Town of Cornwall's internal control over financial reporting.



Montgomery, New York
April 20, 2022

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

The following is a discussion and analysis of the Town of Cornwall's financial performance for the year ended December 31, 2021. The Town of Cornwall discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The 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 on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

HIGHLIGHTS

Financial Highlights:

- The Town of Cornwall's net position at the close of the calendar years 2021 and 2020 were \$(3,322,196) and \$(3,869,829) respectively.
- As of the close of the current calendar year, the Town of Cornwall's governmental funds reported a combined ending fund balance of \$3,125,382, an increase of \$466,954 in comparison with the prior year.
- At the end of the current calendar year, the unassigned fund balance for the General Fund was \$741,599 at 21.99% of the total General Fund A expenditures.
- The Town of Cornwall's total debt decreased by \$215,000 (3.22%) during the current calendar year.

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD & A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Town's most significant funds.
- The *government fund statements* tell how basic services such as water and sewer were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of MD & A highlights the structure and contents of each of the statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Figure A-1 Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as highway water and sewer	Instances in which the Town administrators resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits.
Required financial statements	- Statement of net position - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how it changed. Net position, the difference between the Town's assets and liabilities, are one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Town's activities are shown as *governmental activities*: Most of the Town's basic services are included here, such as water and sewer services (home and community services), road maintenance (transportation), and administration (general governmental support). Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Town establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

The Town has two kinds of funds:

- **Governmental Funds:** Most of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (Schedule 4 and Schedule 6) have been added to explain the relationship (or differences) between them.
- **Fiduciary Funds-Custodial Funds:** The Town acts in a custodial capacity for assets that are ultimately transferred to others, such as funds held for escrow. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at the calendar year end is \$(3,322,196). This is a \$547,633 increase over last year's net position of \$(3,869,829). The following table provides a summary of the Town's net position:

FIGURE A-2

<i>Condensed Statement of Net Position</i>			Total Dollar
	2021	2020	Change
			2021 -2020
Current Assets	\$ 6,527,012	\$ 5,190,625	\$ 1,336,387
Capital Assets	12,446,179	11,686,817	759,362
Deferred Outflows	7,485,950	6,269,340	1,216,610
Total Assets and Deferred Outflows	26,459,141	23,146,782	3,312,359
Long-Term Debt Outstanding	21,755,552	22,894,317	(1,138,765)
Other Liabilities	3,426,574	2,567,670	858,904
Deferred Inflows	4,599,211	1,554,624	3,044,587
Total Liabilities and Deferred Inflows	29,781,337	27,016,611	2,764,726
Investment in Capital Assets, Net of Debt	5,991,179	5,026,817	964,362
Restricted	1,687,399	1,854,855	(167,456)
Unrestricted Net Assets	(11,000,774)	(10,751,501)	(249,273)
Total Net Position	\$ (3,322,196)	\$ (3,869,829)	\$ 547,633

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

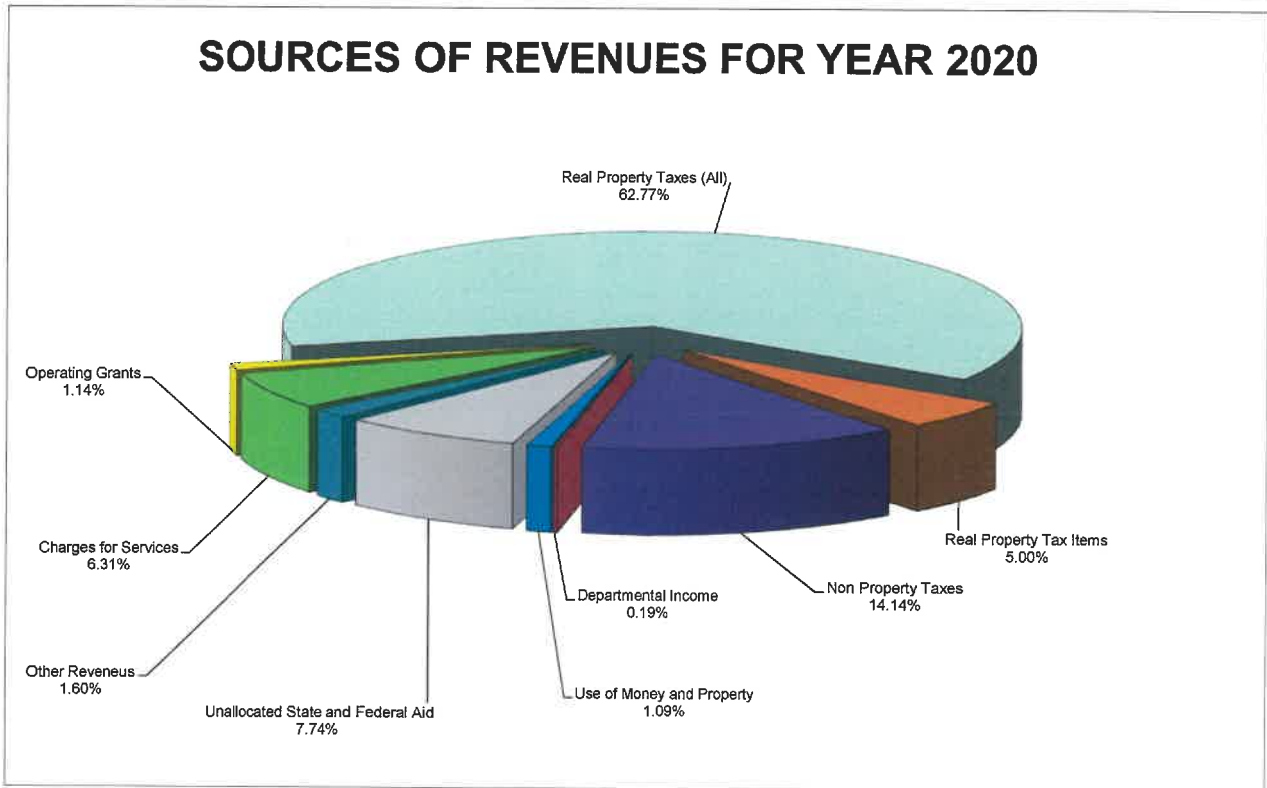
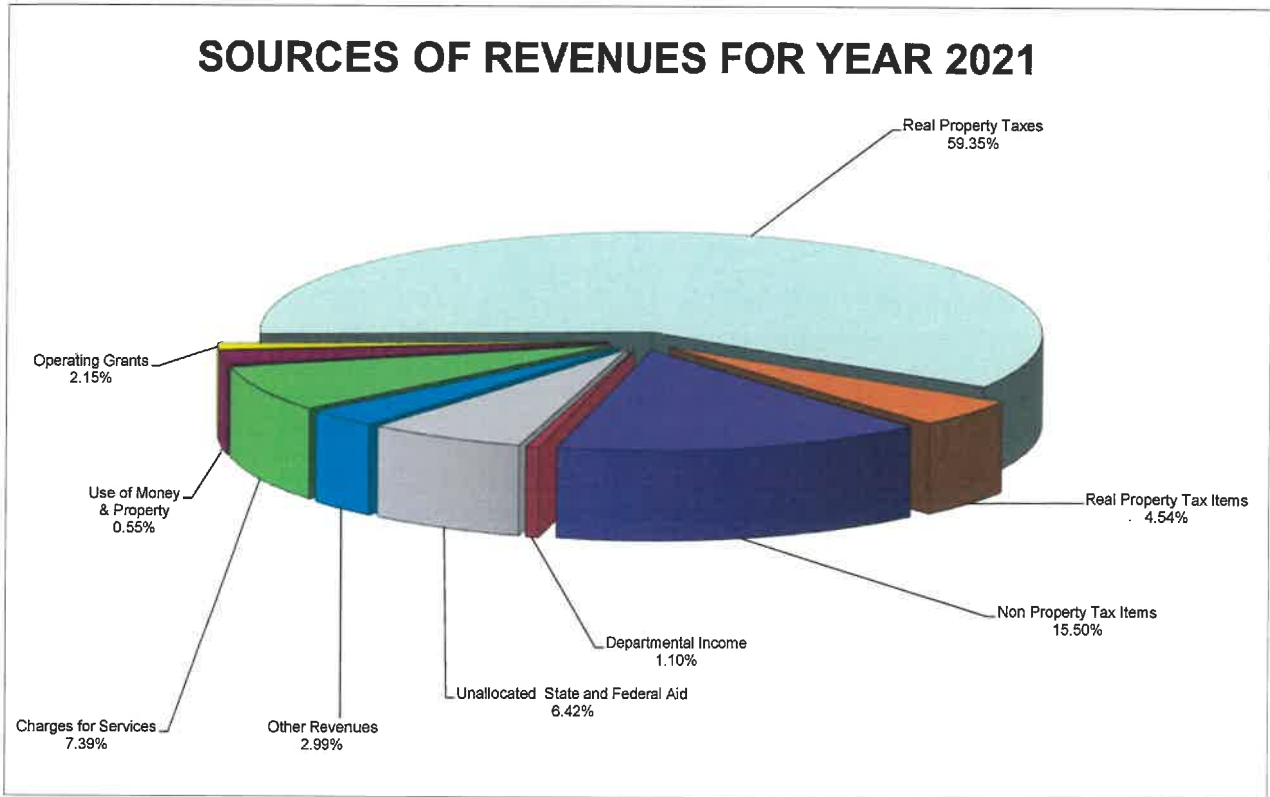
The schedule on the following pages and supporting graphs provides a summary of revenues, expenses and changes in net position for the calendar years ended December 31, 2021 and 2020:

FIGURE A-3

<u>REVENUES</u>	<u>2021</u> <u>AMOUNT</u>	<u>%</u>	<u>2020</u> <u>AMOUNT</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
PROGRAM REVENUES						
Charges for Services	\$ 945,296	7.39%	\$ 744,054	6.31%	\$ 201,242	27.05%
Operating Grants	275,533	2.15%	134,171	1.14%	141,362	105.36%
GENERAL REVENUES						
Real Property Taxes	7,592,198	59.35%	7,398,012	62.77%	194,186	2.62%
Real Property Tax Items	580,696	4.54%	589,824	5.00%	(9,128)	-1.55%
Non Property Taxes	1,982,883	15.50%	1,666,929	14.14%	315,954	18.95%
Departmental Income	140,521	1.10%	22,240	0.19%	118,281	531.84%
Use of Money and Property	70,458	0.55%	128,723	1.09%	(58,265)	-45.26%
Unallocated State and Federal Aid	821,374	6.42%	912,013	7.74%	(90,639)	-9.94%
Other Revenues	382,214	2.99%	189,030	1.60%	193,184	102.20%
	<u>12,791,173</u>	<u>100.00%</u>	<u>11,784,996</u>	<u>100.00%</u>	<u>1,006,177</u>	<u>8.54%</u>
 <u>EXPENDITURES</u>						
General Government	1,824,486	14.90%	1,945,610	16.22%	(121,124)	-6.23%
Public Safety	1,583,114	12.93%	1,562,644	13.03%	20,470	1.31%
Health	152,732	1.25%	22,079	0.18%	130,653	591.75%
Transportation	1,686,330	13.77%	1,218,938	10.16%	467,392	38.34%
Economic Assistance and Opportunity	25,536	0.21%	39,354	0.33%	(13,818)	-35.11%
Culture and Recreation	172,893	1.41%	105,658	0.88%	67,235	63.63%
Home and Community Services	2,155,788	17.61%	2,217,889	18.50%	(62,101)	-2.80%
Interest on Debt	109,286	0.89%	142,025	1.18%	(32,739)	-23.05%
Employee Benefits	3,701,539	30.23%	3,979,924	33.19%	(278,385)	-6.99%
Depreciation	831,835	6.79%	757,662	6.32%	74,173	9.79%
	<u>12,243,540</u>	<u>100.00%</u>	<u>11,991,783</u>	<u>100.00%</u>	<u>251,757</u>	<u>2.10%</u>
 CHANGE IN NET POSITION	<u>\$ 547,633</u>		<u>\$ (206,787)</u>		<u>\$ 754,420</u>	

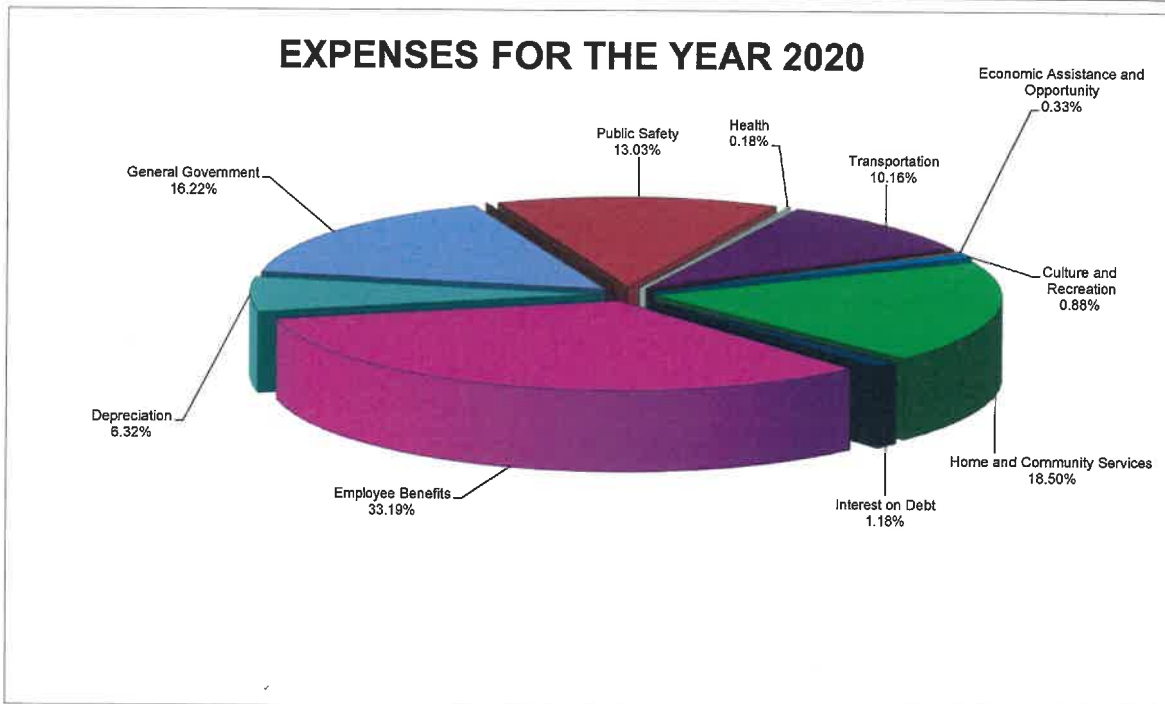
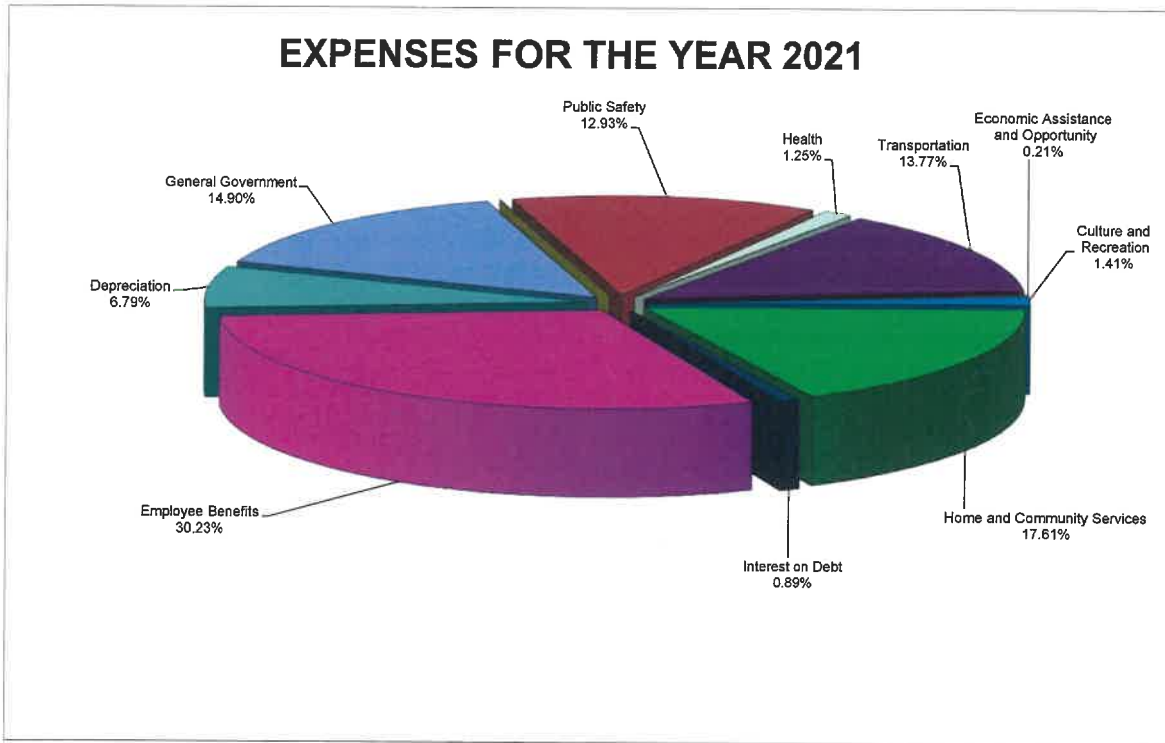
TOWN OF CORNWALL
CORNWALL, NEW YORK
December 31, 2021

FIGURE A-4



TOWN OF CORNWALL
CORNWALL, NEW YORK
December 31, 2021

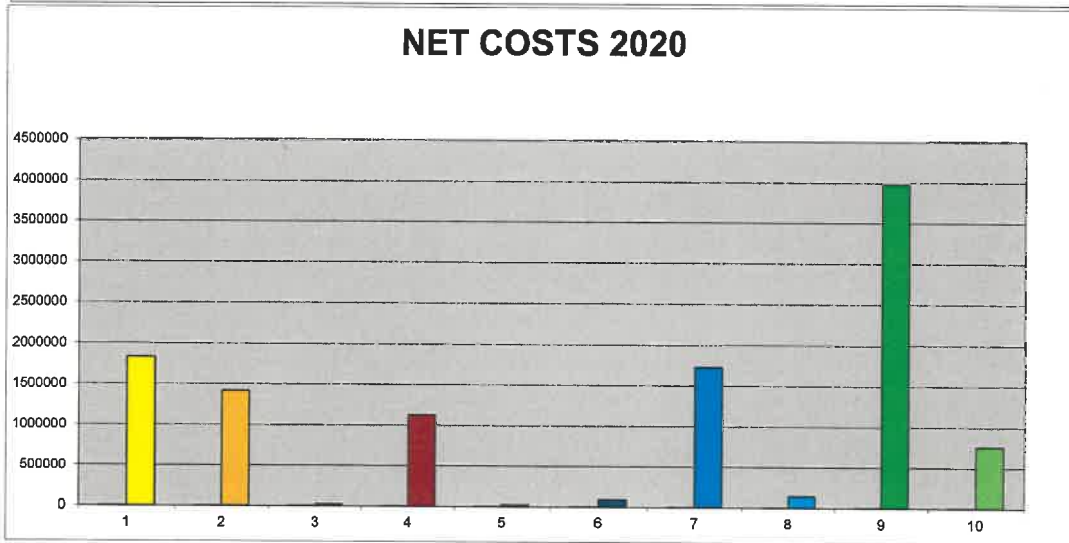
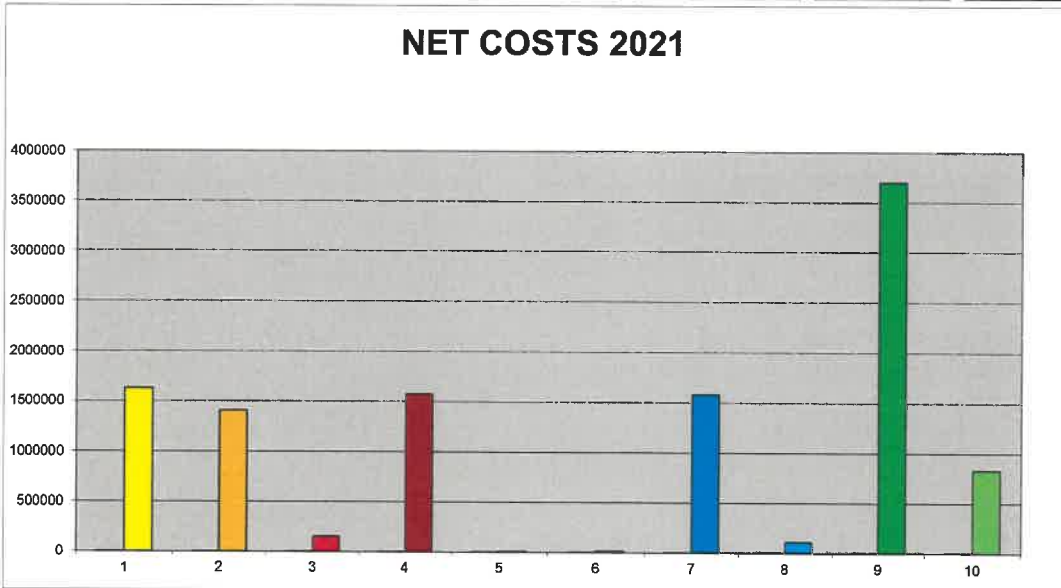
FIGURE A-5



**TOWN OF CORNWALL
CORNWALL, NEW YORK
December 31, 2021**

FIGURE A-6

	TOTAL COST OF SERVICES 2021	NET COST OF SERVICES 2021	TOTAL COST OF SERVICES 2020	NET COST OF SERVICES 2020
GENERAL GOVERNMENT	1 \$ 1,824,487	\$ 1,631,884	\$ 1,945,610	\$ 1,831,501
PUBLIC SAFETY	2 1,583,114	1,410,261	1,562,644	1,419,676
HEALTH	3 152,732	152,732	22,079	22,079
TRANSPORTATION	4 1,686,330	1,576,958	1,218,938	1,122,949
ECONOMIC ASSISTANCE & OPPORTUNITY	5 25,536	9,902	39,354	20,974
CULTURE AND RECREATION	6 172,893	14,769	105,658	88,907
HOME AND COMMUNITY SERVICES	7 2,155,788	1,583,545	2,217,889	1,727,861
INTEREST ON DEBT	8 109,286	109,286	142,025	142,025
EMPLOYEE BENEFITS	9 3,701,539	3,701,539	3,979,924	3,979,924
DEPRECIATION	10 831,835	831,835	757,662	757,662
	\$ 12,243,540	\$ 11,022,711	\$ 11,991,783	\$ 11,113,558



TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Total costs of services provided by the Town for the calendar years ended December 31, 2021 and 2020 were \$12,243,540 and \$11,991,783, respectively. In 2021, these charges were offset by grants and contributions of \$275,533 and charges for services of \$945,296, resulting in net cost of services of \$11,022,711. This is a \$90,847 decrease under last year's net costs of \$11,113,558.

The Town's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Town consist of the General Fund, Highway Fund, Capital Fund, Water Fund, Sewer Fund, and Sanitation Fund. The total fund balances allocated between restricted, assigned and unassigned fund balance for each of these funds is as follows:

Figure A-7

	December 31, 2021		
	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund	\$ 0	\$ 2,346,761	\$ 741,599
Highway Fund	764,705	1,005,000	0
Water Fund	170,693	3,024	0
Sewer Fund	585,825	0	0
Capital Fund	0	0	(2,701,984)
Sanitation Fund	148,863	40,000	0
Non-Major Funds	17,313	5,000	(1,417)
Total	<u>\$ 1,687,399</u>	<u>\$ 3,399,785</u>	<u>\$ (1,961,802)</u>
	December 31, 2020		
	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund	\$ 0	\$ 1,302,520	\$ 1,017,279
Highway Fund	1,125,735	395,000	0
Water Fund	137,569	0	0
Sewer Fund	495,427	10,000	0
Capital Fund	0	0	(1,965,791)
Sanitation Fund	69,437	40,000	0
Non-Major Funds	26,687	5,000	(435)
Total	<u>\$ 1,854,855</u>	<u>\$ 1,752,520</u>	<u>\$ (948,947)</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town revised the General Fund budgets to reflect additional changes in budgeted revenues and expenditures. Actual revenues exceeded revised budget estimates by \$1,174,164 and actual expenditures were lower than budgeted expenditures by \$216,897. Figure A-8 summarizes the General Funds original and revised budgets, actual expenditures and the variances for the year ended December 31, 2021.

Figure A-8

Condensed Budgetary Comparison General Funds	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 3,875,128	\$ 3,875,128	\$ 3,875,128	\$ 0
Non Property Taxes	765,000	765,000	1,041,979	276,979
State and Federal Aid	376,000	385,938	842,535	456,597
All Other	457,072	505,546	946,134	440,588
Total Revenues	5,473,200	5,531,612	6,705,776	1,174,164
OTHER SOURCES	622,500	622,500		
Total Revenues and Other Sources	\$ 6,095,700	\$ 6,154,112	\$ 6,705,776	
EXPENDITURES				
General Government Support	\$ 1,862,785	\$ 1,840,382	\$ 1,710,535	\$ 129,847
Public Safety	1,809,750	1,809,750	1,594,242	215,508
Health	7,000	7,000	152,769	(145,769)
Economic Assistance and Opportunity	53,500	53,500	25,671	27,829
Culture & Recreation	368,750	401,091	320,698	80,393
Home & Community Service	86,150	134,624	162,851	(28,227)
Employee Benefits	1,690,075	1,690,075	1,602,762	87,313
Debt Service	217,690	217,690	367,687	(149,997)
Total Expenditures	\$ 6,095,700	\$ 6,154,112	\$ 5,937,215	\$ 216,897

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

CAPITAL ASSETS

The Town records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Town's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in Notes 1 and 6 in the current year's Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Town is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Town has maintained detailed, separate records of infrastructure additions since 2003. The Town has elected to include infrastructure additions since 2003 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Town's investment in capital resources.

In 2021, the Town expended \$1,591,865 on capital additions. Figure A-9 reflects the changes in net capital assets.

Figure A-9

<i>Changes in Net Capital Assets</i>	Governmental Activities		Total Dollar Change
	2021	2020	2021 - 2020
Land	\$ 324,775	\$ 324,775	\$ 0
Buildings	1,888,479	1,923,594	(35,115)
Machinery and Equipment	834,370	565,450	268,920
Infrastructure	8,709,832	7,953,183	756,649
Vehicles	688,723	919,815	(231,092)
Totals	\$ 12,446,179	\$ 11,686,817	\$ 759,362

Major additions in 2021 included:

Buildings	\$ 56,606
Machinery and Equipment	396,719
Infrastructure	1,097,445
Vehicles	41,095
Total	<u>\$ 1,591,865</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

DEBT ADMINISTRATION

Debt, short-term and long-term, decreased by \$215,000 during 2021.

Detailed information regarding the Town's short and long-term liabilities is presented in more detail in Note 6 in the current year's notes to the financial statements. Figure A-10 reflects the changes in the Town's long-term liabilities for 2021.

Figure A-10

	Governmental Activities		Total Dollar Change
	2021	2020	2021 - 2020
Serial Bonds and Notes	\$ 4,110,000	\$ 4,575,000	\$ (465,000)
Bond Anticipation Notes	2,350,000	2,100,000	250,000
Totals	\$ 6,460,000	\$ 6,675,000	\$ (215,000)

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact Joshua Wojehowski, Town Supervisor, Town of Cornwall, 183 Main Street, Cornwall, New York, 12518.

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

Cash and Cash Equivalents	\$ 5,684,145
Accounts Receivable	723,362
Due from Fiduciary Funds	119,505
Non Depreciable Capital Assets	324,775
Capital Assets (Net of Accumulated Depreciation)	12,121,404
TOTAL ASSETS	18,973,191

DEFERRED OUTFLOWS OF RESOURCES

Pensions	2,747,769
Other Postemployment Benefits	4,727,263
Deferred Amount of Refunding	10,918
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,485,950

LIABILITIES

Current Liabilities:

Accounts Payable	557,920
Accrued Liabilities	56,847
Unearned Revenues	436,863
Accrued Interest Payable	24,944
Bond Anticipation Notes Payable	2,350,000

Long-Term Liabilities:

Due and Payable Within One Year:

Bonds and Notes Payable	455,918
(including an unamortized bond premium of \$5,918)	

Due and Payable More Than One Year:

Bonds and Notes Payable	3,660,000
Other Post Retirement Benefits Payable	17,141,221
Net Pension Liability - Proportionate Share	420,412
Compensated Absences	78,001

TOTAL LIABILITIES **25,182,126**

DEFERRED INFLOWS OF RESOURCES

Pensions	3,559,041
Other Postemployment Benefits	1,040,170
TOTAL DEFERRED INFLOWS OF RESOURCES	4,599,211

NET POSITION

Net Investment in Capital Assets	5,991,179
Restricted	1,687,399
Unrestricted	(11,000,774)
TOTAL NET POSITION	\$ (3,322,196)

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM REVENUES		OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	GOVERNMENTAL ACTIVITIES	
<u>PRIMARY GOVERNMENT:</u>				
Governmental Activities:				
General Government	\$ (2,889,156)	\$ 192,603	\$ 0	\$ (2,696,553)
Public Safety	(3,226,038)	156,368	16,485	(3,053,185)
Health	(163,106)	0	0	(163,106)
Transportation	(2,478,795)	0	109,372	(2,369,423)
Economic Assistance and Opportunity	(62,995)	0	15,634	(47,361)
Culture and Recreation	(379,419)	24,082	134,042	(221,295)
Home and Community Services	(2,934,744)	572,243	0	(2,362,501)
Interest on Debt	(109,286)	0	0	(109,286)
TOTAL PRIMARY GOVERNMENT	\$ (12,243,540)	\$ 945,296	\$ 275,533	(11,022,711)
<u>GENERAL REVENUES</u>				
Real Property Taxes				7,592,198
Real Property Tax Items				580,696
Non Property Taxes				1,982,883
Departmental Income				140,521
Use of Money and Property				70,458
Intergovernmental Charges				64,092
Licenses and Permits				21,156
Unallocated State and Federal Aid				821,374
Sale of Property and Compensation for Loss				71,477
Miscellaneous				225,489
TOTAL GENERAL REVENUES				11,570,344
Change in Net Position				547,633
Net Position - Beginning				(3,869,829)
Net Position - Ending				\$ (3,322,196)

See notes to financial statements.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	GENERAL	HIGHWAY	WATER	SEWER	CAPITAL PROJECTS	SANITATION	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and Cash Equivalents	\$ 2,836,143	\$ 1,441,744	\$ 152,556	\$ 659,686	\$ 299,473	\$ 250,250	\$ 44,293	\$ 5,684,145
Accounts Receivable, Net	331,953	370,103	21,306	0	0	0	0	723,362
Due from Other Funds	493,505	0	0	18,625	7,820	0	0	519,950
TOTAL ASSETS	\$ 3,661,601	\$ 1,811,847	\$ 173,862	\$ 678,311	\$ 307,293	\$ 250,250	\$ 44,293	\$ 6,927,457
LIABILITIES								
Accounts Payable	\$ 102,725	\$ 27,224	\$ 145	\$ 73,861	\$ 281,457	\$ 53,111	\$ 19,397	\$ 557,920
Accrued Liabilities	33,653	14,918	0	0	0	8,276	0	56,847
Due to Other Funds	0	0	0	18,625	377,820	0	4,000	400,445
Unearned Revenues	436,863	0	0	0	0	0	0	436,863
Bond Anticipation Notes Payable	0	0	0	0	2,350,000	0	0	2,350,000
TOTAL LIABILITIES	573,241	42,142	145	92,486	3,009,277	61,387	23,397	3,802,075
FUND BALANCES								
Restricted	0	764,705	170,693	585,825	0	148,863	17,313	1,687,399
Assigned	2,346,761	1,005,000	3,024	0	0	40,000	5,000	3,399,785
Unassigned	741,599	0	0	0	(2,701,984)	0	(1,417)	(1,961,802)
TOTAL FUND BALANCES	3,088,360	1,769,705	173,717	585,825	(2,701,984)	188,863	20,896	3,125,382
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,661,601	\$ 1,811,847	\$ 173,862	\$ 678,311	\$ 307,293	\$ 250,250	\$ 44,293	\$ 6,927,457

See notes to financial statements.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS LIABILITIES	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 5,684,145	\$ 0	\$ 0	\$ 5,684,145
Due from Other Funds	519,950	0	(519,950)	0
Due from Fiduciary Funds	0	0	119,505	119,505
Accounts Receivable, Net	723,362	0	0	723,362
Capital Assets, Net	0	12,446,179	0	12,446,179
TOTAL ASSETS	6,927,457	12,446,179	(400,445)	18,973,191
DEFERRED OUTFLOWS OF RESOURCES				
Pension	0	2,747,769	0	2,747,769
Other Postemployment Benefits	0	4,727,263	0	4,727,263
Deferred Amount of Refunding	0	10,918	0	10,918
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	7,485,950	0	7,485,950
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,927,457	\$ 19,932,129	\$ (400,445)	\$ 26,459,141
LIABILITIES				
Accounts Payable	\$ 557,920	\$ 0	\$ 0	\$ 557,920
Accrued Liabilities	56,847	24,944	0	81,791
Bond Anticipation Notes Payable	2,350,000	0	0	2,350,000
Bonds And Notes Payable	0	4,115,918	0	4,115,918
Due to Other Funds	400,445	0	(400,445)	0
Unearned Revenues	436,863	0	0	436,863
Post Retirement Benefits Payable	0	17,141,221	0	17,141,221
Net Pension Liability - Proportionate Share	0	420,412	0	420,412
Compensated Absences Payable	0	78,001	0	78,001
TOTAL LIABILITIES	3,802,075	21,780,496	(400,445)	25,182,126
DEFERRED INFLOWS OF RESOURCES				
Pension	0	3,559,041	0	3,559,041
Other Postemployment Benefits	0	1,040,170	0	1,040,170
TOTAL DEFERRED INFLOWS OF RESOURCES	0	4,599,211	0	4,599,211
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,802,075	26,379,707	(400,445)	29,781,337
TOTALS FUND BALANCES/NET POSITION	3,125,382	(6,447,578)	0	(3,322,196)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/NET POSITION	\$ 6,927,457	\$ 19,932,129	\$ (400,445)	\$ 26,459,141

**TOWN OF CORNWALL
CORNWALL, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
FOR THE YEAR ENDED DECEMBER 31, 2021

	GENERAL	HIGHWAY	WATER	SEWER	CAPITAL PROJECTS	SANITATION	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Real Property Taxes	\$ 3,875,128	\$ 1,359,998	\$ 26,517	\$ 385,678	\$ 0	\$ 1,743,877	\$ 201,000	\$ 7,592,198
Real Property Tax Items	15,904	0	0	564,792	0	0	0	580,696
Non Property Tax Items	1,041,979	940,904	0	0	0	0	0	1,982,883
Departmental Income	495,313	0	144,882	263,843	0	0	0	904,038
Intergovernmental Charges	0	64,092	0	0	0	0	0	64,092
Use of Money and Property	69,393	470	38	197	97	225	38	70,458
Licenses and Permits	9,599	0	0	15,550	0	0	0	25,149
Fines and Forfeitures	177,786	0	0	0	0	0	0	177,786
Sale of Property and Compensation for Loss	2,650	35,800	0	32,265	0	762	0	71,477
Miscellaneous	175,489	0	0	50,000	0	0	0	225,489
State and Federal Aid	842,535	109,372	0	0	140,000	5,000	0	1,096,907
TOTAL REVENUES	6,705,776	2,510,636	171,437	1,312,325	140,097	1,749,864	201,038	12,791,173
EXPENDITURES								
General Government Support	1,710,535	0	0	0	215,486	0	0	1,926,021
Public Safety	1,594,242	0	0	0	0	0	0	1,594,242
Health	152,769	0	0	0	0	0	0	152,769
Transportation	0	1,341,784	0	0	911,858	0	113,394	2,367,036
Economic Assistance and Opportunity	25,671	0	0	0	0	0	0	25,671
Culture and Recreation	320,698	0	0	0	0	0	0	320,698
Home and Community Service	162,851	0	129,640	1,025,159	233,946	1,172,369	98,000	2,821,965
Employee Benefits	1,602,762	541,486	568	5,144	0	391,042	0	2,541,002
Debt Service	367,687	378,396	5,081	201,624	0	107,027	0	1,059,815
TOTAL EXPENDITURES	5,937,215	2,261,666	135,289	1,231,927	1,361,290	1,670,438	211,394	12,809,219
OTHER FINANCING SOURCES (USES)								
BANS Redeemed from Appropriations	0	0	0	0	485,000	0	0	485,000
TOTAL FINANCING SOURCES (USES)	0	0	0	0	485,000	0	0	485,000
Net Change in Fund Balances	768,561	248,970	36,148	80,398	(736,193)	79,426	(10,356)	466,954
Fund Balances-Beginning	2,319,799	1,520,735	137,569	505,427	(1,965,791)	109,437	31,252	2,658,428
Fund Balances-Ending	\$ 3,088,360	\$ 1,769,705	\$ 173,717	\$ 585,825	\$ (2,701,984)	\$ 188,863	\$ 20,896	\$ 3,125,382

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE, EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real Property Taxes	\$ 7,592,198	\$ 0	\$ 0	\$ 0	\$ 0	7,592,198
Real Property Tax Items	580,696	0	0	0	0	580,696
Non Property Tax Items	1,982,883	0	0	0	0	1,982,883
Departmental Income	904,038	0	0	0	0	904,038
Intergovernmental Charges	64,092	0	0	0	0	64,092
Use of Money and Property	70,458	0	0	0	0	70,458
Licenses and Permits	25,149	0	0	0	0	25,149
Fines and Forfeitures	177,786	0	0	0	0	177,786
Sale of Property and Compensation for Loss	71,477	0	0	0	0	71,477
Miscellaneous	225,489	0	0	0	0	225,489
State and Federal Aid	1,096,907	0	0	0	0	1,096,907
TOTAL REVENUES	12,791,173	0	0	0	0	12,791,173
EXPENDITURES						
General Government Support	1,926,021	(3,834)	195,358	0	771,611	2,889,156
Public Safety	1,594,242	(5,916)	302,129	0	1,335,582	3,226,038
Health	152,769	(37)	1,904	0	8,471	163,106
Transportation	2,367,036	(2,854)	145,411	0	(30,797)	2,478,795
Economic Assistance and Opportunity	25,671	(135)	6,873	0	30,585	62,995
Culture and Recreation	320,698	(744)	37,896	0	21,569	379,419
Home and Community Service	2,821,965	(2,805)	142,932	0	(27,347)	2,934,744
Employee Benefits	2,541,002	1,160,537	0	0	(3,701,539)	0
Capital Outlay	0	0	(1,591,865)	0	1,591,865	0
Debt Service	1,059,815	(10,529)	0	(940,000)	0	109,286
TOTAL EXPENDITURES	12,809,219	1,133,683	(759,362)	(940,000)	0	12,243,540
Excess (Deficiency) of Revenues Over Expenditures	(18,046)	(1,133,683)	759,362	940,000	0	547,633
OTHER SOURCES (USES):						
BANS Redeemed from Appropriations	485,000	0	0	(485,000)	0	0
TOTAL OTHER SOURCES (USES)	485,000	0	0	(485,000)	0	0
NET CHANGE FOR THE YEAR	\$ 466,954	\$ (1,133,683)	\$ 759,362	\$ 455,000	\$ 0	\$ 547,633

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	<u>CUSTODIAL FUNDS</u>
ASSETS	
Cash	\$ 699,274
TOTAL ASSETS	<u>\$ 699,274</u>
 LIABILITIES	
Due to Other Funds	\$ 119,505
TOTAL LIABILITIES	<u>119,505</u>
 NET POSITION	
Restricted for:	
Individuals, Organizations and Other Governments	<u>579,769</u>
TOTAL NET POSITION	<u>579,769</u>
TOTAL LIABILITIES NET POSITION	<u>\$ 699,274</u>

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The accompanying financial statements of the Town of Cornwall have been prepared in conformity with generally accepted accounting principles (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.

These financial statements follow the guidance of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and contain the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities.
- Fund financial statements that focus on the major funds.

A. Financial Reporting Entity

The Town of Cornwall was established in 1788, is governed by the Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for the overall operation, the Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following principal services: police protection, transportation (streets and highways), recreation, planning and zoning, general administration, public improvements, water and sewer and other home and community services.

All governmental activities and functions performed for the Town of Cornwall are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Town of Cornwall.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entities general purpose 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 #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

B. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Government activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

The Town of Cornwall reports the following major Governmental Funds:

- **General Fund:** This is the Town's primary operating fund. It accounts for all financial transactions that are not required by law or other provision to be accounted for in other funds.
- **Highway Fund:** Used to account for revenues and expenditures for highway purposes.
- **Water Fund:** Established by law to account for revenues derived from charges for water consumption and benefited assessments and the application of such revenues toward related operating expenses and debt retirement.
- **Sewer Fund:** Established by law to account for revenues derived from sewer rents and benefited assessments and used for related operating expenses and debt retirement.
- **Capital Projects Fund:** Used to account for capital improvement finances from current monies transferred from other funds, federal and state grants and proceeds of obligations.
- **Sanitation Fund:** Used to account for revenues and expenditures of the sanitation districts.

The Town of Cornwall reports the following non major Governmental Funds:

- **Drainage Fund:** Used to account for the operation of the Town's drainage district.
- **Lighting Fund:** Used to account for the operation of the Town's light district.
- **Hydrant Fund:** Used to account for the operation of the Town's hydrant's district.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Basis of Presentation (Continued)

- Main Street Parking Fund: Used to account for the operation of the Town's parking district.

The Town reports the following fiduciary funds:

- Custodial Fund: Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

C. Measurement Focus and Basis of Accounting

The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental funds are reported using the current financial resources measurement focus and 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. 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 the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Property Taxes

Town real property taxes are levied annually on January 1, and become a lien on that date. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for Town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the towns. Unpaid town taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year-end are relieved as county taxes in the subsequent year.

E. Budgetary Data

1. Budget Policies - The budget policies are as follows:

- a. No later than October 5, 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.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

F. Cash and Investments

The Town of Cornwall's investment policies are governed by State statutes. In addition, the Town of Cornwall has its own written investment policy. Town of Cornwall's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The supervisor is authorized to use demand account and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit 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.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

I. Inventories and Prepaid Items

Purchases of inventorable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

J. Capital Assets

Capital assets are reported at historical costs. The Town depreciates capital assets using the straight-line method over the estimated useful life of the assets. The range of estimated useful lives by type of asset is as follows.

	<u>Capitalization Threshold</u>	<u>Useful Life</u>
Building	5,000	20-50 years
Machinery and Equipment	5,000	5-50 years
Vehicles	5,000	3-10 years

K. Infrastructure

The Town includes long-lived improvements to roads, water and sewer systems as capital assets in the Government-wide statements. Infrastructures are reported at historical costs and are depreciated using the straight-line method over their estimated useful lives.

Estimated useful lives for infrastructure are as follows:

	<u>Capitalization Threshold</u>	<u>Useful Life</u>
Infrastructure	5,000	15-40 years

L. Compensatory Absences

Town employees accrue vacation time under CSEA and the Town of Cornwall Policeman's Benevolent Association, Inc. collective bargaining agreements. For employees not covered by collective bargaining agreements, the Town has provided the same vacation benefits as the collective bargaining agreements. Employees may be entitled to compensation for accumulated time upon retirement or termination. In addition, employees covered under the Policeman's contract retiring after 15 years of service are entitled to payment for one-half of their accumulated sick time. The Town has reported the accrual for earned but unused vacation and certain sick time.

M. Insurance

The Town assumes the liability 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.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is a result of bond refunding. The second is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date. The third deferred outflow is related to postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 6.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the town – wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (ERS and PFRS System) and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second deferred inflow is related to postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 6.

O. Post Employment Benefits

See Note 6 for details about the Town's postemployment health insurance benefits.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Long-Term Obligations

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, other post retirement benefits payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures.

Q. Equity Classification

1. Government-wide Statements

In the government-wide statements there are three classes of net position:

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

2. Funds Statements

In the fund basis statements there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Equity Classification (Continued)

2. Funds Statements (Continued)

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

Assigned: Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. Assigned fund balance in the General, Highway, Sanitation, Water, and Drainage Funds also includes \$1,700,000, \$1,075,000, \$40,000, \$3,024, and \$5,000 respectively assigned to be used to reduce the tax levy for the year ending December 31, 2022. This assignment is made when the tax levy is set by the Board of Trustees pursuant to the Town's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

R. Restricted Resources

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Future Accounting Standards

GASB has issued Statement 87, Leases, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town is currently studying the Statement and plans to adopt it when required, which will be for the December 31, 2022 financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Interfund Transfers

The operations of the Town gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives or long-lived assets.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Government Funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Town's Governmental Funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:
(Continued)

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position. These differences are as follows:

(1) The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 23,557,786
Accumulated Depreciation	(11,111,606)
Capital Assets, Net	<u>\$ 12,446,179</u>

(2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2021	<u>\$ 24,944</u>
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(3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds and Notes Payable	\$ 4,110,000
Premium on Obligations	5,918
Deferred Outflows of Resources – OPEB	(4,727,263)
Other Postemployment Benefits	17,141,221
Deferred Inflows of Resources – OPEB	1,040,170
Compensated Absences	78,001
	<u>\$ 17,648,047</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:
(Continued)

(4) In the Statement of Net Position, a liability is recognized for the Town’s proportionate share of the net pension liability attributable to each defined benefit pension plan in which the Town participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan’s fiduciary net position. If a pension plan’s fiduciary net position exceeds its total pension liability, the Town’s proportionate share of the pension plan’s net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at December 31, 2021 were as follows:

Deferred Outflows of Resources – Pensions	\$ (2,747,769)
Net Pension Liability, Proportionate Share (ERS & PFRS)	420,412
Deferred Inflows of Resources – Pensions	<u>3,559,041</u>
	<u>\$ 1,231,684</u>

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent these differences as follows:

- Long-term revenue differences arise because Governmental Funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

- Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- Pension plan transaction differences occur as a result of changes in the Town's proportion of the collective net pension asset/liability and differences between the Town's contributions and its proportionate share of the total contributions to the pension systems.
- OPEB differences occur as a result of changes in the Town's total OPEB liability and differences between the Town's contributions and OPEB expense.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Government Fund Statements and the change in net position reported in the Statement of Activities.

Explanation of Differences between Governmental Funds Operating Statement
And the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources:	
Total Revenues of Governmental Funds	\$ 12,791,173
Differences	<u>0</u>
Total Revenues of Governmental Activities	<u>\$ 12,791,173</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

Total Expenditures/Expenses:

Total Expenditures reported in Governmental Funds \$ 12,809,219

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The liability for compensated absences decreased by \$16,325 during the year. (16,325)

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year. (Schedule 6) 1,343,505

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$1,591,865 was more than depreciation of \$831,835 in the current year and remaining basis of retired assets of \$667. (759,362)

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year. (10,529)

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

Total Expenditures/Expenses: (Continued)

(Increases) decreases in proportionate share of net pension asset/
liability reported in the Statement of Activities do not provide
for or require the use of current financial resources and therefore
are not reported as revenues or expenditures in the governmental
funds. (PFRS of (\$48,123) and ERS of (\$134,845)) (182,968)

Premiums and discounts on long-term debt issuance costs and
deferred amounts from debt refunding are recognized in the
fiscal year in which the transactions occur in the governmental
fund statements. These amounts are amortized in the Statement
of Activities and Change in Net Position. This is the amount that
was amortized during the current year. 10,000

Repayment of bond principal is an expenditure in the governmental
funds, but reduces long-term liabilities in the Statement of Net
Assets, and does not affect the Statement of Activities. (950,000)

Total Expenses of Governmental Activities \$ 12,243,540

NOTE 3. CASH

The Town's investment policies are governed by State statutes, as previously described in these Notes. Deposits are valued at cost or cost plus interest and are categorized as either:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized.

Total financial institution (bank) balances at December 31, 2021, per the bank, are categorized as follows:

	<u>1</u>	<u>2</u>	<u>3</u>
Governmental & Custodial Funds	\$ 6,362,991	\$ 0	\$ 0

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4. INTERFUND ACTIVITY.

The interfund receivables and payables at December 31, 2021 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 493,505	\$ 0
Sewer Fund	18,625	18,625
Capital Projects Fund	7,820	377,820
Custodial Fund	0	119,505
Non-Major Funds	0	4,000
	<u>\$ 519,950</u>	<u>\$ 519,950</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended December 31, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets that are not Depreciated:				
Land	\$ 324,775	\$ 0	\$ 0	\$ 324,775
Total Not Depreciated	<u>324,775</u>	<u>0</u>	<u>0</u>	<u>324,775</u>
Capital Assets that are Depreciated:				
Buildings	3,288,116	56,606	0	3,344,722
Machinery and Equipment	2,132,918	396,719	0	2,529,637
Infrastructure	11,167,825	1,097,445	0	12,265,270
Vehicles	5,155,916	41,095	(103,629)	5,093,382
Total Depreciated	<u>21,744,775</u>	<u>1,591,865</u>	<u>(103,629)</u>	<u>23,233,011</u>
Less Accumulated Depreciation:				
Buildings	1,364,522	91,721	0	1,456,243
Machinery and Equipment	1,567,468	127,799	0	1,695,267
Infrastructure	3,214,642	340,796	0	3,555,438
Vehicles	4,236,101	271,520	(102,962)	4,404,659
Total Accumulated Depreciation	<u>10,382,733</u>	<u>831,835</u>	<u>(102,962)</u>	<u>11,111,606</u>
Total Historical Cost, Net	<u>\$ 11,686,817</u>	<u>\$ 760,029</u>	<u>\$ (667)</u>	<u>\$ 12,446,179</u>
Depreciation was charged to governmental functions as follows:				
General government support			\$	195,358
Public safety				301,462
Transportation				145,411
Economic Assistance and Opportunity				6,873
Culture and Recreation				37,896
Health				1,904
Home and Community Services				142,932
				<u>831,835</u>
Total Depreciation Expense			<u>\$</u>	<u>831,835</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES.

A. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12 month period thereafter. For short-term financing, the Town of Cornwall redeems (pays down) one-fifth (1/5) of the original BAN borrowing each year.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of December 31, 2021, there were two Bond Anticipation Notes (BAN) outstanding for \$2,350,000.

Interest on short-term debt for the year was composed of:

Interest paid	\$ 26,251
Less: Interest accrued - prior year	(10,788)
Plus: Interest accrued - current year	<u>3,277</u>
Total Short-Term Interest	<u>\$ 18,740</u>

B. Long-Term Debt

Bonds and notes payable - Represents money borrowed by the Town to acquire land, equipment or construct buildings and improvements.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 83,565
Less: Interest accrued - prior year	(24,686)
Plus: Interest accrued - current year	<u>21,667</u>
Total Long-Term Interest	<u>\$ 80,546</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

B. Long-Term Debt (Continued)

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Balance</u> 01/01/21	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/21	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds and Notes Payable:					
General Obligation					
Debt	\$ 4,575,000	\$ 0	\$ 465,000	\$ 4,110,000	\$ 450,000
Premium on Obligations	17,752	0	11,834	5,918	5,918
Other Liabilities					
Other Postemployment					
Benefits	14,748,897	2,707,642	315,318	17,141,221	0
Net Pension Liability –					
Proportionate Share	3,458,342	0	3,037,930	420,412	0
Vested Compensated					
Absences	94,326	0	16,325	78,001	0
Total	<u>\$ 22,894,317</u>	<u>\$ 2,707,642</u>	<u>\$ 3,846,407</u>	<u>\$ 21,755,552</u>	<u>\$ 455,918</u>

At December 31, 2021, the deferred amount on refunding includes unamortized premiums of \$5,918. This amount is being amortized over the life of the debt issuance to which it relates.

Vested compensation absences – Represents the value earned and unused portion of the liability for compensated absences. Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 450,000	\$ 67,969	\$ 517,969
2023	330,000	57,777	387,777
2024	275,000	50,784	325,784
2025	155,000	46,915	201,915
2026	155,000	45,204	200,204
2027-2031	755,000	199,610	954,610
2032-2036	555,000	154,096	709,096
2037-2041	555,000	112,227	667,227
2042-2046	620,000	59,999	679,999
2047-2048	260,000	7,408	267,408
	<u>\$ 4,110,000</u>	<u>\$ 801,989</u>	<u>\$ 4,911,989</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits

General Information about the OPEB Plan

Plan Description – The Town’s defined benefit OPEB plan (“the Town’s OPEB plan”), provides OPEB for all permanent full-time general and public safety employees of the Town. The Town’s OPEB plan is a single-employer defined benefit OPEB plan administered by the Town.

Benefits Provided – The Town’s OPEB plan provides healthcare benefits for retirees and their dependents.

Medical Benefits: The Plan is a fully insured plan. Current retiree premium rates are as follows:

a)Individual Pre-age 65:	Generally \$1,032 per month.
b)Family Pre-age 65:	Generally \$2,388 per month.
c)Individual Post-age 65:	Generally \$389 per month.
d)Family Post-age 65:	Generally \$1,101 per month.

The Town provides full Medicare Part B reimbursement to eligible retirees, spouses, and surviving spouses.

Minimum eligibility requirements for postemployment benefits are as follows:

- The retiree has attained age 55 years while in the employment of the Town and has a minimum of ten years of service.

Funding Policy: The contribution requirements of Plan members and the Town are established by the Town. The required contribution is based on projected pay-as-you-go financing requirements. For the 2021 year, the Town contributed \$315,318 to the plan, the total amount for current premiums. For the Police Department, the Town will generally contribute 100% of the NYSHIP/State Empire medical premium amounts for both individual coverage and family (dependent) coverage. For other eligibles, the Town will continue to contribute at the pre-retirement level.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (continued)

Employees Covered by Benefit Terms – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Active employees	<u>46</u>
Total Employees Covered by Benefit Terms	<u><u>73</u></u>

Total OPEB Liability

The Town’s total OPEB liability of \$17,141,221 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	1/1/2020
Measurement Date	1/1/2021
Projected Salary Increases	3.50%
Discount Rate	2.12% (1.12% and 3.12% are illustrated for sensitivity)
Rate of Inflation	2.20%
Mortality	RP-2014 mortality table, MP-2019 projection
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Plan
	It is assumed that 70% of retirees will be married at the time of their retirement, with male spouses assumed to be approximately 3 years older than female
Marriage Rate	
Participation Rate	100% of Retirees, 85% of Spouses, 50% of Surviving Spouses
Medicare Part B Trend	5.00%

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (continued)

The discount rate was an input tied to a 20-year tax-exempt general obligation municipal bond rated AA/Aa (or equivalent) or higher as of the Measurement Date. The discount rate and the corresponding liability must be updated annually even if in an interim year.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2021 - December 31, 2021.

Changes in the Total OPEB Liability

Balance at December 31, 2020	<u>\$ 14,748,897</u>
<u>Changes for the Year:</u>	
Service cost	538,483
Interest	414,554
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	1,754,605
Benefit payments	<u>(315,318)</u>
Net Changes	<u>2,392,324</u>
Balance at December 31, 2021	<u><u>\$ 17,141,221</u></u>

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 (1.12 percent) or 1 percentage point higher (3.12 percent) than the current discount rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	<u>\$ 20,625,901</u>	<u>\$ 17,141,221</u>	<u>\$ 14,436,474</u>

CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Trend Rate Less 1%	Current Health Care Cost Trend Rates	Trend Rate Plus 1%
Total OPEB Liability	\$ 14,014,022	\$ 17,141,221	\$ 21,299,980

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

For the year ended December 31, 2021, the Town recognized OPEB expense of \$1,684,703. At December 31, 2021, 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	\$ 1,022,643	\$ 0
Changes of assumptions or other inputs	3,363,422	1,040,170
Town's contributions subsequent to the measurement date	341,198	0
Total	\$ 4,727,263	\$ 1,040,170

Town contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Amount
2022	\$ 731,666
2023	731,666
2024	856,485
2025	807,903
2026	218,175
2027	0

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS), ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS 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 fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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 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, NY 12244.

ERS and PFRS Benefits

The ERS and PFRS Systems provide retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

ERS and PFRS Benefits Provided (Continued)

Tiers 1 and 2 (Continued)

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

ERS and PFRS Benefits Provided (Continued)

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

Funding Policy

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. The Town's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2021	\$ 345,217	\$ 246,581
2020	342,390	244,562
2019	349,718	228,975

Town contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on December 15, 2005) over a 10 year period, with an 8.00% interest factor added. Local governments were given the option to prepay this liability. The Town elected to prepay this liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Town reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Town.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	3/31/2021	3/31/2021
Net Pension Asset/(Liability)	\$ (7,781)	\$ (412,631)
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0078144%	0.0237653%

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
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NOTE 7. PENSION PLANS. (Continued)

For the year ended December 31, 2021, the Town's recognized pension expense of \$210,370 for ERS and the actuarial value \$198,457 for PFRS. At December 31, 2021 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 95,028	\$ 91,561	\$ 186,589
Changes of Assumptions	1,430,695	1,013,789	2,444,484
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	95,816	20,880	116,696
Town's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,621,539</u>	<u>\$ 1,126,230</u>	<u>\$ 2,747,769</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

	Deferred Inflows or Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of Assumptions	26,983	0	26,983
Net difference between projected and actual earnings on pension plan investments	2,235,193	1,213,317	3,448,510
Changes in proportion and difference between the District's contributions and proportionate share of contributions	9,977	73,571	83,548
District's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,272,153</u>	<u>\$ 1,286,888</u>	<u>\$ 3,559,041</u>

Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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 Ended:	<u>ERS</u>	<u>PFRS</u>
2022	\$ 101,612	\$ 66,756
2023	21,426	15,523
2024	104,600	50,887
2025	422,976	222,184
2026	0	(194,693)

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (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 valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation Rate	2.7%	2.7%
Projected Salary Increases	4.40%	6.20%
Projected Cost of Living Adjustments	1.4%	1.4%
Investment Rate of Return	5.9% compounded annually, net of investment expenses	5.9% compounded annually, net of investment expenses
Decrements	Actuarial experience study for the period April 1, 2015 to March 31, 2020	Actuarial experience study for the period April 1, 2015 to March 31, 2020
Mortality Improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2020

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2020.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS & PFRS	
	March 31, 2021	
	Target Allocation	Long-term expected real rate of return
<u>Asset Class:</u>		
Domestic Equity	32%	4.05%
International Equity	15%	6.30%
Private Equity	10%	6.75%
Real Estate	9%	4.95%
Opportunistic/ARS Portfol	3%	4.50%
Credit	4%	3.63%
Real Assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
Total	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and PFRS. 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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon 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.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and PFRS, 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 (4.9% for ERS and PFRS) or 1-percentage-point higher 6.9% for ERS and PFRS) than the current rate:

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (2,159,735)	\$ (7,781)	\$ 1,976,824

PFRS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(1,754,739)	(412,631)	698,288

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurements dates were as follows:

	(Dollars in Thousands)	
	ERS	PFRS
Measurement Date	March 31, 2021	March 31, 2021
Employers' total pension asset/(liability)	\$ (220,680,157)	\$ (41,236,775)
Plan net position	220,580,583	39,500,500
Employer's net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (1,736,275)</u>

Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	95.79%
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TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2021 represent the projected employer contributions for the period of April 1, 2021 through December 31, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier.

NOTE 8. DEFICIT FUND BALANCES.

The Hydrant Fund had a deficit fund balance of \$1,417 at December 31, 2021. This deficit will be eliminated by increasing the tax levy for the fund and controlling expenditures. The Capital fund also had a deficit fund balance of \$2,701,984 at December 31, 2021. This deficit will be eliminated through long term financing.

NOTE 9. CONTINGENCIES.

A. Compliance with Grant Programs

The Town has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Town administration believes disallowances, if any, will be immaterial.

B. Litigation

The Town is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provision for loss contingencies that may result from these proceedings. While the outcome cannot be predicted, the Town believes that any settlement not covered by insurance would not have a material adverse effect on the financial condition of the Town.

NOTE 10. RISK MANAGEMENT.

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; Workers' Compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that in prior years.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 20, 2022, the date these financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND A
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 2,175,058	\$ 2,175,058	\$ 2,175,058	\$ 0
Real Property Tax Items	13,000	13,000	15,904	2,904
Non-Property Tax Items	100,000	100,000	101,075	1,075
Departmental Income	32,500	32,500	121,420	88,920
Use of Money and Property	75,072	75,072	68,992	(6,080)
Licenses and Permits	8,000	8,000	9,599	1,599
Fines and Forfeitures	150,000	150,000	177,786	27,786
Miscellaneous	47,000	47,000	175,349	128,349
State Aid	300,000	300,000	754,604	454,604
Federal Aid	76,000	85,938	68,359	(17,579)
TOTAL REVENUES	<u>2,976,630</u>	<u>2,986,568</u>	<u>\$ 3,668,146</u>	<u>\$ 681,578</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>337,500</u>	<u>337,500</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 3,314,130</u>	<u>\$ 3,324,068</u>		
EXPENDITURES				
General Government Support	\$ 1,862,785	\$ 1,840,382	\$ 1,710,535	\$ 129,847
Public Safety	136,500	136,500	118,197	18,303
Health	7,000	7,000	152,769	(145,769)
Economic Assistance and Opportunity	53,500	53,500	25,671	27,829
Culture and Recreation	294,550	326,891	281,241	45,650
Home and Community Services	1,000	1,000	32,110	(31,110)
Employee Benefits	741,105	741,105	682,746	58,359
Debt Service	217,690	217,690	367,687	(149,997)
TOTAL EXPENDITURES	<u>\$ 3,314,130</u>	<u>\$ 3,324,068</u>	<u>\$ 3,370,956</u>	<u>\$ (46,888)</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
GENERAL FUND B
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 1,700,070	\$ 1,700,070	\$ 1,700,070	\$ 0
Non-Property Tax Items	665,000	665,000	940,904	275,904
Departmental Income	127,500	175,974	373,893	197,919
Use of Money and Property	4,000	4,000	401	(3,599)
Sale of Property and Compensation for Loss	0	0	2,650	2,650
Miscellaneous	0	0	140	140
State Aid	0	0	19,572	19,572
TOTAL REVENUES	<u>2,496,570</u>	<u>2,545,044</u>	<u>\$ 3,037,630</u>	<u>\$ 492,586</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>285,000</u>	<u>285,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 2,781,570</u>	<u>\$ 2,830,044</u>		
EXPENDITURES				
Public Safety	\$ 1,673,250	\$ 1,673,250	\$ 1,476,044	\$ 197,206
Culture and Recreation	74,200	74,200	39,457	34,743
Home and Community Services	85,150	133,624	130,741	2,883
Employee Benefits	948,970	948,970	920,016	28,954
TOTAL EXPENDITURES	<u>\$ 2,781,570</u>	<u>\$ 2,830,044</u>	<u>\$ 2,566,258</u>	<u>\$ 263,786</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
HIGHWAY FUND-TOWN WIDE
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 336,659	\$ 336,659	\$ 336,659	\$ 0
Sale of Property and Compensation for Loss	0	0	35,800	35,800
TOTAL REVENUES	<u>336,659</u>	<u>336,659</u>	<u>\$ 372,459</u>	<u>\$ 35,800</u>
OTHER SOURCES				
Appropriated Fund Balance	45,000	45,000		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 381,659</u>	<u>\$ 381,659</u>		
EXPENDITURES				
Transportation	\$ 150,000	\$ 150,000	\$ 109,085	\$ 40,915
Debt Service	231,658	231,658	231,658	0
TOTAL EXPENDITURES	<u>\$ 381,658</u>	<u>\$ 381,658</u>	<u>\$ 340,743</u>	<u>\$ 40,915</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
HIGHWAY FUND-PART TOWN
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 1,023,339	\$ 1,023,339	\$ 1,023,339	\$ 0
Non Property Tax Items	665,000	665,000	940,904	275,904
Intergovernmental	60,000	60,000	64,092	4,092
Use of Money and Property	6,000	6,000	470	(5,530)
State and Federal Aid	84,665	84,665	109,372	24,707
TOTAL REVENUES	<u>1,839,004</u>	<u>1,839,004</u>	<u>\$ 2,138,177</u>	<u>\$ 299,173</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>350,000</u>	<u>350,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 2,189,004</u>	<u>\$ 2,189,004</u>		
EXPENDITURES				
Transportation	\$ 1,383,766	\$ 1,383,766	\$ 1,232,698	\$ 151,068
Employee Benefits	658,500	658,500	541,486	117,014
Debt Service	146,738	146,738	146,738	0
TOTAL EXPENDITURES	<u>\$ 2,189,004</u>	<u>\$ 2,189,004</u>	<u>\$ 1,920,922</u>	<u>\$ 268,082</u>

See paragraph on supplementary schedules included in auditor's report..

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 26,517	\$ 26,517	\$ 26,517	\$ 0
Departmental Income	120,400	120,400	144,882	24,482
Use of Money and Property	0	0	38	38
TOTAL REVENUES	<u>\$ 146,917</u>	<u>\$ 146,917</u>	<u>\$ 171,437</u>	<u>\$ 24,520</u>
EXPENDITURES				
Home and Community Services	\$ 141,310	\$ 141,277	\$ 129,640	\$ 11,637
Employee Benefits	526	559	568	(9)
Debt Service	5,081	5,081	5,081	0
TOTAL EXPENDITURES	<u>\$ 146,917</u>	<u>\$ 146,917</u>	<u>\$ 135,289</u>	<u>\$ 11,628</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
SEWER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 385,678	\$ 385,678	385,678	\$ 0
Real Property Tax Items	564,792	564,792	564,792	0
Departmental Income	250,000	250,000	263,843	13,843
Use of Money and Property	2,900	2,900	197	(2,703)
Sale of Property and Compensation for Loss	0	0	32,265	32,265
Licenses and Permits	0	0	15,550	15,550
Miscellaneous	0	0	50,000	50,000
TOTAL REVENUES	<u>1,203,370</u>	<u>1,203,370</u>	<u>\$ 1,312,325</u>	<u>\$ 108,955</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>10,000</u>	<u>10,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 1,213,370</u>	<u>\$ 1,213,370</u>		
EXPENDITURES				
Home and Community Services	\$ 996,318	\$ 996,318	\$ 1,025,159	\$ (28,841)
Employee Benefits	9,780	9,780	5,144	4,636
Debt Service	<u>207,272</u>	<u>207,272</u>	<u>201,624</u>	<u>5,648</u>
TOTAL EXPENDITURES	<u>\$ 1,213,370</u>	<u>\$ 1,213,370</u>	<u>\$ 1,231,927</u>	<u>\$ (18,557)</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
SANITATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 1,743,877	\$ 1,743,877	1,743,877	\$ 0
Use of Money and Property	4,000	4,000	225	(3,775)
Sale of Property and Compensation for Loss	0	0	762	762
State Aid	0	0	5,000	5,000
TOTAL REVENUES	<u>1,747,877</u>	<u>1,747,877</u>	<u>\$ 1,749,864</u>	<u>\$ 1,987</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>15,000</u>	<u>15,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 1,762,877</u>	<u>\$ 1,762,877</u>		
EXPENDITURES				
Home and Community Services	\$ 1,204,400	\$ 1,204,400	\$ 1,172,369	32,031
Employee Benefits	451,450	451,450	391,042	60,408
Debt Service	107,027	107,027	107,027	0
TOTAL EXPENDITURES	<u>\$ 1,762,877</u>	<u>\$ 1,762,877</u>	<u>\$ 1,670,438</u>	<u>\$ 92,439</u>

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF CORNWALL
CORNWALL, NEW YORK**
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2021

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
<u>Total OPEB Liability</u>					
Service cost	\$ 538,483	\$ 311,687	\$ 377,822	\$ 435,540	\$ 0
Interest	414,554	414,991	370,198	427,996	0
Changes of benefit terms	0	0	0	(165,694)	0
Differences between expected and actual experience	0	1,386,436	0	341,323	0
Changes in assumptions or other inputs	1,754,605	2,949,043	(1,087,728)	(1,336,658)	10,982,322
Benefit payments	(315,318)	(246,660)	(221,285)	(190,436)	0
Net change in total OPEB liability	2,392,324	4,815,497	(560,993)	(487,929)	10,982,322
Total OPEB liability-beginning	14,748,897	9,933,400	10,494,393	10,982,322	0
Total OPEB liability-ending	\$ 17,141,221	\$ 14,748,897	\$ 9,933,400	\$ 10,494,393	\$ 10,982,322
Covered-employee payroll	\$ 3,644,502	\$ 3,856,650	\$ 3,680,786	\$ 3,637,067	\$ 3,637,067
Total OPEB liability as a percentage of covered-employee payroll	470.33%	382.43%	269.87%	288.54%	301.96%

Notes to Schedule:

No Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended December 31, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**TOWN OF CORNWALL
CORNWALL, NEW YORK**
**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021**

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Town's proportion of the net pension asset/(liability)	0.0078144%	0.0076882%	0.0074259%	0.0077192%	0.0080446%	0.0089016%	0.0088611%	0.0088611%		
Town's proportionate share of the net pension asset/(liability)	\$ (7,781)	\$ (2,035,873)	\$ (526,147)	\$ (249,133)	\$ (755,888)	\$ (1,428,724)	\$ (299,348)	(400,419)		
Town's covered-employee payroll	\$ 2,292,205	\$ 2,248,167	\$ 2,293,130	\$ 2,248,167	\$ 2,253,470	\$ 2,392,800	\$ 2,345,882	2,261,428		
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-0.34%	-90.56%	-22.94%	-11.08%	-33.54%	-59.71%	-12.76%	-17.71%		
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.15%		

	NYSPFRS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Town's proportion of the net pension asset/(liability)	0.0237653%	0.0266134%	0.0262138%	0.0265488%	0.0251471%	0.0294757%	0.0294855%	0.0294855%		
Town's proportionate share of the net pension asset/(liability)	\$ (412,631)	\$ (1,422,469)	\$ (439,621)	\$ (268,344)	\$ (521,211)	\$ (872,713)	\$ (81,162)	(122,751)		
Town's covered-employee payroll	\$ 992,525	\$ 907,315	\$ 969,717	\$ 907,315	\$ 939,764	\$ 1,195,574	\$ 1,172,131	1,208,558		
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-41.57%	-156.78%	-45.33%	-29.58%	-55.46%	-73.00%	-6.92%	-10.16%		
Plan fiduciary net position as a percentage of the total pension liability	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	98.50%		

* GASB 68 requires that the past 10 years of information be presented. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF CORNWALL,
CORNWALL, NEW YORK
SCHEDULE OF TOWN CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Contractually required contribution	\$ 345,217	\$ 334,400	\$ 349,718	\$ 346,773	\$ 341,440	\$ 367,979	\$ 409,341	\$ 421,428		
Contributions in relation to the contractually required contribution	345,217	334,400	349,718	346,773	341,440	367,979	409,341	421,428		
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Covered Employee Payroll	\$ 2,292,205	\$ 2,248,167	\$ 2,293,130	\$ 2,248,167	\$ 2,253,470	\$ 2,392,800	\$ 2,345,882	\$ 2,261,428		
Contributions as a percentage of its covered-employee payroll	15.06%	14.87%	15.25%	15.42%	15.15%	15.38%	17.45%	18.64%		

	NYSPERS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Contractually required contribution	\$ 246,581	\$ 228,975	\$ 228,975	\$ 209,794	\$ 189,518	\$ 182,962	\$ 217,047	\$ 218,592		
Contributions in relation to the contractually required contribution	246,581	228,975	228,975	209,794	189,518	182,962	217,047	218,592		
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Covered Employee Payroll	\$ 992,525	\$ 907,315	\$ 969,717	\$ 907,315	\$ 939,764	\$ 1,195,574	\$ 1,172,131	\$ 1,208,558		
Contributions as a percentage of its covered-employee payroll	24.84%	25.24%	23.61%	23.12%	20.17%	15.30%	18.52%	18.09%		

* GASB 68 requires that the past 10 years of information be presented. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF CORNWALL
 CORNWALL, NEW YORK
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2021**

	DRAINAGE	LIGHTING	HYDRANT	MAIN STREET PARKING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 13,717	\$ 23,874	\$ 583	\$ 6,119	\$ 44,293
TOTAL ASSETS	\$ 13,717	\$ 23,874	\$ 583	\$ 6,119	\$ 44,293
LIABILITIES					
Accounts Payable	\$ 0	\$ 19,397	\$ 0	\$ 0	\$ 19,397
Due to Other Funds	0	2,000	2,000	0	4,000
TOTAL LIABILITIES	0	21,397	2,000	0	23,397
FUND BALANCES					
Restricted	8,717	2,477	0	6,119	17,313
Assigned	5,000	0	0	0	5,000
Unassigned	0	0	(1,417)	0	(1,417)
TOTAL FUND BALANCES	13,717	2,477	(1,417)	6,119	20,896
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,717	\$ 23,874	\$ 583	\$ 6,119	\$ 44,293

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	DRAINAGE	LIGHTING	HYDRANT	MAIN STREET PARKING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES					
Real Property Taxes	\$ 0	\$ 104,000	\$ 97,000	\$ 0	\$ 201,000
Use of Money and Property	3	15	18	2	38
TOTAL REVENUES	3	104,015	97,018	2	201,038
EXPENDITURES					
Transportation	0	113,394	0	0	113,394
Home and Community Service	0	0	98,000	0	98,000
TOTAL EXPENDITURES	0	113,394	98,000	0	211,394
Net Change in Fund Balances	3	(9,379)	(982)	2	(10,356)
Fund Balances-Beginning	13,714	11,856	(435)	6,117	31,252
Fund Balances-Ending	\$ 13,717	\$ 2,477	\$ (1,417)	\$ 6,119	\$ 20,896

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
COMBINED GENERAL FUNDS
BALANCE SHEET
DECEMBER 31, 2021

	GENERAL FUND (A)	GENERAL FUND (B)	TOTAL OF GENERAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 1,690,337	\$ 1,145,806	\$ 2,836,143
Accounts Receivable	72,093	259,860	331,953
Due from Other Funds	493,505	0	493,505
TOTAL ASSETS	<u>\$ 2,255,935</u>	<u>\$ 1,405,666</u>	<u>\$ 3,661,601</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 83,550	\$ 19,175	\$ 102,725
Accrued Liabilities	6,343	27,310	33,653
Unearned Revenue	436,863	0	436,863
TOTAL LIABILITIES	<u>526,756</u>	<u>46,485</u>	<u>573,241</u>
FUND BALANCE			
Assigned	987,580	1,359,181	2,346,761
Unassigned	741,599	0	741,599
TOTAL FUND BALANCE	<u>1,729,179</u>	<u>1,359,181</u>	<u>3,088,360</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,255,935</u>	<u>\$ 1,405,666</u>	<u>\$ 3,661,601</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
COMBINED GENERAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>GENERAL FUND (A)</u>	<u>GENERAL FUND (B)</u>	<u>TOTAL OF GENERAL FUNDS</u>
REVENUES			
Real Property Taxes	\$ 2,175,058	\$ 1,700,070	\$ 3,875,128
Real Property Tax Items	15,904	0	15,904
Non Property Tax Items	101,075	940,904	1,041,979
Departmental Income	121,420	373,893	495,313
Use of Money and Property	68,992	401	69,393
Licenses and Permits	9,599	0	9,599
Fines and Forfeitures	177,786	0	177,786
Miscellaneous	175,349	140	175,489
State and Federal Aid	822,963	19,572	842,535
	<u>3,668,146</u>	<u>3,037,630</u>	<u>6,705,776</u>
TOTAL REVENUES			
EXPENDITURES			
General Government Support	1,710,535	0	1,710,535
Public Safety	118,198	1,476,044	1,594,242
Health	152,769	0	152,769
Economic Assistance and Opportunity	25,671	0	25,671
Culture and Recreation	281,241	39,457	320,698
Home and Community Service	32,110	130,741	162,851
Employee Benefits	682,746	920,016	1,602,762
Debt Service	367,687	0	367,687
	<u>3,370,957</u>	<u>2,566,258</u>	<u>5,937,215</u>
TOTAL EXPENDITURES			
Net Change in Fund Balances	297,189	471,372	768,561
Fund Balances-Beginning	<u>1,431,990</u>	<u>887,809</u>	<u>2,319,799</u>
Fund Balances-Ending	<u>\$ 1,729,179</u>	<u>\$ 1,359,181</u>	<u>\$ 3,088,360</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
COMBINED GENERAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 3,875,128	\$ 3,875,128	\$ 3,875,128	\$ 0
Real Property Tax Items	13,000	13,000	15,904	2,904
Non Property Tax Items	765,000	765,000	1,041,979	276,979
Departmental Income	160,000	208,474	495,313	286,839
Use of Money and Property	79,072	79,072	69,393	(9,679)
Licences and Permits	8,000	8,000	9,599	1,599
Fines and Forfeitures	150,000	150,000	177,786	27,786
Miscellaneous	47,000	47,000	175,489	128,489
State and Federal Aid	376,000	385,938	842,535	456,597
TOTAL REVENUES	<u>5,473,200</u>	<u>5,531,612</u>	<u>\$ 6,705,776</u>	<u>\$ 1,174,164</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>622,500</u>	<u>622,500</u>		
TOTAL	<u>\$ 6,095,700</u>	<u>\$ 6,154,112</u>		
EXPENDITURES				
General Government Support	\$ 1,862,785	\$ 1,840,382	\$ 1,710,535	\$ 129,847
Public Safety	1,809,750	1,809,750	1,594,242	215,508
Health	7,000	7,000	152,769	(145,769)
Economic Assistance and Opportunity	53,500	53,500	25,671	27,829
Culture and Recreation	368,750	401,091	320,698	80,393
Home and Community Service	86,150	134,624	162,851	(28,227)
Employee Benefits	1,690,075	1,690,075	1,602,762	87,313
Debt Service	217,690	217,690	367,687	(149,997)
TOTAL EXPENDITURES	<u>\$ 6,095,700</u>	<u>\$ 6,154,112</u>	<u>\$ 5,937,215</u>	<u>\$ 216,897</u>

See paragraph on supplementary schedules included in auditor's report.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Capital Assets, Net		\$ 12,446,179
ADDITIONS:		
Deferred Amount of Refunding		10,918
		12,457,097
DEDUCTIONS:		
Bond Anticipation Notes	\$ 2,350,000	
Short-Term Portion of Bonds Payable (including an unamortized bond premium of \$5,918)	455,918	
Long-Term Portion of Bonds Payable	3,660,000	
TOTAL DEDUCTIONS		6,465,918
NET INVESTMENT IN CAPITAL ASSETS		\$ 5,991,179

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	DATE OF ORIGINAL ISSUE	MATURITY	INTEREST RATE	OUTSTANDING BEGINNING OF YEAR	ISSUED DURING YEAR	PAID DURING YEAR	OUTSTANDING END OF YEAR	AMOUNT OF INTEREST PAID DURING YEAR	AMOUNT OF INTEREST ACCRUED AT DECEMBER 31, 2021
BOND ANTICIPATION NOTES									
Various Purpose	7/30/2015	7/22/2022	0.29%	\$ 2,100,000	\$ 0	\$ 485,000	\$ 1,615,000	\$ 26,251	\$ 2,053
Various Purpose	9/9/2021	7/22/2022	0.38%	0	735,000	0	735,000	0	1,224
TOTAL BOND ANTICIPATION NOTES				2,100,000	735,000	485,000	2,350,000	26,251	3,277
SERIAL BONDS & NOTES									
2009 Serial Bond	10/1/2009	3/1/2024	3.00%	490,000	0	110,000	380,000	13,875	3,748
2017 Refunding	6/1/2017	6/1/2022	1.25%	250,000	0	125,000	125,000	4,375	899
2013 Public Improvements	10/29/2013	5/15/2023	2.50%	175,000	0	85,000	90,000	5,906	277
EFC Loan	6/4/2019	8/1/2048	1.31%	2,940,000	0	85,000	2,855,000	47,792	4,475
2020 Various Purpose	7/15/2020	7/15/2028	1.50%	720,000	0	60,000	660,000	11,617	12,268
TOTAL SERIAL BONDS AND NOTES				4,575,000	0	465,000	4,110,000	83,565	21,667
TOTAL INDEBTEDNESS				\$ 6,675,000	\$ 735,000	\$ 950,000	\$ 6,460,000	\$ 109,816	\$ 24,944

See paragraph on supplementary schedules included in auditor's report.



Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

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Montgomery, New York 12549
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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

To the Supervisor and Members
of the Town Board
Town of Cornwall
Cornwall, New York

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

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 the governmental activities, each major fund, and the fiduciary fund of Town of Cornwall, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise Town of Cornwall’s basic financial statements and have issued our report thereon dated April 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Cornwall’s internal control over financial reporting (internal control) to determine 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 Town of Cornwall’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Cornwall’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 entity’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

To the Supervisor and Members
of the Town Board
Town of Cornwall

Page 2

deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, identified as findings 2021-001 and 2021-002.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Cornwall'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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Montgomery, New York
April 28, 2022

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses Yes No

Noncompliance material to financial statements noted? Yes No

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES:

Finding 2021-001 Limited Segregation of Duties

Condition: The auditor found instances where segregation of duties was limited. Limitations in control activities may be addressed through additional management oversight. Through interviews with management and staff we were able to satisfy ourselves that direct involvement and knowledge of these activities reduced the potential for errors or irregularities.

Criteria: Segregation of duties relates to how various duties are assigned to different people within the organization. Generally, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people so that no single person is in a position to both commit and conceal errors, irregularities or fraud.

Cause: Limited resources and personnel available contribute directly to the level of segregation achieved. Another factor is the organizational structure and the assignment of responsibilities within that structure.

Effect: The financial statements could have been significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities.

Recommendation: We recommend that the management review the responsibilities of business staff, as well as the duties actually being performed currently. This review should focus on segregating the functions for authorizing transactions, recording transactions, and maintaining custody of assets. As part of this review, management should consider whether the current staffing level is sufficient to achieve the desired internal control. It may be necessary to hire additional staff.

Finding 2021-002 Management Oversight and Monitoring

Condition: The Auditor found instances where oversight and monitoring by management were not documented. Through interviews with management and related personnel we were able to satisfy ourselves that the necessary oversight and monitoring was performed.

Criteria: Effective internal control over financial reporting requires management oversight and monitoring to establish reasonable assurance that financial reporting is being reliably and accurately completed. Documentation of this oversight and monitoring is necessary to insure that this criteria is met.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued).

- Cause: These activities are often informal and performed as a part of the overall management of the entity's operations. Management's close involvement in operations will typically identify inaccuracies in financial data.
- Effect: The financial statements could have been significantly misstated without adequate documentation and performance of oversight functions.
- Recommendation: We recommend that management formally document its review of all elements of the financial data reflected in the financial reporting. This would include but not be limited to ledger account reconciliations, journal entries, trial balances, revenue status and budget status reports

Management has not completed a response to the above findings as of the date of this report. Government Auditing Standards requires management's responses and planned corrective action to be included in this report.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

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

, 2022

The Board of Trustees of the
Town of Cornwall, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Cornwall (the “Town”), in the County of Orange, 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 \$2,030,000 Bond Anticipation Notes – 2022 (the “Notes”) of the Town 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 upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income 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 Notes, restrictions on the investment of proceeds of the Notes 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 Notes 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 Notes, the Town will execute a Tax Certificate relating to the Notes 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 Notes 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 certifications, 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 Notes, and (ii) compliance by the Town with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

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

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

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement 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 said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in Rule 15c2-12.

“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 Cornwall, in the County of Orange, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Town Supervisor as of July 22, 2021.

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

“Securities” shall mean the Issuer’s **\$2,030,000 Bond Anticipation Notes - 2022**, dated July 21, 2022, maturing July 21, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) 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;

- (xiii) 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Town, 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
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **July 21, 2022**.

TOWN OF CORNWALL, NEW YORK

By: _____
Town of Supervisor