

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 2, 2020

REFUNDING BONDS

Ratings: See “Ratings” herein

In the opinion of Harris Beach PLLC, Bond Counsel to the Town for the Bonds, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the Town with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), and the accuracy of certain representations made by the Town, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the Federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that under existing statutes interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Bonds. See “TAX MATTERS” herein.

The Bonds will be designated by the Town as “qualified tax-exempt obligations” pursuant to Section 265 of the Code

TOWN OF TONAWANDA ERIE COUNTY, NEW YORK

\$2,675,000* PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2020 (the “Bonds”)

Date of Issue: Date of Delivery

Maturity Date: September 1, 2021 -2025

The Bonds are general obligations of the Town of Tonawanda (the “Town”), Erie County, New York, and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 (the “Tax Levy Limitation Law”). See “REAL PROPERTY TAXES - “Tax Levy Limitation Law,” in Appendix A hereto.

The Bonds will be issued as registered bonds, and at the option of the purchaser, may be registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of such purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such Bonds will not receive certificates representing their ownership interest in any book-entry Bonds. Payments of principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds (see “Book-Entry-Only System” herein).

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at the Office of the Town Clerk in Tonawanda New York, or at the option of the successful bidder, 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, with any paying agent fees being paid by the successful bidder. In such case, the Bonds will be issued in registered form in denominations corresponding to the amount of each annual maturity of such series of the Bonds.

The Bonds will be dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, with interest payable on March 1, 2021, September 1, 2021 and semi-annually thereafter on each March 1 and September 1 until maturity. The Bonds will mature on September 1 in each year in the principal amounts as shown on the inside cover page hereof. The Bonds will be not subject redemption to prior to maturity.

Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Bonds are offered when, as and if issued by the Town subject to the receipt of the final approving opinions of Harris Beach PLLC, Buffalo, New York, Bond Counsel to the Town, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds. It is expected that delivery of the Bonds will be made on or about December 1, 2020.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR 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 BONDS AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING,” HEREIN.

Dated: November __, 2020

*Preliminary, subject to change

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Bonds offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The Bonds will mature on September 1 in the following years and principal amounts:

<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$ 545,000			
2022	530,000			
2023	545,000			
2024	535,000			
2025	520,000			

* The principal amounts of the Bonds are subject to adjustment following their sale pursuant to the terms of the accompanying Notice of Sale.

** CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

**TOWN OF TONAWANDA
ERIE COUNTY, NEW YORK**

**Joseph H. Emminger
Supervisor**

TOWN BOARD

John A. Bargnesi, Jr. Council Member
William Conrad Council Member
Shannon Patch Council Member
Carl Szarek Council Member

Marguerite Greco Town Clerk
Deborah M. Schwarz Town Comptroller
Mario A. Giacobbe Town Attorney

AUDITORS

**Drescher & Malecki LLP
Cheektowaga, New York**

BOND COUNSEL

**Harris Beach PLLC
Buffalo, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

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 information or representations must not be relied upon as having been authorized by the foregoing. 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 Bonds 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 to be 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

TOWN OF TONAWANDA ERIE COUNTY, NEW YORK

Relating to

\$2,675,000*

PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2020

This Official Statement (the “Official Statement”), which includes the cover page and appendices hereto, presents certain information relating to the Town of Tonawanda, Erie County, in the State of New York (the “Town,” “County” and “State” respectively), in connection with the sale of \$2,675,000 Public Improvement Refunding Serial Bonds – 2020 (the “Bonds”).

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

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

Statements in this Official Statement, and the documents included by specific reference to historical facts are forward-looking statements, which are based on the Town management’s beliefs as well as assumptions, and information currently available to, the Town’s management and staff. **This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town’s overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See “COVID-19” herein.)**

THE BONDS

Description

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on March 1, 2021, September 1, 2021 and semi-annually thereafter on each March 1 and September 1 until maturity. The Bonds will mature on September 1 in each year in the principal amounts as shown on the inside cover page hereof. The Bonds will not be subject to redemption prior to their stated maturity. (“See “Optional Redemption, herein”).

The Bonds will be issued as registered bonds, and at the option of the purchaser, may be registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of such purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such Bonds will not receive certificates representing their ownership interest in any book-entry Bonds. Payments of principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds (see “Book-Entry-Only System” herein).

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in

Federal Funds at the Office of the Town Clerk in Tonawanda New York, or at the option of the successful bidder, 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, with any paying agent fees being paid by the successful bidder. In such case, the Bonds will be issued in registered form in denominations corresponding to the amount of each annual maturity of such series of the Bonds.

The record payment date for the payment of principal of and interest on the Bonds will be the close of business on the fifteenth day of the month preceding each interest payment date.

The Town will act as Fiscal Agent for the Bonds.

Authorization and the Refunding Plan

The Bonds are issued pursuant to the Constitution and laws of the State, including the Local Finance Law, and pursuant to a refunding bond resolution that was duly adopted by the Town Board (the “Board”) on October 19, 2020 authorizing the refunding of all or a portion of certain outstanding serial bonds of the Town (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto. A refunding financial plan has been prepared and is described below (the “Refunding Plan”).

The amount of the Refunded Bonds, set forth below, may be changed by the Town in its sole discretion due to market or other factors considered relevant by the Town at the time of pricing of the Bonds, and no assurance can be given that any particular maturity thereof will be refunded.

All proceeds of the Refunded Bonds have been previously expended.

The Bonds are being issued to refund the \$2,575,000 outstanding callable principal of the Town’s Various Purpose Serial Bonds, 2010 as listed below (the “Refunded Bonds”):

Refunded Bonds*:

<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Redemption Date/Price*</u>	<u>CUSIP#</u>
September 1, 2021	\$500,000	2.375%	December 31, 2020 @ 100%	890159 A30
September 1, 2022	500,000	2.500%	December 31, 2020 @ 100%	890159 A48
September 1, 2023	525,000	2.625%	December 31, 2020 @ 100%	890159 A55
September 1, 2024	525,000	2.750%	December 31, 2020 @ 100%	890159 A63
September 1, 2025	525,000	3.000%	December 31, 2020 @ 100%	890159 A71
Total:	<u>\$2,575,000</u>			

Under current market conditions, the Town expects to refund all of the Refunded Bonds as shown above. The net proceeds of the Bonds (after payment of costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufactures and Traders Trust Company, (the “Escrow Holder”) a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to pay the Refunded Bonds at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of, the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to DTC, as the securities depository for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

Pursuant to the Refunding Plan the Town is expected to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the Town. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Proceeds

Sources:

Par Amount
Net Original Issue Premium

Total:

Uses:

Refunding Escrow Deposit
Costs of Issuance and Contingency
Underwriter's Discount

Total:

Verification of Mathematical Computations

Causey Demgen & Moore P.C. will verify based upon the information provided to them, the mathematical accuracy, as of the date of the closing of The Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the provided schedules, to be held in escrow, will be sufficient to pay, when due, the principal of and interest on The Bonds, and (2) the computations of the yield on both the Government Obligations and The Bonds contained in the provided schedules to be used by Bond Counsel in its determination that the interest on The Bonds is excludable from gross income for Federal income tax purposes.

Nature of the Obligations

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

The Bonds 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 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 Limitation Law. (See "REAL PROPERTY TATES - Tax Levy Limitation Law" herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. The State Constitution requires the Town to provide by appropriation for the payment of interest on all obligations which will become due during the fiscal year. In addition, the State Constitution requires the Town to provide in each year by appropriation for the payment of all installments of principal of the Bonds which will become due and payable in such year.

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

Optional Redemption

The Bonds will NOT be subject to optional redemption, in whole or in part, prior to maturity.

Book-Entry-Only System

The following applies to the extent that the Bonds are issued in book-entry form. The Depository Trust Company (“DTC”), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation 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”). 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 the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on 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 or the City, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity for the Bonds maturing September 1, 2021. The Town will act as Paying Agent for such Bonds. Interest on the Bonds will remain payable on March 1, 2021, September 1, 2021 and semi-annually thereafter on each March 1 and September 1 until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Bonds of the same if any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination executed by the Town Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of the Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial condition of the Town as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town

to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town does not receive a significant amount of financial assistance from the State in the form of State aid. 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 and not by a cut in State aid, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

TAX MATTERS

In the opinion of Bond Counsel, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the Town with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an "item of tax preference" for purposes of federal alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Bonds in order that interest on the Bonds will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Bonds and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Bonds to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Bonds. The Town has covenanted to comply with certain procedures, and it has made certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Bonds. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Bonds and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The Bonds **will be** designated as "qualified tax-exempt obligations" within the meaning of, and pursuant to Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds.

No assurance can be given that any future legislation or governmental actions, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Bonds to be subject to federal, State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Bonds for audit examination or the course or result of an audit examination of the Bonds or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of the law herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinions of Harris Beach PLLC, Buffalo, New York. Such legal opinions will state that in the opinion of Bond Counsel (i) the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Town, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to the statutory limits of Chapter 97 of the Laws of 2011 of the State of New York (See "REAL PROPERTY TAXES - Tax Levy Limitation Law" herein); provided, however, that the enforceability (but not the validity) of such Bonds may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights.

Such legal opinion will also state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds, as applicable, has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Town together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of and interest on the Bonds as the same become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the Town, would materially affect the ability of the Town to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Town, in connection with the sale of such Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

COVID 19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic.

While initially the hospitality and tourism industries were hardest hit, there is now widespread unemployment across all economic sectors in the United States. During the nine-week period from March 15 through May 16, 2020, approximately 38.6 million Americans filed for unemployment.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide liquidity, but the markets have experienced significant volatility, and such volatility may continue.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Measures for Individuals and Businesses: Individual taxpayers who meet certain income limits received direct cash payments from the federal government. Unemployment rules have been changed to allow self-employed workers, independent contractors and others who would not normally qualify to receive benefits, and unemployment insurance recipients will receive an additional \$600 per week payment for up to four months.

Businesses will benefit from various federal tax law changes, including a payroll tax credit. Air carriers and businesses critical to national security are eligible for direct loans and loan guarantees from the United States Department of the Treasury, and the Federal Reserve has received financial support for its lending programs. Smaller businesses have been incentivized to keep workers in their jobs through the Paycheck Protection Program (offering short-term loans that can be forgiven in whole or in part).

Stimulus Efforts for State and Local Governments: The CARES Act includes a \$150 billion Coronavirus Relief Fund, which provides funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). This money is intended for programs that are necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money is not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may indirectly assist with revenue shortfalls in cases where the expenses that are being covered by this fund would otherwise create a further budget shortfall.

Municipal Liquidity Facility: The Federal Reserve established its “Municipal Liquidity Facility” (“MLF”) that will offer up to \$500 billion in direct federal lending to certain state and local issuers, NOT including the Town, subject to certain restrictions and limitations. Proceeds borrowed under the MLF may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations.

State Response

Executive Orders: Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring “non-essential” employees to work from home. As of March 22, 100% of such “non-essential” employees were mandated to work from home or take leave without accruals.

As of May 15, 2020, regions of the State that meet certain criteria have been allowed to begin reopening. The Western region (in which the Town is located) was allowed to begin reopening on Tuesday, May 19, 2020. Accordingly, in such regions the reductions and restrictions on the in-person workforce at non-essential businesses or other entities shall no longer apply to “Phase One” industries (i.e., Construction, Agriculture, Forestry, Fishing and Hunting, Retail (limited to curbside or in-store pickup or drop off), Manufacturing, and Wholesale Trade).

On June 2, 2020 Phase Two was authorized to open certain industries based on priority and risk level. Businesses considered "more essential" with inherent low risks of infection in the workplace and to customers are prioritized, followed by other businesses considered "less essential," or those that present a higher risk of infection spread. As the infection rate declines, the pace of re-opening businesses will be increased.

The region must not open attractions or businesses that would draw a large number of visitors from outside the local area.

There will be two weeks in between each phase to monitor the effects of the re-opening and ensure hospitalization and infection rates are not increasing.

State Budget: The City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of \$10-\$15 billion.

To mitigate such a potential gap, the State’s adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State’s general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director’s plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances

On April 25, 2020, the State Division of the Budget announced the release of the State’s Fiscal Year 2021 Enacted State Budget Financial Plan (the “Financial Plan”), which projects a \$13.3 billion (14%) shortfall in revenue from the Executive Budget Forecast that was released in January and estimates a \$61 billion decline in State revenues through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by \$10.1 billion from the Executive Budget. This represents a \$7.3 billion reduction in state spending from FY 2020 levels.

As of the date of this Official Statement, the State Division of the Budget has not released specifics about potential cuts to State aid overall or how any such cuts would be distributed State-wide among municipalities. State officials are lobbying Congress for substantial direct financial relief to states and localities, and the \$3 trillion “HEROES” Act that has been adopted by the House of Representatives on May 15, 2020 would provide a substantial amount of relief to the State and to the Town. The HEROES Act has not been taken up by the Senate as yet and the President has threatened to veto the bill unless it is substantially re-negotiated. At this point the extent of COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the Town.

Local Response

The impact to the Town’s operations and finances cannot be predicted at this time 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 and the County, to contain or mitigate its impact. There can be no assurances that the spread of COVID-19 will not materially adversely impact the financial condition of the Town. Potential impacts to the Town include, but are not limited to, costs and challenges to maintain existing services with decreases in major revenues such as mortgage tax and sales tax. 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 Town continues to evaluate various options to mitigate the impact of COVID-19 on the Town’s finances, including short-term borrowings (see “SHORT-TERM INDEBTEDNESS - “Deficiency Notes,” in Appendix A hereto), reductions of budgeted expenditures, and eligibility for federal or state aid for COVID-19 related costs and revenue losses.

CYBER SECURITY

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.

DISCLOSURE UNDERTAKING

This Preliminary Official Statement is in a form “deemed final” by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Bonds, the Town will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided 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:

- (1) On or prior to the 270th day following the end of each fiscal year, commencing with the fiscal year ending December 31, 2020 (i) certain annual financial information, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings “LITIGATION” and in Appendices A and B, and (ii) the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit), if any, of the Town for each fiscal year, unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 60 days after it becomes available and in no event later than 360 days after the end of each fiscal year;
- (2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(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 Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; [note to clause (xii): For the purposes of the event identified in clause (xii) 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 Town 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 Town, 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 Town]; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation 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 Town, 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 Town, any of which reflect financial difficulties.

With respect to the Undertaking, the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

The Town may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Bonds; but the Town does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above; and

- (3) in a timely manner not in excess of ten (10) business days, notice of a failure to provide the annual financial information by the date specified.

The Town's Undertaking shall remain in full force and effect until such time as the principal of, redemption premium, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Town, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Bonds.

Prior Disclosure History

The Town filed late certain annual financial information and operating data for the fiscal years ending December 31, 2017 on February 12, 2019. The event notices were filed on May 25, 2017 and February 12, 2019.

Other than the foregoing, the Town is in compliance in all material respects with all previous undertakings made pursuant to Rule 15c2-12 for the past five years.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the uninsured outstanding bonded indebtedness of the Town, including the Bonds.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or notes or the availability of a secondary market for such debt, including the Bonds.

MISCELLANEOUS

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

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

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

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Town in connection with the sale of the Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Comptroller, Deborah Schwarz, at the Municipal Building, Room 16, 2919 Delaware Ave., Kenmore, NY 14217, phone: 716-877-8810, email address: dschwarz@tonawanda.ny.us or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. 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. Capital Markets Advisors, LLC 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 Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC 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. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Harris Beach PLLC expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Town for use in connection with the offer or sale of the Bonds, including this Official Statement. This Official Statement has been prepared only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF TONAWANDA ERIE COUNTY, NEW YORK

By: _____
Joseph H. Emminger
Town Supervisor

DATED: November __, 2020

APPENDIX A

THE TOWN

General Information

The Town, which comprises an area of approximately 20 square miles, and has a current estimated population of 73,484 according to the July 1, 2011 US Census estimate, is located in the northern portion of Erie County and is adjacent to the northern boundary of the City of Buffalo. The incorporated Village of Kenmore (the “Village”) is located wholly within the Town.

Transportation is provided to and from the Town by the Niagara Frontier Transportation Authority, Youngmann Expressway, NYS Thruway and its Niagara Extension, the Niagara River, Erie Barge Canal, several motor freight lines and railroads. Major airlines operate from the Buffalo-Niagara International Airport, a 20-minute drive from the Town.

The following banks have one or more offices within the Town: Bank of America, KeyBank and M&T Bank.

Recent Economic Developments. The Huntley Power Plant, a coal-burning electrical generation plant located in the Town which opened in 1957, is owned and operated by NRG Energy. In 2008, the Erie County Industrial Development Agency and NRG Energy Inc. came to a twenty-year payment-in-lieu-of-taxes agreement with the Town, the District, and the County (the “PILOT agreement”).

On August 25, 2015, NRG Energy submitted a plan to the State Public Service Commission to permanently retire, effective March 1, 2016, Huntley Units 67 and 68. The units are both located in the Town and are interconnected to the National Grid system in the New York Independent System Operator’s Zone A.

In February 2016, NRG paid, in full, its annual PILOT payment to the Town for the 2016 fiscal year. On March 1, 2016, NRG Energy officially retired the Huntley Power Plant. The Town has submitted an application to NYS as part of their Electric Generation Facility Cessation Mitigation Program. The Town has been awarded funds through this program to help bridge the gap in revenue due to the closing of the Huntley Power Plant.

In 2010, General Motors’ Town of Tonawanda engine plant added 415 jobs and retained 300 others as a result of winning a new V-8 engine line. Production of the “Generation V” engine - representing a \$400 million investment by GM – began in 2012. It brought the total job count to near 1,200. This was the second major investment by GM in the plant announced in 2010.

In February 2010, the automaker chose the River Road site for a \$425 million investment tied to a next-generation Ecotec engine, began production in 2012 and retain 470 jobs. The new V-8 is made of aluminum, rather than iron, with improved fuel efficiency and suited to meet tougher emissions standards. The \$400 million investment included facility renovation, installation of highly flexible machining and assembly equipment and special tooling.

In 2016, GM invested nearly \$296 million in the Tonawanda Powertrain facility in upstate New York for a new engine line. Production of the engine started in the spring of 2019. The investment created 67 new jobs while retaining 857.

The Empire State Development Corp., the state’s economic development arm, is providing a \$6 million grant from its Upstate Blueprint Fund. The grant will reimburse a portion of eligible outlays for machinery and equipment acquisition, and renovation expenses. The Erie County Industrial Development Agency (“IDA”) granted a new package of tax breaks for the project. The IDA approved \$1.68 million in sales tax breaks for the project totaling nearly \$815 million luring an additional line of V-6 and V-8 engines to the sprawling River Road complex. The IDA also agreed to extend a payment-in-lieu-of-taxes agreement with GM that will allow the automaker to pay about half of the normal taxes on the building housing the new V-6 and V-8 engine line through 2032. The sales tax breaks also include incentives for a \$425 million investment in the Tonawanda plant GM announced in February to produce its new-generation, four-cylinder Ecotec engine. GM estimated the new line would create 470 jobs and production began in 2012.

The sales tax incentives include \$800,000 for the first phase of the project, which would bring the 2.2-liter and 2.5-liter Ecotec four cylinder engines, and another \$880,000 in sales tax breaks that would go toward the additional V-6 and V-8 engine line that the plant is hoping to win.

The Government

The Town was established in 1836 by the State Legislature. Located wholly within the Town is the Village of Kenmore which has its own independent form of government. The taxable real property in the Village is subject to taxation by the Town for certain purposes. In addition, there are two independently governed school districts, Kenmore-Town of Tonawanda UFSD and Sweet Home CSD, located in whole or in part within the Town which rely upon their own taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as their basis for taxation of property 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 is classified as a first class 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 Supervisor is elected for a term of four years. The Supervisor acts as the Chief Executive Officer and the Chief Financial Officer of the Town. On January 1, 2008, the number of Council members on the Town Board was reduced from six to four, with all five members of the Town Board, including the Supervisor, limited to three terms of office. The terms of office are staggered such that the Supervisor and one Council member are elected to four-year terms and two years later, three Council members are elected to four-year terms. The Town Clerk is elected to a four-year term.

The Town Board appoints the Town Engineer, Assessor, the Comptroller and the Town Attorney.

Town Services

Electricity and natural gas are supplied throughout the Town by National Grid and National Fuel Gas Distribution Corporation, respectively. Telephone services are provided by Verizon.

The Town maintains its own water supply and distribution system. The cost of operation is charged entirely against the users served.

Sanitary sewer services are provided primarily throughout the Town by a special assessment sewer district. The taxable real properties located within the district are responsible for the construction and maintenance of the facilities located within it. The Town is responsible for the financing, construction and maintenance of the facilities located within them.

Police protection is provided by the Town Police Department. Fire Protection is provided by Town Fire and Fire Protection districts and local volunteer units to provide such service.

Employees

The Town provides services through 450 full-time employees, many of whom are represented by the bargaining units listed below. Town employees are represented by several labor organizations, which include:

TABLE 1
Employees

<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Hourly Employees' Association of the Town of Tonawanda	182	12/31/2024
Town of Tonawanda Salaried Workers Association	140	12/31/2011*
Town of Tonawanda Police Club, Inc.	91	12/31/2025

**Currently under negotiations*

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System (the "ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligations of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired after January 1, 2010 whose benefits vest after ten 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 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement Systems, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

Pension reform enacted by New York State changed the billing cycle for employer contributions to the Retirement Systems to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments was also changed from December 15 to February 1.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town prepaid its employer contributions each December in 2004 through 2009, inclusive. The Town did not prepay its employer contributions in December 2010. The Town prepaid its employer contributions in December 2011 through 2019.

On December 10, 2009, then Governor Paterson signed into law a new Tier V. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and PFRS employees hired after April 1, 2012. The Tier VI legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

State Comptroller Thomas DiNapoli announced that the estimated average contribution rate for participating employers in the ERS will decrease in fiscal year 2019-20 from 14.9 percent of payroll to 14.6 percent of payroll. The estimated average contribution rate for participating employers in the PFRS will remain at 23.5 percent of payroll.

The following schedule reflects the Town's contribution to each of the Systems for the last 3 audited fiscal years and the 2020 budgeted fiscal year.

Fiscal Year	State Fiscal Year	ERS	PFRS
<u>Ending December 31</u>	<u>Ending March 31</u>	<u>Contribution</u>	<u>Contribution</u>
2020 <i>Budgeted</i>	2021	\$4,134,000	\$3,200,000
2019	2020	3,433,482	2,637,277
2018	2019	3,385,152	2,686,144
2017	2018	3,472,519	2,831,322

Source: Audited Financial Statements and Town Officials

Due to significant capital market declines in the recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System in 2011 and subsequent years will be higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and schools districts to amortize a portion of their required Retirement Systems pension contribution payments with the State Retirement System. The new legislation also requires that those local governments and school districts choosing to amortize their Retirement Systems pension contribution payments with the State Retirement System to reserve funds for future payment increases that are a result of fluctuations in pension plan performance.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010 discussed above, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. For ERS, the 2013-14 SCO rate is 12%. The Town has not opted in to the ERS SCO plan.

Other Post-Employment Benefits

In June 2015, GASB released GASB Statement No. 75 ("GASB 75"), which was required to be implemented in the Town's 2018 fiscal year. GASB 75 replaces the requirements of GASB 45 and establishes new standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Under GASB 75, governments must report a liability on the face of the financial statements for the post-employment benefits ("OPEB") that they provide; such liability can no longer be a footnote as was allowed under GASB 45.

During the year ended December 31, 2019, the Town implemented GASB statements No. 75.

	<u>Total OPEB</u> <u>Liability</u>
Balance At Dec. 31 2018, as restated	\$385,107,962
Changes for the year:	
Service Cost	9,423,837
Interest	14,497,996
Change of benefit terms	20,156,509
Expected and actual experience	(99,410,027)
Changes of assumptions	76,085,511
Benefit payments	<u>(7,500,473)</u>
Net changes	<u>13,253,353</u>
Balance at Dec. 31, 2019	<u>\$398,361,315</u>

Source: 2019 Audited Financial Statements

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. At the present time, however, there is no current or planned requirement for the Town to partially fund its actuarial accrued OPEB liability. 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.

Legislation has been proposed to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, 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, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there are no limits on how much a local government can deposit into the trust. The Town cannot predict at this time whether such proposed legislation will be enacted into law.

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by Drescher & Malecki, LLP, independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller's Office. Appendix B to this Official Statement presents a summary of the results of operations for the last five fiscal years ended and a budget summary for the current year.

Fund Structure and Accounts

The financial statements of the Town conform to those prescribed by generally accepted accounting principles as applied to governmental units.

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include real property taxes, state and federal aid, sales tax and certain user fees such as water and sewer charges.

Expenditures are recorded when the fund liability is incurred. Exceptions to this rule are (1) prepaid and most inventory-type items are generally recognized at the time of disbursement; (2) unmatured interest on general long-term debt which is recognized when due; and (3) compensated absences, such as vacation and sick leave which vests or accumulates, and is charged as an expenditure when paid.

The encumbrance method of accounting is employed in the governmental funds, whereby commitments for contracts and outstanding purchase orders are reported as a reservation of fund balance. Such commitments are recorded as expenditures in the accounting period in which the liability is incurred.

The General Fund is the principal fund of the Town and includes all operations not required to be recorded in other funds. Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds include Town Outside Village, Highway and Special Districts. Special Districts have been established for sanitary sewer, refuse, lighting, water, drainage, and fire protection.

Revenues

The Town derives its revenues from a tax levy on real property, State aid from non-property taxes like the County sales tax, and from departmental fees and charges. A summary of such revenues for the Town's General and Special Revenue Funds over the last five fiscal years is presented in "Statement of Revenues, Expenditures and Changes in Fund Balances" in Appendix B.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and budgeted for the current fiscal year.

TABLE 2
Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2015	\$27,473,269	\$14,381,701	52.3%
2016	26,825,500	14,098,943	52.6%
2017	26,773,760	13,945,868	52.1%
2018	27,046,284	14,418,258	53.3%
2019	26,827,682	14,081,076	52.5%
2020 Budget	28,811,550	14,644,438	50.8%

Town's audited financial statement, and 2020 Budget.

The following table sets forth general fund real property tax items received during the last five fiscal years and budgeted for the current fiscal year.

TABLE 3
Real Property Tax Items
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Tax Items</u>	<u>Real Property Tax Items to Revenues</u>
2015	\$27,473,269	\$1,284,727	4.6%
2016	26,825,500	1,267,323	4.7%
2017	26,773,760	465,960	1.7%
2018	27,046,284	508,413	1.9%
2019	26,827,682	502,564	1.9%

Town's audited financial statement.

State Aid. The Town also receives a portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State 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. State budgetary restrictions which eliminate or substantially reduce State aid could have an adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total general fund revenues and State aid during the last five fiscal years and budgeted for the current fiscal year.

TABLE 4
State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2015	\$27,473,269	\$1,129,042	4.1%
2016	26,825,500	1,242,555	4.6%
2017	26,773,760	2,009,513	7.5%
2018	27,046,284	2,057,354	7.6%
2019	26,827,682	2,138,913	8.0%

Source: Town's audited financial statement.

Budget Process

The Supervisor also serves as the Budget Officer of the Town and is responsible for the initial formulation of the budget to be presented to the Town Clerk by September 30th of each year. By October 5th, the Town Clerk must present the tentative budget to the Town Board, which then prepares the preliminary budget prior to the mandatory public hearing required to be held no later than the first Thursday after the general election of each year. Five days prior to such public hearing, notice of such public hearing must be published. Final adoption of the preliminary budget must be accomplished on or before November 20th. The budget is not subject to referendum.

The Supervisor distributes budget estimate forms to all department heads early in July of each year and then conducts such financial analysis and review as is necessary to substantiate the budget requests. Upon completion of this review and after September 30th, when the report must be filed with the Town Clerk, the entire Town Board reviews the tentative budget with each department head. This review continues as the Board prepares its preliminary budget for the public hearing.

The preliminary budget is presented on a departmental basis by object of expense indicating the proposed budget, year-to-date expenses of the current budget, the departmental request and the Supervisor's recommendation.

The Town Board may, during the course of the year, make changes in the appropriation and other modifications of the budget as it deems necessary in accordance with the Town Law.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) 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; (3) obligations of the State; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school Town, or Town corporation, other than those notes issued by the Town; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the

moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

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, it means that 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" (see <https://www.osc.state.ny.us/files/local-government/fiscal-monitoring/pdf/2019-munis-summary.pdf>).

New York State Comptroller's Audit

The financial affairs of the Town are subject to periodic compliance reviews by the Office of the State Comptroller (OSC) to ascertain whether the Town has complied with the requirements of various State and federal statutes.

The OSC conducted an audit of the Town's Parks and Recreation Department on November 22, 2017. The purpose of the audit was to review the Recreation Department's cash receipts for the period January 1, 2016 through April 18, 2017. The Town received the audit results and reviewed those results and implemented any changes as recommended.

The full report can be found at: <https://osc.state.ny.us/localgov/audits/towns/2017/tonawanda.pdf>

No other audits have been conducted in the last five years.

Building Permits

The following table sets forth information regarding building permits issued by the Town:

TABLE 5
Building Permits

Fiscal Year Ended December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>	<u>2020*</u>
Residential					
Number of Permits	975	1,049	1,146	1249	332
Estimated Value	\$8,713,253	\$11,200,995	\$12,944,669	\$15,522,936	\$3,417,211
Commercial					
Number of Permits	445	292	310	293	80
Estimated Value	\$13,564,086	\$34,896,044	\$7,262,494	\$39,503,835	\$24,597,345
Yearly Total					
Number of Permits	1,420	1,341	1456	1542	412
Estimated Value	\$22,277,339	\$46,097,039	\$20,207,163	\$55,026,771	\$28,014,556

*Through June 5th, 2020.

Source: Town Officials

REAL PROPERTY TAXES

Real Property Tax Collection Procedures

Taxes are due in a single payment on January 1, payable without penalty to and including February 15. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. After June 30, the tax roll is returned to the County and taxes plus penalties are payable to the County. The Town retains the total amount of Town, Highway, Special District and delinquent water and sewer charge levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales.

As far as the Town is concerned, there are no uncollected taxes. Payment in full of all Town items is guaranteed by the County.

<u>Tax Roll</u>	<u>Collection Period</u>	<u>Due Date without Penalty</u>
Town of Tonawanda / Erie County	January 15 th – June 30 th	February 15 th
Village of Kenmore	June 1 st – November 1 st	July 1 st
Ken-Ton UFSD and Sweet Home CSD	September 15 th – September 30 th	October 17 th

Source: Town Clerk

The Town derives a portion of its annual revenue through a direct real property tax. The following table presents the total tax levy and collection performance as of June 30th for each of the last five fiscal years and the current fiscal year.

TABLE 6
Tax Levy and Collection Record

<u>Fiscal Year</u> <u>December 31</u>	<u>Total Tax</u> <u>Levy</u> ⁽¹⁾	<u>Collected at Date of Return</u>		<u>Percentage</u>
		<u>Amount</u>	<u>Uncollected</u> <u>Amount</u> ⁽²⁾	
2016	\$73,659,983	\$66,295,793	\$3,600,902	4.88%
2017	\$76,483,146	\$69,049,417	\$3,698,833	4.84%
2018	\$77,796,705	\$74,107,150	\$3,461,180	4.45%
2019 ⁽³⁾	\$79,304,072	\$75,609,711	\$3,524,566	4.45%
2020 ⁽³⁾	\$81,687,147	\$78,230,842	\$3,387,178	4.15%

- (1) Includes Erie County real property taxes which are billed with Town levies.
(2) The County makes the Town whole on uncollected taxes.
(3) Estimated.

Source: Town Clerk

The following table sets forth the assessed and full valuation of taxable real property, the State equalization rate and the Town's real property tax levy for Town purposes for the last five fiscal years.

TABLE 7
Assessed and Full Valuation

<u>Roll Year</u> <u>Tax Year</u>	<u>2015</u> <u>2016</u>	<u>2016</u> <u>2017</u>	<u>2017</u> <u>2018</u>	<u>2018</u> <u>2019</u>	<u>2019</u> <u>2020</u>
Assessed Valuation	\$1,757,144,056	\$1,779,219,726	\$1,770,111,356	\$1,768,718,269	\$1,769,675,210
State Equalization Rate	43.50%	40.50%	39.00%	37.00%	35.00%
Full Valuation	\$4,039,411,623	\$4,393,135,125	\$4,538,747,066	\$4,780,319,646	\$5,026,214,885
Tax Levy for Town Purposes Including Special Assessment and Fire Districts	\$45,135,341	\$45,154,037	\$45,943,492	\$46,843,898	\$47,767,696
Tax Rate per \$1,000					
Homestead	\$14.85	\$15.28	\$15.92	\$17.11	\$17.29
Non-homestead	\$34.83	\$32.70	\$30.61	\$30.44	\$31.81

Source: Town Assessor

Ten Largest Assessed Values for the 2020 Tax Roll

The following table presents the full value of the taxable assessments of ten of the Town's largest taxpayers for the 2019 Assessment Roll used for 2020 Tax levy and collection of taxes in 2019-20:

TABLE 8
Assessed Valuations

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Town Taxable Valuation</u> ⁽¹⁾
Niagara Mohawk Power Corp.	Utility	\$49,320,873	2.79%
National Fuel Gas Distribution	Utility	13,160,530	0.74%
Raintree SPE Apartments LLC	Apartments	6,830,200	0.39%
Goodyear Dunlop Tire N. American	Manufacturer	6,573,573	0.37%
Peroxychem LLC	Manufacturer	5,084,400	0.29%
MJ Peterson Real Estate	Apartments	4,710,900	0.27%
Unifrax I LLC	Manufacturer	4,558,600	0.26%
Huntley Power LLC	Utility	4,290,000	0.25%
Paradise Apartments LLC	Apartments	4,249,800	0.24%
Praxair	Manufacturer	<u>4,237,000</u>	<u>0.24%</u>
		<u>\$103,015,876</u>	<u>5.83%</u>

(1) Represents 5.96% of the Town's 2020 Assessed Valuation of \$1,769,675,210.

Source: Town Assessor.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 which created Section 3-c of the General Municipal Law was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. On April 12, 2019, the enacted State budget legislation made the Tax Levy Limitation Law permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

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

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and that is what courts have held they mean."

Article 8 Section 12 of the State Constitution specifically provides as follows:

"It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted."

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

"So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

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

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

TOWN INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the Town (and other municipalities and schools of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Town and the Bonds and 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 within three fiscal years, 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 purposes for which it is contracted, unless the Town determines to issue debt amortized on the basis of 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 and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", 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.

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 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, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a bond resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

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 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 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 and budget notes.

The Local Finance Law provides a 20 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.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven percent of the most recent five-year 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 appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum 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.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town, as of November 2, 2020.

TABLE 9
Constitutional Debt Limit

<u>Roll</u> <u>Year</u>	<u>Tax</u> <u>Year</u>	<u>Assessed</u> <u>Valuation</u>	<u>Equalization</u> <u>Rate</u>	<u>Full</u> <u>Valuation</u>
2015	2016	\$1,757,144,056	43.50%	\$4,039,411,623
2016	2017	1,779,219,726	40.50%	4,393,135,125
2017	2018	1,770,111,356	39.00%	4,538,747,066
2018	2019	1,768,718,269	37.00%	4,780,319,646
2019	2020	1,769,675,210	35.00%	<u>5,056,214,885</u>
Total Five-Year Full Valuation				\$22,807,828,345
Average Five-Year Full Valuation				\$4,561,565,669
Debt Limit - 7% of Average Full Valuation				\$319,309,597

Source: Town Assessor's Office.

Statement of Debt Contracting Power

TABLE 10
Statutory Debt Limit and Net Indebtedness

	As of <u>November 2, 2020</u>
Debt Contracting Limitation	\$319,309,597
Gross Direct Indebtedness	
Serial Bonds	49,885,000
Bond Anticipation Notes	<u>12,568,400</u>
Total Gross Direct Indebtedness	62,453,400
Exclusions and Deductions	
Water BANs	0
Water Bonds	<u>0</u>
Total Exclusions and Deductions	0
Total Net Indebtedness	<u>\$ 62,453,400</u>
Contracting Margin-Net Debt	\$ 256,856,197
Percentage of Debt-Contracting Margin Exhausted	19.56%

Source: Town Officials

Remedies Upon Default

Under current law, provision is made for contract creditors (including the holders of the Bonds and Notes) of the Town to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to 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, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the Town's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a bondholder's remedial right to judicial enforcement of the contract should be held unconstitutional.

The State has consented 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. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of holders of the Bonds and Notes, such courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for the last five fiscal years.

TABLE 11
Outstanding Indebtedness

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Serial Bonds	\$46,493,525	\$44,458,525	\$42,403,525	\$48,592,000	\$60,890,000
BANs	19,525,000	20,175,000	\$22,082,506	19,312,705	11,209,896
EFC Notes	<u>5,232,225</u>	<u>11,683,823</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outstanding Debt	<u>\$71,250,750</u>	<u>\$ 76,317,348</u>	<u>\$ 44,448,603</u>	<u>\$67,904,705</u>	<u>\$72,099,896</u>

Source: Audited Financial Statements and 2019 Annual Update Document.

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 12
Statement of Direct and Overlapping Indebtedness

Direct Debt:

Gross Direct Debt	\$62,453,400
Exclusions and Deductions	<u>0</u>
Net Direct Debt	<u>\$62,453,400</u>

Overlapping Debt:

<u>Issuer</u>	<u>As of:</u>	<u>Net Debt Outstanding</u>	<u>Town Share</u>	<u>Amount Applicable To Town</u>
County of Erie	10/31/2919	\$345,940,000	7.74%	\$26,775,756
Sweet Home CSD	12/11/2019	32,205,000	14.96%	4,817,868
Kenmore Tonawanda UFSD	12/27/19	71,902,743	100.00%	71,902,743
Kenmore Village	5/26/2020	16,580,000	100.00%	16,580,000
Fire Districts ⁽¹⁾	12/31/2019	2,718,647	100.00%	<u>2,718,647</u>
Net Overlapping Debt				122,795,014
Net Direct Debt				<u>62,453,400</u>
Total Net Direct and Overlapping Debt				<u>\$185,248,414</u>

(1) Includes Brighton, Ellwood, Kenilworth, River Road, and Sheridan Park Fire Districts

Source: State Comptroller's Special Report.

Short Term Indebtedness

The Town has \$12,568,400 in bond anticipation notes outstanding which will mature on August 27, 2021.

The Town has not needed to issue revenue or tax anticipation notes for operating purposes in recent years and does not anticipate the need to borrow for such purpose in the current or next fiscal years, although no assurance can be given that the need will not arise.

Other Indebtedness

On May 19, 2008, the Town Board approved an Energy Performance Contract Agreement with Siemens Building Technologies, Inc. The Master Lease Agreement was signed on June 19, 2008 in the amount of \$2,555,953, with an interest rate of 4.288%. The first quarterly lease payment of \$52,681.22, which includes principal and interest, was due on June 1, 2009 and the final payment is due on March 1, 2027. The outstanding principal balance of the lease is \$1,307,127 as of December 31, 2019.

Environmental Facilities Corporation State Revolving Loan Fund Program. On June 24, 2010, the Town entered into a \$30,000,000 short-term loan through the New York State Environmental Facilities Corporation (“EFC”) to fund a portion of the four-phase Town’s Parker/Fries Sanitary Sewer Interceptor Project. This short-term loan is expected to be permanently financed with a long term loan issued through the EFC. Between 2014 and 2015 the Town released \$7,036,270 of phase III funds, deposited \$3,914,765 to a construction fund, incurred \$82,490 of delivery date expenses, and converted the phase III liability of \$11,033,525 to serial bonds. Funds related to Phase IV of the Parker Fries Interceptor Project were converted to Bonds totaling \$8,762,867 in February 2017.

Long-Term Capital Financing Plans

As part of its budgetary process, the Town annually prepares a Capital Improvement Plan which sets forth the anticipated needs of the Town for the next six fiscal years. The capital needs can be classified as being streets, sewers, vehicles, buildings, water facilities and storm water drainage facilities. The needs for capital funding of projects are anticipated to continue and to be in amounts substantially the same as have generally prevailed in the past.

Authorized but Unissued Indebtedness

The Town has \$12,414,400 in authorized but unissued indebtedness.

Debt Ratios

The following table presents certain debt ratios relating to the Town's net direct and overlapping indebtedness.

TABLE 13
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$62,453,400	\$ 850	1.24%
Net Direct & Overlapping Debt	\$185,248,414	\$2,520	3.66%

(1) The population of the Town is 73,484 according to the July 1, 2011 Census estimates.

(2) The Town's full value of taxable real property for 2020 is \$5,056,214,885.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness as November 2, 2020.

TABLE 14
Outstanding Bond Principal and Interest Maturity

Fiscal Year ending	Principal	Interest	Total
<u>December 31:</u>			
2021	2,895,000	1,781,406	4,676,406
2022	2,965,000	1,687,877	4,652,877
2023	3,060,000	1,587,224	4,647,224
2024	3,120,000	1,478,947	4,598,947
2025	3,185,000	1,364,471	4,549,471
2026	2,575,000	1,243,218	3,818,218
2027	2,345,000	1,139,504	3,484,504
2028	2,220,000	1,045,730	3,265,730
2029	2,135,000	964,328	3,099,328
2030	2,155,000	898,623	3,053,623
2031	2,060,000	830,905	2,890,905
2032	2,095,000	765,541	2,860,541
2033	2,110,000	699,181	2,809,181
2034	2,020,000	629,650	2,649,650
2035	1,985,000	561,171	2,546,171
2036	1,740,000	491,959	2,231,959
2037	1,615,000	426,988	2,041,988
2038	1,635,000	364,504	1,999,504
2039	1,650,000	301,214	1,951,214
2040	1,650,000	236,643	1,886,643
2041	1,675,000	171,457	1,846,457
2042	1,690,000	102,176	1,792,176
2043	430,000	46,510	476,510
2044	435,000	28,056	463,056
2045	440,000	9,387	449,387
Total:	<u>\$49,885,000</u>	<u>\$18,856,670</u>	<u>\$68,741,670</u>

Source: Town Officials

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County, and State.

TABLE 15
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage</u>
			<u>Change (2000-2010)</u>
Town	78,155	73,567	(6.2%)
County	950,265	919,040	(3.4%)
State	18,976,457	19,378,102	2.1%

Source: US Census Bureau

Employment and Unemployment

Large employers that are situated within the Town include: General Motors Powertrain; Kenmore-Town of Tonawanda UFSD; Praxair; Goodyear Dunlop; Kenmore Mercy Hospital; Town of Tonawanda; and 3-M Tonawanda.

The following tables provide information concerning employment in the County and State. Data provided for the County and the State may not be representative of the Town. Because the Town is centrally located in Western New York, many of its residents are employed throughout the neighboring communities.

TABLE 16
Civilian Labor Force
(Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
County	448.6	444.1	444.1	442.1	441.3
State	9,558.8	9,551.9	9,549.1	9,521.9	9,514.4

Source: New York State Department of Labor, Bureau of Labor Statistics.

TABLE 17
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2015	5.3%	5.3%
2016	4.9%	4.8%
2017	5.2%	4.7%
2018	4.4%	4.1%
2019	4.3%	4.0%

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

TABLE 18
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
October 2019	4.0%	3.7%
November	4.1%	3.6%
December	4.6%	3.7%
January 2020	4.9%	4.1%
February	4.7%	3.9%
March	4.8%	4.2%
April	18.7%	15.1%
May	13.8%	14.2%
June	13.3%	15.5%
July	14.0%	16.0%
August	10.8%	12.5%
September	N/A	9.4%

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

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 attorney for the Town, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the Town, would have a material adverse effect on the financial condition.

APPENDIX B

Financial Statement and Budget Summaries

**Town of Tonawanda, New York
Comparative Balance Sheet
(General Fund and Special Revenue Funds)
At December 31**

	<u>General Fund</u>		<u>Special Revenue Fund</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
<u>ASSETS</u>				
Cash and Investments	\$11,056,639	\$10,978,924	\$17,291,287	\$15,780,223
Restricted Cash	1,457,286	1,438,771	9,210,773	9,784,882
Accounts Receivables	152,099	28,896	6,945,981	6,294,594
Intergovernmental Receivables	31,715	235,375	5,274,429	4,275,812
Due from Other Funds	550,353	3,515,740	3,061,056	9,990,406
Inventories	0	0	847,681	876,189
Rehabilitation Loans Receivable	0	0	8,506,525	8,315,694
Prepaid Items	341,146	349,671	1,066,158	1,059,580
Total Assets	<u>\$13,589,238</u>	<u>\$16,547,377</u>	<u>\$52,203,890</u>	<u>\$56,377,380</u>
Liabilities:				
Accounts Payable	\$516,573	\$464,147	1,408,701	1,719,794
Accrued Liabilities	1,089,072	1,142,383	1,815,390	1,889,981
Intergovernmental payables	124,388	152,562	171,433	329,976
Due to Other Funds	961,853	2,976,762	620,611	2,059,876
Unearned Revenue	205,932	213,073	306,433	309,356
Total Liabilities	<u>2,897,818</u>	<u>4,948,927</u>	<u>4,322,568</u>	<u>6,308,983</u>
Deferred Inflows of Resources				
Special assessments	0	0	1,139,820	928,379
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>1,139,820</u>	<u>928,379</u>
Fund Balance:				
Nonspendable	341,146	349,671	1,913,839	1,935,769
Restricted	1,251,354	1,225,698	17,383,527	16,427,213
Committed	0	0	2,562,317	5,000,000
Assigned	2,692,927	2,698,653	24,881,819	25,777,036
Unassigned	6,405,993	7,324,428	0	0
Total Fund Balance	<u>10,691,420</u>	<u>11,598,450</u>	<u>46,741,502</u>	<u>49,140,018</u>
Total Liabilities, seferred Inflows of resources and & Fund Balances	<u>\$13,589,238</u>	<u>\$16,547,377</u>	<u>\$52,203,890</u>	<u>\$56,377,380</u>

Source: Compiled from prior years audited financial reports although this statement was not subject to audit.

* Includes General - Town Outside Village, Highway, Special Grants, Sewer District and Water District Funds

Town of Tonawanda, New York

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$14,381,701	\$14,098,943	\$13,945,868	\$14,418,258	\$14,081,076
Other Property Tax Items	1,284,727	1,267,323	465,959	508,413	502,564
Departmental Income	4,498,859	4,488,191	4,332,046	4,376,226	4,158,621
Intergovernmental charges	25,090	0	475	1,025	690
Use of Money and Property	273,528	262,702	268,600	319,910	600,926
Licenses and Permits	139,032	152,557	136,088	156,976	153,868
Fines and Forfeitures	1,498,226	1,559,835	1,333,534	1,467,693	1,464,121
Sale of Property & Compensation for Loss	497,392	54,923	34,694	1,232	700
Miscellaneous	26,135	6,975	468,330	22,336	184,004
Interfund Revenue	3,719,537	3,691,496	3,778,652	3,716,861	3,555,548
State Aid	1,129,042	1,242,555	2,009,513	2,057,354	2,138,913
Total Revenues	<u>27,473,269</u>	<u>26,825,500</u>	<u>26,773,759</u>	<u>27,046,284</u>	<u>26,841,031</u>
Expenditures:					
General Government Support	4,847,595	4,735,825	4,602,734	4,690,386	4,477,567
Public Safety	1,096,299	1,065,317	1,056,785	997,737	916,424
Health	1,228,374	1,228,234	1,286,896	1,271,125	1,290,688
Transportation	938,304	898,639	918,999	929,647	920,167
Economic Opportunity and Development	21,548	70,336	104,849	63,624	384,942
Culture and Recreation	8,552,757	8,397,157	8,758,281	8,946,892	8,732,595
Home and Community Service	874,886	857,433	817,389	903,796	948,936
Employee Benefits	7,081,412	7,127,145	7,110,400	7,342,534	6,954,741
Debt Service	495,796	389,844	357,860	352,359	199,485
Total Expenditures	<u>25,136,971</u>	<u>24,769,930</u>	<u>25,014,193</u>	<u>25,498,100</u>	<u>24,825,545</u>
Excess of Revenues Over (Under)					
Expenditures	<u>2,336,298</u>	<u>2,055,570</u>	<u>1,759,566</u>	<u>1,548,184</u>	<u>2,015,486</u>
Other Financing Sources (Uses):					
Operating Transfers In	455,234	53,345	2,174	0	0
Operating Transfers Out	(1,516,344)	(1,138,136)	(1,128,701)	(1,193,330)	(1,108,456)
Total Other Financing Sources (Uses)	<u>(1,061,110)</u>	<u>(1,084,791)</u>	<u>(1,126,527)</u>	<u>(1,193,330)</u>	<u>(1,108,456)</u>
Net Change in Fund Balance	1,275,188	970,779	633,039	354,854	907,030
Fund Balance at January 1	<u>7,457,560</u>	<u>8,732,748</u>	<u>9,703,527</u>	<u>10,336,566</u>	<u>10,691,420</u>
Fund Balance at December 31	<u>\$8,732,748</u>	<u>\$9,703,527</u>	<u>\$10,336,566</u>	<u>\$10,691,420</u>	<u>\$11,598,450</u>

Source: Compiled from prior years audited financial reports although this statement was not subject to audit.

Town of Tonawanda, New York

**Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balances**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$20,607,630	\$20,572,336	\$20,920,582	\$21,180,194	\$22,251,065
Other Property Taxes Items	1,644,141	1,629,338	362,456	437,248	429,802
Non-property Tax Items	8,702,578	8,740,500	9,138,788	9,430,858	9,743,534
Departmental Income	18,960,751	20,665,317	20,912,842	22,936,723	21,978,952
Intergovernmental Charges	2,451,677	2,204,994	2,270,487	2,535,398	2,065,146
Use of Money and Property	289,383	357,485	368,238	520,511	761,692
Licenses and Permits	586,671	558,339	774,654	582,167	827,167
Fines and Forfeitures	65,038	54,670	70,351	8,132	52,225
Sale of Property and Compensation	237,231	592,212	318,728	243,609	98,252
Miscellaneous	8,385	4,490	930,185	53,452	38,372
Interfund Revenues	1,383,533	1,534,269	1,528,952	952,713	209,000
State Aid	1,259,050	1,152,120	2,813,847	3,088,250	1,915,702
Federal Aid	1,203,246	1,947,942	2,047,899	1,643,407	1,458,499
Total Revenues	<u>57,399,314</u>	<u>60,014,012</u>	<u>62,458,009</u>	<u>63,612,662</u>	<u>61,829,408</u>
Expenditures:					
General Government Support	1,359,049	1,412,474	1,408,666	1,414,680	1,366,015
Public Safety	12,622,609	12,524,296	13,415,923	13,804,921	13,658,546
Health	8,940	8,952	8,970	8,976	8,978
Transportation	6,161,617	5,760,231	5,652,638	5,167,912	5,164,214
Home and Community Service	15,192,031	15,253,970	17,876,395	16,492,959	15,860,922
Employee Benefits	14,715,683	14,992,323	14,861,013	15,349,972	15,004,962
Debt Service	2,261,460	3,009,306	3,283,632	3,315,505	3,455,746
Total Expenditures	<u>52,321,389</u>	<u>52,961,552</u>	<u>56,507,237</u>	<u>55,554,925</u>	<u>54,519,383</u>
Excess of Revenues Over (Under)					
Expenditures	<u>5,077,925</u>	<u>7,052,460</u>	<u>5,950,772</u>	<u>8,057,737</u>	<u>7,310,025</u>
Other Financing Sources (Uses):					
Operating Transfers In	580,468	1,191,387	628,218	2,589,787	310,000
Operating Transfers Out	(3,835,653)	(3,482,011)	(4,261,300)	(6,434,935)	(5,221,509)
Total Other Financing Sources (Uses)	<u>(3,255,185)</u>	<u>(2,290,624)</u>	<u>(3,633,082)</u>	<u>(3,845,148)</u>	<u>(4,911,509)</u>
Net Change in Fund Balance	1,822,740	4,761,836	2,317,690	4,212,589	2,398,516
Fund Balance at January 1	<u>25,699,983</u>	<u>27,522,723</u>	<u>39,998,149</u>	<u>42,528,913</u>	<u>2,398,516</u>
Fund Balance at December 31	<u>\$27,522,723</u>	<u>\$32,284,559</u>	<u>\$42,315,839</u>	<u>\$46,741,502</u>	<u>\$4,797,032</u>

Source: Compiled from prior years audited financial reports although this statement was not subject to audit.

Town of Tonawanda, New York

2019 Budget Summary

	<u>Appropriation</u>	<u>Estimated Revenues</u>	<u>Appropriated Fund Balance</u>	<u>Amount Raised By Taxes</u>
General Fund:				
Townwide Share	\$28,165,994	\$11,632,942	\$2,500,000	\$14,033,052
Part Town - Outside Village	26,229,880	10,240,401	3,000,000	12,989,479
Highway Fund	8,702,448	1,649,947	400,000	6,652,501
Lighting Districts	1,795,000	0	0	1,795,000
Water Acquisition & Storage District	11,254,482	10,954,482	300,000	0
Fire Protection Districts	817,567	0	0	817,567
Sewer Consolidated District	15,096,958	11,584,500	1,175,000	2,337,458
Drainage Consolidated District	833,992	500	125,000	708,492
Refuse & Garbage Consolidated District	8,739,741	10,000	500,000	8,229,741
Total Operating Budget	<u>\$101,636,062</u>	<u>\$46,072,772</u>	<u>\$8,000,000</u>	<u>\$47,563,290</u>
Special Assessments:				
Outside Village - Cleanup	38,506	0	0	38,506
Highway Fund - Paving	165,900	0	0	165,900
Total:	<u>\$101,840,468</u>	<u>\$46,072,772</u>	<u>\$8,000,000</u>	<u>\$47,767,696</u>

Source: Budget summary extracted from 2019 Adopted Budget.

Town of Tonawanda, New York

2020 Budget Summary

	<u>Appropriation</u>	<u>Estimated Revenues</u>	<u>Appropriated Fund Balance</u>	<u>Amount Raised By Taxes</u>
General Fund:				
Townwide Share	\$28,811,550	\$11,667,112	\$2,500,000	\$14,644,438
Part-Town-Outside Village	26,419,201	10,265,826	3,000,000	13,153,375
Highway Fund	8,774,836	1,634,631	400,000	6,740,205
Lighting Districts	1,795,000	0	0	1,795,000
Water Acquisition & Storage District	11,242,666	10,942,666	300,000	0
Fire Protection Fund	832,330	0	0	832,330
Sewer Consolidated Districts	15,364,632	11,818,000	1,175,000	2,371,632
Drainage Consolidated Districts	802,701	1,000	125,000	676,701
Refuse & Garbage Consolidated Districts	8,812,667	22,000	500,000	8,290,667
Total Operating Budget	<u>\$102,855,583</u>	<u>\$46,351,235</u>	<u>\$8,000,000</u>	<u>\$48,504,348</u>
Special Assessments:				
Outside Village - Cleanup	7,673	0	0	7,673
Highway Fund - Paving	122,700	0	0	122,700
Sewer Consolidated District	\$0	\$0	\$0	0
Total:	<u><u>\$102,985,956</u></u>	<u><u>\$46,351,235</u></u>	<u><u>\$8,000,000</u></u>	<u><u>\$48,634,721</u></u>

Source: Budget summary extracted from 2020 Adopted Budget.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/SS1393373-SS1084035-SS1492081.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Drescher & Malecki LLP has not been requested by the Town
to further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**