

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2021

**NEW ISSUE
SERIAL BONDS**

**RATINGS: (See “RATINGS” herein)
BOOK-ENTRY ONLY**

In the opinion of Harris Beach PLLC, Bond Counsel, 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(b)(3) of the Code.

**TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK**

\$1,525,861*
PUBLIC IMPROVEMENT SERIAL BONDS – 2021
(the “Bonds”)

Date of Issue: Dated Date

Maturity Date: October 15, 2021 - 2041

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

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC 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, except for one necessary odd denomination in the first maturity. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the Town to DTC. DTC will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See “BOOK-ENTRY-ONLY SYSTEM” herein).

The Bonds are 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, payable on October 15, 2022, and semiannually thereafter on April 15 and October 15 in each year until maturity. The Bonds will mature on October 15 in each year and will bear interest at the rates as shown on the inside cover page hereof. Certain maturities of the Bonds will be subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein).

Interest on the Bonds 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 and received by the purchaser and subject to the receipt of the final approving opinion of Harris Beach PLLC, Albany, 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 through the facilities of DTC on or about October 15, 2021.

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: September __, 2021

* 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 Notes, 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 October 15, subject to optional redemption prior to maturity, in the following years and principal amounts:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2022	\$65,861	%	%		2032**	\$75,000	%	%	
2023	70,000				2033**	75,000			
2024	70,000				2034**	80,000			
2025	70,000				2035**	80,000			
2026	70,000				2036**	80,000			
2027	70,000				2037**	85,000			
2028	70,000				2038**	85,000			
2029	70,000				2039**	85,000			
2030**	75,000				2040**	85,000			
2031**	75,000				2041**	90,000			

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

** Subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein).

*** 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 as to their correctness on the Bonds or as indicated above.

**TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK**

SUPERVISOR

JOHN E. LAWLER

TOWN COUNCIL

DAVID F. BALL COUNCILMAN

LAURIE A. MARBLE COUNCILMAN

JAMES E. BOUDREAU COUNCILMAN

FRANCIS S. McCLEMENT COUNCILMAN

MARY SHANNON CARRIGAN TOWN CLERK

WILLIAM J. COUTU BUDGET OFFICER

DREYER BOYAJIAN LLP TOWN COUNSEL

**BOND COUNSEL
HARRIS BEACH PLLC
*Albany, New York***

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 364-6363

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 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 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.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE BONDS.....	1	Market	5
Description.....	1	CYBERSECURITY	6
Authorization for and Purpose of the Bonds	2	TAX MATTERS.....	6
Optional Redemption.....	2	LEGAL MATTERS	7
Nature of Obligation	3	LITIGATION.....	8
BOOK-ENTRY-ONLY SYSTEM	3	DISCLOSURE UNDERTAKING	9
Certificated Bonds	5	RATING.....	10
MARKET AND RISK FACTORS	5	MUNICIPAL ADVISOR	10
General	5	ADDITIONAL INFORMATION	10

APPENDIX A

THE TOWN	A-1	Fiscal Stress and State Emergency	
General Information.....	A-1	Financial Control Boards.....	A-7
Form of Government	A-1	REAL PROPERTY TAXES	A-7
Town Services	A-1	Real Property Tax Collection Procedure	
Employees	A-2	and History	A-7
Employee Pension Benefits	A-2	Tax Levy Limitation Law.....	A-8
Other Post Employment Benefits.....	A-3	Ten Largest Taxpayers	A-10
FINANCIAL FACTORS.....	A-3	TOWN INDEBTEDNESS	A-10
Impacts of COVID-19	A-3	Constitutional Requirements	A-10
Independent Audit	A-3	Statutory Procedure	A-11
Fund Structures and Accounts	A-4	Constitutional Debt Limit.....	A-12
Basis of Accounting.....	A-4	Statement of Debt Contracting Power	A-12
Revenues.....	A-4	Remedies Upon Default	A-13
Budget Process	A-5	Bond Anticipation Notes	A-14
2020 Audit Results	A-5	Tax and Revenue Anticipation Notes.....	A-14
2021 Audit Results	A-5	Trend of Outstanding Indebtedness	A-14
Investment Policy	A-5	Authorized but Unissued Indebtedness	A-14
The State Comptroller’s Fiscal Stress		Direct and Overlapping Indebtedness.....	A-14
Monitoring Systema and Compliance Reviews	A-6	Debt Ratios.....	A-15
		Debt Service Schedule.....	A-16

APPENDIX B – SUMMARY FINANCIAL STATEMENTS

APPENDIX C – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

OFFICIAL STATEMENT

**TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK**

relating to

\$1,525,861*

PUBLIC IMPROVEMENT SERIAL BONDS – 2021

This Official Statement including the cover page and appendices hereto, has been prepared by the Town of Waterford, Saratoga County, New York, (the “Town”, “County”, and “State”, respectively) and presents certain information relating to the Town’s \$1,525,861* Public Improvement Serial Bonds – 2021 (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 of New York (the “State”) 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 made by, and information currently available to, the Town’s management and staff. **This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town’s overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See “Impacts of COVID-19” in Appendix A hereto.)**

THE BONDS

Description

The Bonds are dated their Date of Delivery and will bear interest from such date at the annual rate or rates as specified by the purchaser, payable on October 15, 2022, and semiannually thereafter on April 15 and October 15 in each year until maturity. The Bonds will mature on October 15 in each of the years and will bear interest at the rates as shown on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity. (See “*Optional Redemption*” herein).

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC 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 and integral multiples thereof, except for one necessary odd denomination in the first maturity. Purchasers will not receive certificates representing their ownership interest in the Bonds.

* Preliminary, subject to change.

Principal of and interest on the Bonds will be paid by the Town to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

The record payment date for the payment of principal of and interest on the Bonds is the last business day of the month preceding each interest payment date.

The Town will act as Paying Agent for the Bonds. Paying Agent fees, if any, will be paid by the successful purchaser. The Town contact information is as follows: Bill Coutu, Budget Officer; phone: 518-235-8184, email: coutub@town.waterford.ny.us

Authorization for and Purpose of the Bonds

The Bonds will be issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law and the Local Finance Law, and various bond resolutions duly adopted by the Town Board on their respective dates for the objects or purposes listed below. A portion of the proceeds from the sale of the Bonds in the amount of \$941,000 will be used to redeem the Town’s Bond Anticipation Notes – 2020 at maturity on November 5, 2021. The remainder of the proceeds from the sale of the Bonds in the amount of \$584,861 will be used to provide original financing for various capital projects in and for the Town as shown in the table below.

<u>Purpose</u>	<u>Resolution Date</u>	<u>Amount Outstanding</u>	<u>New Money</u>	<u>Principal Paydown</u>	<u>Amount to Bonds</u>
Payment of Judgement	10/6/2020	\$941,000	\$0	\$0	\$941,000
Mohawk Gateway Streetscape Project	6/4/2019	0	272,531	0	272,531
Improvements of Saratoga Ave	6/4/2019	0	52,330	0	52,330
Police Vehicle	11/7/2019	0	35,000	0	35,000
Improvements to Sewer District	8/17/2020	0	225,000	0	225,000
Totals:		<u>\$941,000</u>	<u>\$584,861</u>	<u>\$0</u>	<u>\$1,525,861</u>

Optional Redemption

Redemption Date. The Bonds maturing on or before October 15, 2029 are not subject to redemption prior to maturity. The Bonds maturing on or after October 15, 2030 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after October 15, 2029, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

Selection of Bonds to be Redeemed. So long as DTC or a successor securities depository is the sole registered owner of the Bonds, the Town will cause notice of redemption to be given only to DTC as registered owner. The selection of the book-entry interests within each Bond maturity to be redeemed will be done in accordance with DTC procedures. See “*THE BONDS – Book-Entry-Only System*” herein regarding DTC’s practice of determining by lot the amount of the interest of each Direct Participant for partial bond redemptions.

If the Bonds are not registered in book-entry form, any redemption of less than all of a maturity of the Bonds shall be allocated (in the amounts of \$5,000 or any whole multiple) among the registered owners of such maturity of the Bonds then outstanding as nearly as practicable in proportion to the principal amounts of such maturity of the Bonds owned by each registered owner. This will be calculated based on the following formula:

$$\frac{(\text{principal to be redeemed}) \times (\text{principal amount owned by owner})}{(\text{principal amount outstanding})}$$

Notice of Redemption. Notice of redemption shall be given by mailing such notice to the registered holders of Bonds to be redeemed at their respective addresses as shown upon the registration books of the Town as Paying Agent at least 30 days prior to the date set for any such redemption. If notice of redemption shall have been given as

aforsaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Nature of Obligation

The Bonds 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 Bonds, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended. (See “*Tax Levy Limitation Law*” in Appendix A hereto.)

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. However, the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limitation Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limitation Law*” in Appendix A hereto.)

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds issued in book-entry form. Said Bonds will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each maturity of the 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 County 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).

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 County, 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (IV) THE

SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

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

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 or any integral multiple thereof. Principal of the Bonds when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the State of New York to be named by the Town.

MARKET AND RISK FACTORS

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

General

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. It should be noted there can be no assurance that adverse events in the State or any other state, including, for example, the seeking of remedies by a municipality pursuant to the Federal Bankruptcy Code or otherwise will not occur, thereby affecting the market price of and the market access for the Bonds or renewal notes, if any. If a significant default or other financial crisis should occur in the affairs of the State or one 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's expenditures may increase substantially in the future. For example, the Town could be required to make substantial operating expenses (i.e., legal judgments) or could be required to refund substantial tax revenues as a result of adverse tax certiorari proceedings (See "LITIGATION," herein). There can be no assurance that the Town will not be required to issue additional debt to generate funds to pay these expenditures and that the Town's real property taxes and other revenues will be sufficient to pay the Bonds and additional debt.

Market

If and when a holder of the Bonds elects to sell a Bond prior to maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of the Bonds. In addition, the price or principal value of the Bonds is dependent on the prevailing level of interest rates. If interest rates increase, the price of a bond would normally decline causing the Bondholder to incur a capital loss upon the sale of such Bond.

Amendments to the Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt including the Bonds and other debt issued by the Town. Any such future legislation would have an adverse effect on the market value of the Bonds (see “TAX MATTERS” herein).

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, could have an impact upon the market price for the Bonds (see “*Tax Levy Limitation Law*,” herein.)

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town may invest 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.

TAX MATTERS

In the opinion of Harris Beach PLLC, Albany, New York, Bond Counsel to the Town, 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, as applicable, 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, as applicable, and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirements of the Code may cause interest on the Bonds, as applicable, to be includable in gross income for purposes of Federal income tax, possibly from the date of issuance of the Bonds. In the Arbitrage and Use of Proceeds Certificates of the Town, to be executed in connection with the issuance of the Bonds, the Town will covenant to comply with certain procedures and make certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Bonds, as applicable. 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 the 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 or State 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 any Internal Revenue Service examination of the Bonds or of obligations which present similar tax issues, will not affect the market price 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 provisions of law 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 respective final approving opinion of Harris Beach PLLC, Albany, New York, Bond Counsel to the Town. Such legal opinion 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, as amended (see “*Tax Levy Limitation Law*” in Appendix A hereto); 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 opinions 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.

LITIGATION

The Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town's financial officers, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined adversely to the Town, would have a material adverse effect on the financial conditions of the Town. The Town currently carries liability insurance coverage. This general liability coverage policy insures the Town for up to \$1 million per occurrence and \$3 million aggregate. Additionally, there is also a \$7 million umbrella coverage policy.

There are also pending against the Town various proceedings brought pursuant to Article 7 of the Real Property Tax Law to review and reduce real estate assessments and obtain a refund for alleged overpayment of real estate taxes. Proceedings to review real estate assessments are defended by the Town. While the results of tax certiorari proceeds are difficult to determine at this time, these proceedings generally result in tax refunds well below the amount requested and are generally settled over a period of years.

Pending Litigation

Timothy Murphy, as trustee of Margaret M. Pieper Trust, et al. v. Town of Waterford, et al. This is a claim which was served, but not yet filed against the Town by a homeowner who was forced to abandon use of its single family dwelling due to erosion of the land surrounding the structure. This claim is currently being defended by the Town's insurance company.

Various Tort Liability Cases. The Town's attorney has obtained a "loss run" from the Town's current insurance agent, Global Underwriting, indicating that various auto liability, property damage and law enforcement related claims were/are being handled by the Town's insurance carrier from January 1, 2011 to present. Most of the claims may have been resolved or otherwise closed out. Additional detail can be provided if necessary.

Various Code Cases Commenced by the Town. The Town has commenced several building code cases in the ordinary course of its business during the past year which have been resolved. The Town is not a defendant in any of these cases.

Tax Certiorari Proceedings

Ruddux Brothers LLC et al. v. Town of Waterford. A tax certiorari proceeding brought in Supreme Court, Saratoga County seeking reduction in Town's real property tax assessment for 2018 and 2019 for five residential parcels located in the Town. Opposing counsel has stated that they intend to discontinue action with respect to two of the five parcels. Total combined assessed full market value of three remaining challenges properties in \$600,000. Petitioner's current settlement demand is for a reduction to a combined full market value of \$470,000. No judicial intervention in the case to date and no scheduling order has yet been set.

AT&T Communications of NY, Inc. v. Town of Waterford. This matter is in the process of being discontinued. A tax certiorari proceeding was brought in Supreme Court, Saratoga County by challenging the Town's 2019 assessment of one parcel. The total assessed full market value of the challenged parcel is \$75,000 with petitioner seeking a reduction to \$7,500. No judicial intervention in the case to date and no scheduling order has been set.

Erie Boulevard Hydropower, L.P. v. Town of Waterford, et al. A tax certiorari proceeding was brought in Supreme Court, Saratoga County by challenging the Town's 2021 assessment of one parcel. The total assessed full market value of the challenged parcel is \$2,834,000 with petitioner seeking a reduction to \$1,328,469. No judicial intervention in the case to date and no scheduling order has been set.

Various Residential Small Claim Tax Certioraris. As has taken place in each of the last several years, several residential property owners filed challenges under New York's small claims assessment procedure. Based on filings with the Board of Assessment Review it is expected more petitions will be filed for this tax year. In past years, such challenges resulted in the payment of refunds based upon assessed value adjustments that usually are less than ten thousand dollars of actual assessed value.

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) during each fiscal year in which the Bonds are outstanding, certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement of the Town relating to the Bonds under the headings “LITIGATION” and in Appendix A under the headings “THE TOWN,” “FINANCIAL FACTORS,” “REAL PROPERTY TAXES,” “TOWN INDEBTEDNESS,” and in APPENDIX B and a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year, commencing with the fiscal year ended December 31, 2021;

(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; (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 County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, 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 County, 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, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The Town's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12") 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 such 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.

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

RATING

On September 17, 2021, Moody's Investors Service, Inc. ("Moody's") affirmed its "A1" rating on the Town's outstanding bonded indebtedness and applied such rating to the Bonds.

Such rating reflects only the view of such rating agency and an explanation to the significance of such rating should be obtained from Moody's. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any downward change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, New York, (the "Municipal Advisor") is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Town in connection with this transaction.

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. 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 not a law firm and does not provide legal advice with respect to this or any debt offerings of the Town. 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 and copies of the Official Statement may be obtained from the Town or Capital Markets Advisors, LLC (CMA), 11 Grace Avenue, Suite 308, Great Neck, New York 11021, Telephone: (516) 274-4502.

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 has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto.

Any statements in the Official Statement involving matters of opinion or estimates whether expressly so stated are intended as such and not as representation of fact. No representation is made that of such statements 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 or agreement between the Town and the purchasers or holders of the Bonds.

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

The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the Town assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

This 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.

TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK

By: _____
John E. Lawler
Supervisor

DATED: September __, 2021

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town, incorporated in 1816, is located in the southeastern corner of Saratoga County, approximately 12 miles north of Albany at the junction of the Mohawk and Hudson Rivers and encompasses about 6.7 square miles. It includes the incorporated village of Waterford, the oldest continually incorporated village in the United States. School districts providing educational services within the Town include the Waterford-Halfmoon School District and the Shenendehowa School District.

The Town is primarily residential in character, consisting of single family, two-family and apartment houses. Commercial facilities include a number of small retail businesses and industries in the Town including Momentive Performance Materials Silicones, Mohawk Paper Mills, Cascades Tissue Group, Inc., Maximum Security Products Corp., Degussa Corporation and additional smaller industries such as Ursula of Switzerland, a dress manufacturing firm.

The population in the Town is 8,463, the median household income is \$66,184, and the per capita income is \$35,819 according to the 2015-2019 American Community Survey 5-Year Estimate (U.S. Census Bureau). Many residents find employment at the various commercial, industrial or governmental institutions in the Town including the regional facility for the New York State Department of Transportation and State canal system facilities. A number of residents are employed in cities such as Albany, Schenectady and Troy which are located within a 15-mile radius of the Town, and others commute to businesses in other parts of the Capital District.

Form of Government

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

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

The Town Clerk is elected to a four-year term. The Town Clerk also serves as the Tax Collector for the Town. The Town Supervisor appoints a Budget Officer, and the Town Board appoints a Town Assessor, Town Attorney and Town Engineer. The Town Supervisor administers all Town departments and is the official responsible for all audit and financial operations.

Town Services

The Town provides its residents with many of the services traditionally provided by Town governments, as follows: police protection and law enforcement; sewer services; highway and public facilities maintenance; a local justice court that is responsible for enforcing provisions of the State's Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities; building code enforcement; and planning and zoning administration. Fire protection is furnished by two fire districts and by the village fire departments.

Pursuant to State law, the County, not the Town, is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs.

Employees

The Town provides services through 35 full-time and 36 permanent part-time employees, some of whom are represented by the following unit of organized labor. The Town also employs a large number of temporary seasonal employees primarily in recreation programs.

Employees Contracts

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
9	Waterford Police Union Local 3749 - Council 82	12/31/2021

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") and the Police and Fire Retirement System ("PFRS"), collectively referred to as the "Retirement System". The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, 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 system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is 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 3% of gross annual salary toward the cost of retirement programs until they attain ten years in the Retirement System, at such time contribution become voluntary. Members hired after January 1, 2010 must contribute 3%, or more of their gross annual salary toward the cost of retirement programs for the duration of their employment.

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

Pension reform enacted by New York State changed the billing cycle for employer contributions to the ERS retirement system 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 are 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. The law also requires 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 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 prepays its employer contributions each December.

Beginning July 1, 2013, a voluntary defined contribution plan option will be made available to all unrepresented employees of NYS public employers hired on or after that date, and who earn \$75,000 or more on an annual basis.

Employer contribution rates for the State's Retirement System continue to be higher than the minimum contribution rate established by law. Contribution rates are expected to remain higher than the minimum contribution rates set by law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation was enacted that

permits local governments and school districts to borrow a portion of their required payments from the State pension plan. The legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to this law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town has never amortized its pension payments and has no plans to do so in the foreseeable future.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). The plan authorizes municipalities to pay the SCO amount in lieu of the ARC amount. The Town will not be participating in the modified ERS SCO plan at this time.

On August 29, 2018, the State Comptroller announced for Fiscal Year 2019-20, the average contribution rate for ERS decreasing from 14.9% to 14.6%. Projections for required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among six retirement tiers. The employer contribution rates announced will apply to each employer’s salary base during the period of April 1, 2019 through March 31, 2020. Payments based on those rates were due by February 1, 2020, but may be prepaid by December 15, 2019.

The Town’s audited contributions to the ERS and PFRS for the past four fiscal years and the unaudited contributions for the most recent and current fiscal years are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	\$256,719	\$282,308
2017	210,137	144,549
2018	201,957	154,538
2019	180,527	158,104
2020	170,053	201,819
2021 (Budget)	200,342	230,594

Other Post Employment Benefits

The Town has no OPEB obligations.

FINANCIAL FACTORS

Impacts of COVID-19

The Town has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to cleaning and sanitation supplies. The Town has paid such costs from budgetary appropriations and/or available funds. The Town does not expect a reduction in State aid during the 2021 fiscal year. In the Town’s Adopted Budget for the 2021 fiscal year, sales tax revenue was estimated to be approximately 15% less than the prior year, however, according to the most recent Town projections, sales tax revenue is estimated to exceed the amount received in 2020. The Town does not believe that the increased costs or any potential reductions in State aid will have a material adverse impact on the finances of the Town.

The Town was notified by the NYS Division of the Budget that it would be eligible for \$632,400 in ARPA payment from the Coronavirus Local Fiscal Recovery Fund. The Town was in receipt of the first half of this payment as of July 2021. It is anticipated that the second payment will be received by the Town in the summer of 2022.

Independent Audit

The Town’s annual audited financial statements for the fiscal year ended December 31, 2020 were audited by UHY LLP, a firm of independent certified public accountants.

Fund Structures and Accounts

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses).

The Town maintains the following governmental funds: General Fund, Special Revenue Funds (Outside Villages Fund, Highway Fund, Special Districts Funds, Special Grant Fund and Miscellaneous Special Revenue Fund), and Capital Projects Fund.

Basis of Accounting

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt and compensated absences, are recorded when the liability is incurred, if measurable.

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

Revenues

The Town derives a major portion of its General Fund revenues from a tax on real property (See Appendix B herein). Property taxes accounted for 73.7% of total operating revenues for the fiscal year ended December 31, 2020.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five fiscal years and the amounts budgeted for 2021:

	<u>Property Taxes</u>		
	(General Fund)		
<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes</u>
			<u>to Revenues</u>
2016	\$2,927,035	\$2,634,581	90.0%
2017	2,918,622	2,695,025	92.3
2018	3,132,015	2,745,695	87.7
2019	3,009,071	2,644,803	87.9
2020	3,653,370	2,690,819	73.7
2021 (Budgeted)	2,603,174	2,402,172	92.3

Source: Town of Waterford, Town's Audited Financial Statements for the fiscal years ending December 31 (2016-2020), and Annual Budget for the fiscal year ending December 31, 2021. Summary itself is not audited.

State Aid. The Town also receives a significant portion of its revenues in the form of State aid. For the fiscal year ended December 31, 2020, State aid represented approximately 23.7% of the total general fund revenues of the Town. However, there is no assurance that the State appropriation for State aid to towns 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 a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total general fund revenues and State aid during the last five fiscal years and the budgeted amounts for 2021:

State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2016	\$2,927,035	\$136,510	5.0%
2017	2,918,622	153,630	5.3
2018	3,132,015	158,017	5.0
2019	3,009,071	127,734	4.2
2020	3,653,370	864,797	23.7
2021 (Budgeted)	2,603,174	100,000	3.8

Source: Town of Waterford, Town’s Audited Financial Statements for the fiscal years ending December 31 (2016-2020), and Annual Budget for the fiscal year ending December 31, 2021. Summary itself is not audited.

Budget Process

Prior to September 30 of each year, the Budget Officer submits to the Town Clerk a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers’ comments. Prior to November 20, the budget is adopted by the Town Council. Town taxes included in the budget are due and payable by January 31 without penalty and interest. Any revisions to the budget are approved by the Town Board. The budget is not subject to voter approval.

2020 Audited Results

Expenditures for 2020 in the General Fund did exceed budgeted appropriations, and revenues for 2020 slightly exceeded budgeted revenues in the General Fund.

2021 Adopted Budget

The Town’s 2021 Budget was adopted on November 4, 2020. It assumes that \$299,750 will be appropriated from the fund balance in the General Fund. Total General Fund budgeted revenues for 2021, including appropriated fund balance, are equal to total budgeted expenditures for 2021.

Investment Policy

With respect to the temporary investment of moneys which are not required for immediate expenditure, the Town has adopted an investment policy in conformity with applicable laws of the State. All such investments of the Town are made in accordance with such policy. Pursuant to State law, including Sections 10 and 11 of the General Municipal Law, a municipality is permitted to temporarily invest moneys with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities or acceptance of an eligible surety bond or and eligible letter of credit, pursuant to the provisions of eligible securities or acceptance of an eligible surety bond or an eligible letter of credit, pursuant to the provisions of and subject to the limitations of subdivision 3 of Section 10 of the General Municipal Law (the “GML”) of the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the municipality itself; (6) certificates of participation issued by political

subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (8) in the case of moneys held in certain reserve funds established by municipalities or certain improvements districts pursuant to law, in obligations of such municipality. All of the foregoing 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 obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the municipality, such obligations must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such obligations held in the custody of a bank or trust company must be held by such bank or trust company pursuant to a written custodial agreement as set forth in subdivision 3 of Section 10 of the GML.

A municipality must also, pursuant to subdivision 2a. of Section 10 of the GML, designate by resolution one or more banks or trust companies for the deposit of public funds, the disposition of which is not otherwise provided for by law. Such resolution must specify the maximum amount which may be kept on deposit at any time in each bank or trust company. Except as otherwise provided by law, such deposits shall be made to the credit of the municipality. All public deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereafter amended are required to be secured by either a pledge of eligible securities or acceptance of an eligible surety bond or an eligible letter of credit, pursuant to the provisions of and subject to the limitation of subdivision 3 of Section 10 of the GML.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

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 ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Town as "no designation" with a fiscal score of 5.0 and an Environmental Score of 20.0 for the fiscal year ended December 31, 2019.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on June 17, 2016. The purpose of the audit was to review the claims audit process for the period January 1, 2015 through January 31, 2016. The complete report can be obtained from OSC's website.

See the State Comptroller's official website for more information regarding the foregoing. References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Fiscal Stress and State Emergency Financial Control Boards

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

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

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

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

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

REAL PROPERTY TAXES

Real Property Tax Collection Procedure and History

The Town derives a significant portion of its annual revenue through a direct real property tax. Taxes are due January 1, and are payable without penalty up to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. In April, the tax roll is returned to the County and taxes plus penalties are payable to the County Commissioner of Finance. The Town retains the total amount of its current levy 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 for collection and holds annual tax sales.

<u>Tax Rates</u>					
(Per \$1,000 of Assessed Valuation)					
<u>Fiscal Year Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town:	\$13.45	\$13.69	\$3.12	\$3.18	\$3.34
Special Districts:					
Northside Fire District	8.24	8.21	2.11	2.31	2.07
Halfmoon-Waterford Fire District	3.48	1.82	1.09	1.10	1.40
Waterford Fire Protection District #1	1.95	1.94	0.55	0.56	0.81
Waterford Ambulance District	1.82	1.85	0.44	0.45	0.54
Waterford Water Authority Bonds	1.44	1.46	0.32	0.35	0.41
Waterford Sewer District #1	0.00	0.00	0.00	0.00	0.00
Lighting Districts (1)	0.72	0.71	0.18	0.18	0.18

(1) Average Fee.

Source: Town of Waterford Supervisor's Office

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to 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. 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 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 ERS, the PFRS, 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 State have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such challenge cannot be predicted.

(The remainder of this page was intentionally left blank.)

Ten Largest Taxpayers

The following table presents the taxable assessments of the Town's ten largest taxpayers as of September 21, 2021:

Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
MPM Silicones LLC	Manufacturing	\$94,268,060
Niagara Mohawk dba National Grid	Public Utility	14,648,454
Strawberry Ridge LLC	Apartments	12,314,600
NYSD Limited Partnership Champlain Canal	Public Utility	12,144,700
Cascades Tissue Group, NY Inc.	Manufacturing	11,000,000
Mohawk Papermills, Inc.	Manufacturing	4,730,900
Adirondack Hydro-Fourth Branch Associates	Public Utility	3,000,000
Erie Boulevard Hydropower Inc.	Public Utility	2,834,000
HBJ Development Company	Manufacturing	2,700,000
Three Freight Guys LLC	Manufacturing	<u>2,400,000</u>

Total: \$160,040,714⁽¹⁾

(1) Represents 22.3% of the Town's total taxable assessed valuation of \$717,738,609 for the 2022 fiscal year.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. 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. However, the Chapter 97 of the New York Laws of 2011, as amended, imposes a statutory limitation on the Town's power to increase its annual tax levy. (See "*Tax Levy Limit Law*" herein).

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 per centum 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.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain such resolutions are subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board. If a bond resolution is submitted to the voters by the Town Board, then only a three-fifths vote of the Town Board is needed for adoption.

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 restrictions (Constitution, Local Finance law and case law) relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. Except on rare occasions, the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits bond anticipation notes to be issued. Bond anticipation notes may be renewed each year, provided annual principal installment payments are made in reduction of the total amount of such notes, commencing no later than two years after the date of the first of such notes and provided that, other than for assessable projects, such renewals do not 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*" herein.)

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 provisions providing the Town with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget and capital notes.

(The remainder of this page was intentionally left blank.)

Constitutional Debt Limit

The following table sets forth the current debt-contracting limitation of the Town.

Debt Contracting Limitation

Fiscal Year Ended <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Ratio</u>	Full <u>Valuation</u>
2017	\$199,971,560	32.6%	\$613,409,693
2018	200,020,360	31.8	628,994,843
2019	846,336,668	100.0	846,336,668
2020	844,616,270	100.0	844,616,270
2021	720,375,381	100.0	720,375,381

Statement of Debt Contracting Power

Statutory Debt Limit and Net Indebtedness
(as of September 21, 2021)

Five-Year Average Full Valuation of Taxable Real Property		\$730,746,571
Debt Contracting Limitation (7% thereof).....		51,152,260
Outstanding Indebtedness ⁽¹⁾⁽²⁾ (Principal Only):		
Bonds Outstanding.....	\$8,488,334	
Bond Anticipation Notes.....	<u>1,058,331</u>	
Total Indebtedness	\$9,546,665	
Excluded Indebtedness ⁽¹⁾⁽³⁾ (Principal Only):		
Appropriations	\$ 27,833	
Water Debt	<u>3,900,000</u>	
Total Exclusions.....	\$3,927,833	
Total Net Indebtedness.....		<u>5,618,832</u>
Net Debt Contracting Margin.....		<u>\$45,533,428</u>
Percentage of Debt Contracting Power Exhausted.....		10.98%

- (1) Tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit of the Town.
- (2) Does not include pension payments amortized with New York State. (See “*Status and Financing of Employee Pension Benefits*” herein).
- (3) Water indebtedness and budgeted appropriations are automatically excluded pursuant to the provisions of the New York Constitution and Section 136.00 of the Local Finance Law.

(The remainder of this page was intentionally left blank.)

Remedies Upon Default

Constitutional Provisions. The State constitution provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on bonds and certain other obligations of the issuer, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes and that the fiscal officer of the issuer may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

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

Statutory Provisions. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by a Town upon any judgment or accrued claim against such Town shall not exceed 9% per-annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

The Federal Bankruptcy Code allows recourse to the protection of a Federal Court by public bodies such as the Town for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State (including the Town) to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

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

No principal of or interest payment on Town indebtedness is past due.

(The remainder of this page was intentionally left blank.)

Bond Anticipation Notes

The Town currently has the following bond anticipation notes outstanding:

Bond Anticipation Notes
(as of September 21, 2021)

<u>Purpose</u>	<u>Date of Original Issuance</u>	<u>Current Maturity Date</u>	<u>Amount Outstanding</u>
2018 Pickup Truck	9/28/2018	9/24/2021	\$ 21,000
2018 Police Interceptor	9/28/2018	9/24/2021	13,333
2018 Goshen Coach Bus	9/28/2018	9/24/2021	22,500
Momentive Tax Certiorari ⁽¹⁾	11/5/2020	11/5/2021	941,000
Fuel Tank and Fuel Management Software	2/02/2018	1/22/2022	44,000
Town Roads	8/18/2017	8/12/2022	<u>16,498</u>
			\$1,058,331

(1) Will be redeemed with a portion of the Bond proceeds (see “*Authority for and Purpose of the Bonds*” herein).

Source: Town of Waterford

Tax and Revenue Anticipation Notes

During the past five years, the Town’s cash flow has been sufficient to meet operating requirements, and the Town has not found it necessary to issue tax or revenue anticipation notes.

Trend of Outstanding Indebtedness

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$9,457,286	\$8,985,881	\$9,359,476	\$8,818,072	\$9,016,667
Bond Anticipation Notes	<u>99,121</u>	<u>166,513</u>	<u>329,515</u>	<u>792,510</u>	<u>1,101,403</u>
Total Debt Outstanding	<u>\$9,556,407</u>	<u>\$9,152,394</u>	<u>\$9,688,991</u>	<u>\$9,610,582</u>	<u>\$10,118,070</u>

Source: Town of Waterford Audited Financial Statements for the FYE 2016-2020.

Authorized but Unissued Indebtedness

Following the issuance of the Bonds, the Town will no longer have any authorized but unissued debt.

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 9
Statement of Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt</u> <u>Outstanding</u>	<u>As of</u>	<u>Town Share</u>	<u>Amount</u> <u>Applicable to</u> <u>Town</u>
Saratoga County	\$64,585,000	06/28/21	1.00%	\$ 642,866
Village of Waterford	37,500	5/31/20	100.00%	37,500
Shenendehowa CSD	51,700,000	11/24/20	2.53%	1,308,010
Waterford-Halfmoon CSD	11,685,000	12/21/20	94.17%	11,003,765
Northside Fire District	530,000	12/31/20	100.00%	<u>530,000</u>
Total Net Overlapping Debt				\$13,522,141

Source: Annual Reports of the respective units for most recent fiscal years on file with the New York State - Office of the State Comptroller or more recently published official statements and continuing disclosure submissions.

Debt Ratios

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

	<u>Amount</u>	<u>Debt Per</u> <u>Capita⁽¹⁾</u>	<u>Debt to</u> <u>Full Value⁽²⁾</u>
Net Direct Debt	\$ 5,618,832	\$ 664	0.73%
Net Direct and Overlapping Debt	19,140,973	2,262	2.48

- (1) The population of the Town is 8,463 according to the U.S. Census Bureau.
- (2) The full value of real property located in the Town for the 2021 fiscal year is \$771,761,945.

(The remainder of this page was intentionally left blank.)

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town’s outstanding bonded indebtedness for future fiscal years ending December 31, excluding the Bonds, and exclusive of economically defeased debt obligations:

Bond Principal and Interest Requirements

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>	% Principal <u>Remaining</u>
2021	\$528,333	\$284,681	\$813,014	5.86%
2022	543,334	270,136	813,470	11.89
2023	545,000	254,966	799,966	17.93
2024	565,000	239,701	804,701	24.20
2025	580,000	223,100	803,100	30.63
2026	590,000	205,450	795,450	37.17
2027	515,000	190,006	705,006	42.88
2028	540,000	173,694	713,694	48.87
2029	485,000	156,670	641,670	54.25
2030	445,000	139,489	584,489	59.19
2031	470,000	122,655	592,655	64.40
2032	470,000	106,430	576,430	69.61
2033	495,000	89,969	584,969	75.10
2034	435,000	74,819	509,819	79.93
2035	385,000	60,619	445,619	84.20
2036	355,000	48,544	403,544	88.13
2037	370,000	36,994	406,994	92.24
2038	365,000	24,606	389,606	96.28
2039	140,000	12,088	152,088	97.84
2040	150,000	6,638	156,638	99.50
2041	45,000	900	45,900	100.00
Totals	<u>\$9,016,667</u>	<u>\$2,722,155</u>	<u>\$11,738,822</u>	

Note: This schedule does not include expenses and subsidy payments on EFC Debt.

End of Appendix A

APPENDIX B

SUMMARY FINANCIAL STATEMENTS

TOWN OF WATERFORD
General Fund
Summary of Budgeted Revenues and Expenditures
Fiscal Years Ending December 31:

	<u>2020</u>	<u>2021</u>
Revenues:		
Real Property Taxes	\$ 2,682,150	\$ 2,402,172
Real Property Tax Items	6,450	6,370
Intergovernmental Services	93,692	7,692
Departmental Income	21,100	32,650
Use of Money and Property	30,700	29,090
Licenses And Permits	5,350	5,200
Fines And Forfeitures	20,000	20,000
State Aid	110,000	100,000
Appropriated Fund Balance	267,750	299,750
	<hr/>	<hr/>
Totals	<u>\$ 3,237,192</u>	<u>\$ 2,902,924</u>
 Expenditures:		
General Government Support	\$ 1,007,435	\$ 798,021
Public Safety	1,109,583	1,055,913
Transportation	18,975	17,850
Culture and Recreation	45,077	43,039
Home and Community Services	56,091	55,811
Employee Benefits	687,693	718,577
Interfund Transfers	14,950	0
Debt Service	297,388	213,713
	<hr/>	<hr/>
Totals	<u>\$ 3,237,192</u>	<u>\$ 2,902,924</u>

Source: Adopted Budgets of the Town of Waterford.

TOWN OF WATERFORD
Comparative Balance Sheets - General Fund
Fiscal Years Ended December 31:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assets:					
Cash and Equivalents	\$ 745,121	\$ 770,568	\$ 933,637	\$ 848,520	\$ 1,599,613
Investment	0	0	0	0	0
Other Receivable	18,339	6,065	33,335	24,297	9,063
State and Federal Aid Receivable	0	0	0	0	0
Due From Other Funds	42,452	242,333	3,707	99,155	83,081
Due From Other Governments	544	110	57,512	100,006	4,030
Inventory of Material and Supplies	0	0	0	0	0
Prepaid Expenses	108,451	107,846	103,340	112,526	116,010
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 914,907</u>	<u>\$ 1,126,922</u>	<u>\$ 1,131,531</u>	<u>\$ 1,184,504</u>	<u>\$ 1,811,797</u>
Liabilities:					
Accounts Payable	\$ 65,667	\$ 66,220	\$ 87,590	\$ 42,816	\$ 35,626
Accrued Liabilities	39,271	35,736	42,655	39,391	26,607
Due To Other Funds	645	645	645	749	0
Unearned revenues	0	0	0	0	0
Deposits payable	0	0	0	0	671,409
Employee benefits payable	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>105,583</u>	<u>102,601</u>	<u>130,890</u>	<u>82,956</u>	<u>733,642</u>
Deferred Inflows of Resources	0	199,881	0	6,300	17,864
Fund Balances:					
Nonspendable	\$ 108,451	\$ 107,846	\$ 103,340	\$ 112,526	\$ 116,010
Restricted	0	0	0	0	0
Assigned	229,070	189,191	277,263	271,431	303,970
Unassigned	471,803	527,403	620,038	711,291	640,311
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>809,324</u>	<u>824,440</u>	<u>1,000,641</u>	<u>1,095,248</u>	<u>1,060,291</u>
Total Liabilities and Fund Balances	<u>\$ 914,907</u>	<u>\$ 1,126,922</u>	<u>\$ 1,131,531</u>	<u>\$ 1,184,504</u>	<u>\$ 1,811,797</u>

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

TOWN OF WATERFORD
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
Fiscal Years Ended December 31:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 2,634,581	\$ 2,695,025	\$ 2,745,695	\$ 2,638,814	\$ 2,685,070
Other Real Property Tax Items	0	0	0	5,989	5,749
Non-Property Tax Items	0	0	0	0	0
Intergovernmental charges	0	0	0	107,211	13,003
Departmental Income	0	0	0	25,147	21,505
Use of Money and Property	48,300	31,098	95,730	28,490	28,313
Licenses and Permits	5,570	6,263	6,246	5,370	4,876
Fines and Forfeitures	26,674	21,043	22,169	17,901	9,970
Sale of Property and Compensation for Loss	13,799	67	26,638	47,790	0
Miscellaneous	61,601	11,496	77,520	4,625	13,838
Federal, State & County Aid	136,510	153,630	158,017	127,734	864,797
	<u>\$ 2,927,035</u>	<u>\$ 2,918,622</u>	<u>\$ 3,132,015</u>	<u>\$ 3,009,071</u>	<u>\$ 3,653,370</u>
Expenditures:					
General Government Support	\$ 750,997	\$ 910,469	\$ 936,827	\$ 893,485	\$ 1,575,453
Education	0	0	0	1,907	301
Public Safety	1,067,345	990,075	1,014,182	1,007,953	1,071,874
Health	0	0	0	0	0
Transportation	18,751	17,938	18,457	18,088	20,993
Economic Assistance and Opportunity	0	0	0	0	0
Culture and Recreation	69,065	42,528	35,107	11,165	32,191
Home & Community Services	103,725	30,383	51,336	49,967	52,446
Employee Benefits	709,072	628,091	607,413	609,941	648,736
Debt Service	259,160	256,498	255,784	301,394	284,480
	<u>\$ 2,978,115</u>	<u>\$ 2,875,982</u>	<u>\$ 2,919,106</u>	<u>\$ 2,893,900</u>	<u>\$ 3,686,474</u>
Excess of Revenues Over Expenditures	\$ (51,080)	\$ 42,640	\$ 212,909	\$ 115,171	\$ (33,104)
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	(52,370)	(27,524)	(36,708)	(20,564)	(1,853)
Debt Proceeds/Redemptions	0	0	0	0	0
	<u>(52,370)</u>	<u>(27,524)</u>	<u>(36,708)</u>	<u>(20,564)</u>	<u>(1,853)</u>
Total Other Financing Sources (Uses)	<u>(52,370)</u>	<u>(27,524)</u>	<u>(36,708)</u>	<u>(20,564)</u>	<u>(1,853)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(103,450)	15,116	176,201	94,607	(34,957)
Fund Balance - Beg. of Year	<u>912,774</u>	<u>809,324</u>	<u>824,440</u>	<u>1,000,641</u>	<u>1,095,248</u>
Fund Balance - End of Year	<u>\$ 809,324</u>	<u>\$ 824,440</u>	<u>\$ 1,000,641</u>	<u>\$ 1,095,248</u>	<u>\$ 1,060,291</u>

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

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020*

**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/P21566548.pdf>

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

*** UHY, LLP has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**