

NEW & RENEWAL ISSUE

Ratings: See “Ratings” herein

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See “TAX EXEMPTION” herein.

The Notes will NOT be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

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

**\$15,839,500
BOND ANTICIPATION NOTES, 2024
(the “Notes”)**

Date of Issue: July 18, 2024

Maturity Date: July 18, 2025

The Notes will be general obligations of the Town, and will contain a pledge of the faith and credit of the Town for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the Town, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the “Tax Levy Limitation Law”]; see “TAX INFORMATION- Tax Levy Limitation Law,” herein).

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

If the Notes will be issued through DTC, to the extent so issued, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

To the extent that the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder.

The Notes are dated July 18, 2024 and bear interest from that date until July 18, 2024, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinions of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about July 18, 2024.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE BUYER’S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE TOWN WILL COVENANT IN SEPARATE UNDERTAKINGS FOR THE NOTES TO PROVIDE CERTAIN CONTINUING DISCLOSURE PURSUANT TO THE RULE. SEE “DISCLOSURE UNDERTAKINGS” HEREIN.

July 2, 2024

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

**Robert E. Leary
Town Supervisor**

TOWN BOARD

Adam Dickman..... Councilmember

Dawn Schroeder..... Councilmember

Melissa Studley..... Councilmember

Mark Burkard..... Councilmember

Diane Terranova Town Clerk

Jennifer L. Strong, Esq..... Town Attorney

Nicholas Swanson..... Director of Finance

AUDITORS

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

BOND COUNSEL

**Hodgson Russ LLP
Buffalo, New York**

MUNICIPAL ADVISOR



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

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

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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF**

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

**\$15,839,500
BOND ANTICIPATION NOTES, 2024
(the "Notes")**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Lancaster, Erie County, New York (the "Town," "County" and "State," respectively) in connection with the sale of the Town's \$15,839,500 Bond Anticipation Notes, 2024 (the "Notes").

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town's management and staff. **This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and state relief measures that have been enacted since the onset of the pandemic have served to support the operation and finances of the Town, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. 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 and continuing event, the effects of which are extremely difficult to predict and quantify going forward.**

THE NOTES

Description

The Notes are dated July 18, 2024 and will bear interest from that date until July 18, 2025, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

The Notes will be issued as registered notes and at the option of the purchaser, may be registered to DTC or may be registered in the name of the purchaser.

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State as may be selected

by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder.

Authority for and Purposes of the Notes

The Notes are being issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and pursuant to various bond resolutions that were duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds (and notes in anticipation thereof) for various capital projects in and for the Town (collectively, the “Project”). Proceeds of the Notes in the amount of \$10,275,500 along with \$795,000 of budgetary appropriations, will be used to redeem and renew, in part, an outstanding bond anticipation note of the Town that was issued on July 20, 2023, and will provide new money financing in the amount of \$5,565,000 for the various projects. Such projects, and their respective amounts, are described below.

Purpose	Date(s) Authorized	Outstanding Notes	Paydown	New Money	The Notes
Water District Improvements	4/19/2021; 4/4/2022; 5/20/2024	\$2,879,000	\$195,000	\$1,775,000	\$4,459,000
Acquisition of Highway Equipment	3/15/2021	1,330,000	155,000	-	1,175,000
Acquisition of Vehicles and Equipment (Parks and Recreation Dept.)	3/15/2021	535,000	60,000	-	475,000
Road Construction and Reconstruction (Maple Drive)	3/15/2021	240,000	15,000	-	225,000
Drainage Improvements (Meadow Lea Drive)	3/15/2021	181,000	10,000	-	171,000
Highway Culverts	3/15/2021	1,900,000	130,000	-	1,770,000
Drainage Study	3/15/2021	45,000	15,000	-	30,000
Town Hall Improvements	3/15/2021	120,000	10,000	-	110,000
Historic Building Painting	3/15/2021	95,000	10,000	-	85,000
Dog Park Facility	7/6/2021	455,000	30,000	-	425,000
Construction and Reconstruction of Various Town Culverts	3/21/2022	525,000	35,000	-	490,000
Improvements to Public Safety Building	3/21/2022	300,000	20,000	-	280,000
Various Drainage Improvements	3/21/2022	210,000	15,000	-	195,000
Improvement of facilities of the Consolidated Water District	10/17/22	1,350,000	95,000	-	1,255,000
Road Construction and Reconstruction (Warner Road)	5/1/2023	150,000	-	-	150,000
Construction and Reconstruction of Westwood Park	5/1/2023	154,500	-	400,000	554,500
Consolidated Water District (Waterlines)	5/15/2023	600,000	-	-	600,000
Walden Pond Park (Turf Field)	5/20/2024	-	-	2,300,000	2,300,000
Improvements to the Enchanted Forest	5/20/2024	-	-	150,000	150,000
South Pedestrian Bridge					
Plow Trucks	5/20/2024	-	-	630,000	630,000
Vacuum Trucks	5/20/2024	-	-	310,000	310,000
	Total:	<u>\$11,069,500</u>	<u>\$795,000</u>	<u>\$5,565,000</u>	<u>\$15,839,500</u>

Optional Redemption

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

Nature of Obligation

The Notes, when duly issued and paid for, will constitute a contract between the Town and the holder(s) thereof.

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Town, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); see "TAX INFORMATION-Tax Levy Limitation Law," herein.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without following certain prescribed procedures). The Tax Levy Limitation Law had its first application with respect to the Town's budget for fiscal year 2012-13. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See "TAX INFORMATION-Tax Levy Limitation Law," herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See "TOWN INDEBTEDNESS—Remedies Upon Default," herein.

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, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities' tax levies.

On April 12, 2019, the enacted State budget legislation for fiscal year 2020 made the Tax Levy Limitation law permanent.

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. While the Tax Levy Limitation law as originally enacted only allowed adjustment for development of taxable land, Chapter 20 of the Laws of 2015 allows the Commissioner of Taxation and Finance to adjust the calculation based on the development on tax exempt land.

A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

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 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 outside of any statutorily determined tax levy amount is not clear.

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

Book-Entry-Only System

TO THE EXTENT THAT THE NOTES ARE ISSUED IN BOOK-ENTRY-ONLY FORM, THE FOLLOWING PROVISIONS SHALL APPLY.

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

To facilitate subsequent transfers, all the Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on 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 principal and interest 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 Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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, note 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.

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

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

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

Certificated Notes

DTC may discontinue providing its services with respect to the Notes 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 Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination for the Notes. Principal of the Notes 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.

COVID-19

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

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. While several vaccines have been developed and are now being deployed world-wide, the full and continuing impact of the pandemic is difficult to predict due to uncertainties regarding its ultimate duration and severity.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve took immediate significant steps to backstop those markets and to provide much-needed liquidity, and the markets then generally stabilized. Still, given these conditions, it is possible that the process of trading the Notes in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security (“CARES”) Act of 2020 and the \$1.9 trillion American Rescue Plan Act (“ARP” or the “Arp Act”) of 2021, both of which provide funding for pandemic-related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

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

Municipal Liquidity Facility: The Federal Reserve established a “Municipal Liquidity Facility” (“MLF”) in 2020 that offered up to \$500 billion in direct federal lending to certain larger issuers, which were in turn able to use their own loan proceeds to make loans to included smaller governmental units that would not otherwise qualify for this program. The MLF expired on December 31, 2020. Most municipal issuers did not have to resort to the MLF because rates have been conducive to issuing debt through the conventional municipal bond market; however, it is notable that the MLF existed as a market backstop if needed.

State Response

Executive Orders: Pursuant to emergency powers granted by the State Legislature, former Governor Cuomo and current Governor Hochul have released a number of executive orders in response to the COVID-19 pandemic.

While initially “non-essential” employees were mandated to work from home, starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening.

As COVID-19 cases began to rise again in the fall of 2020, the State shifted to a strategy based on identifying areas with higher positivity rates and implementing successively higher restrictions in such areas. When COVID-19 cases dropped again, affected areas could be removed from the list. As of March 22, 2021, all remaining location-based restrictions were lifted.

Due to the spread of Delta and Omicron variants in the fall and winter of 2021, the State implemented a mask mandate; however, as of February 9, 2022 such State-wide mandate has been lifted.

Since increased supplies of COVID-19 vaccine have become available, the State has encouraged residents to get vaccinated and, currently, all New Yorkers five years of age or older are eligible to receive a vaccine.

Up-to-date information on the State’s COVID-19 response can be found at <https://forward.ny.gov>. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 and 2021-2022 fiscal years.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive in full, by the 2023-2024 fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments also received a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

The State enacted budget for the 2022-2023 fiscal year continues to provide increased funding for schools and local governments. School districts will benefit from a \$1.5 billion increase in Foundation Aid, continuing the phase-in to fully restore the level of Foundation Aid that was originally promised in 2007, along with a \$125 million expansion of full-day prekindergarten and a \$451 million increase in all other school aid programs. For local governments, the level of AIM funding is maintained at \$715 million, fully funding this program. Additionally, this budget puts an end to the intercept of sales tax to pay \$59 million in AIM-related payments to various villages and towns within the state. Further, the budget includes a \$32.8 billion five-year capital plan for programs and projects administered by the State Department of Transportation with a focus on investments in State and local roads and bridges primarily serving smaller municipalities. This budget continues to provide a similar level of funding for various transportation aid programs as the prior year, while also allocating \$100 million to the creation of a new "Pave our Potholes" program.

Although both the 2021-2022 and 2022-2023 State budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the Town.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, former Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows note financing for up to an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

While the continuing and future impacts of COVID-19 on the global, federal, State and local economies cannot be predicted with any certainty, the ongoing pandemic could have a significant adverse effect on the Town's finances.

Although the Town has not yet experienced any lasting adverse financial effects, it is continuing to monitor this situation and, in the absence of any future relief litigation, will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as may be needed.

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

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

Disease outbreaks or similar public health threats could have an adverse impact on the Town's financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for a further discussion of the impacts of the COVID-19 pandemic.

Inflation Reduction Act of 2022

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the "adjusted financial statement income" of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least \$1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least \$100 million in average annual earnings, determined over a three-year period. For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

The Town is dependent in part on financial assistance from the State in the form of State aid. No delay in payment of State aid to the Town is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. In some recent years, the Town received delayed payments of State aid, which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code (the "Code"). However, such opinion will note that the Town, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the Town with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated

thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax certificate that will be executed and delivered by the Town in connection with the issuance of the Notes and the tax certificate and nonarbitrage certificate that will be executed and delivered by the Town in connection with the issuance of the Notes (collectively, the “Certificates”) establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
2. The requirements contained in Code Section 148 relating to arbitrage bonds; and
3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificates, the Town will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes 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 Retirement 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 from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Town shall furnish certificates of the Town Attorney, dated the date of delivery of the Notes to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinions of Bond Counsel. Such opinions will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of *ad valorem* real property taxes to pay the Notes and interest thereon without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinions shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town which have been or may have been furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Notes, the purchaser(s) will be furnished with the following items: (i) a certificate of the Town Supervisor to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Town since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a certificate signed by the Town Supervisor evidencing payment for the Notes; (iii) a certificate signed by the Town Supervisor evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a tax certificate (for the Notes) or a tax certificate and nonarbitrage certificate (for the Notes) executed by the Town Supervisor, as described under "TAX EXEMPTION " herein.

DISCLOSURE UNDERTAKINGS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the Town will enter into Disclosure Undertaking for the Notes at closing, the form of which are attached hereto as "APPENDIX D." A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to

purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

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

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The Town has established procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through EMMA.

RATING

Moody's has assigned a rating of "MIG 1" on the Notes.

Moody's has assigned a rating of 'Aa3' to the Town's outstanding bonded indebtedness of the Town.

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Town in connection with the sale of the Notes.

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

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Director of Finance, Nick Swanson, at 21 Central Avenue, Lancaster, New York 14086, phone: (716) 601-1610, email: nswanson@lancasterny.gov or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ

materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town files with the repositories. When used in Town documents or oral presentation, the words “anticipate,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” or similar words are intended to identify forward-looking statements.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the Town, expresses no opinions as to the accuracy or completeness of information in any document prepared by or on behalf of the Town for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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.

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

By: /s/ Robert E. Leary
Robert E. Leary
Town Supervisor

DATED: July 2, 2024

APPENDIX A

THE TOWN

General Information

The Town, consisting of approximately 37 square miles, is located less than 11 miles east of the City of Buffalo. The Village of Lancaster is located wholly within the Town, as is a portion of the Village of Depew. The population of the Town is 45,060 according to U.S. Census. Major portions of the Lancaster Central School District and the Depew Union Free School District are situated within the Town, as well as minor portions of the Alden, Clarence and Iroquois Central School Districts. The New York State Thruway Interstate 90 runs through the Town. The Buffalo Niagara International Airport is located within a short distance from the Town.

The Town is largely suburban residential in character; it contains three light industrial parks in addition to fully-serviced, industrial-zoned lands. Many of the residents are employed within the Town while others find employment in the commercial and industrial activities of the City of Buffalo and throughout Western New York.

Town Government

The Town was established in 1833 by the State Legislature. There are five independently governed school districts located partially within the Town, which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as a basis for taxation of property located within the Town.

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

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

The Town Clerk and the Town Highway Superintendent are each elected for four-year terms. The Town Board appoints the Town Assessor and the Town Attorney.

Town Services

New York State Electric & Gas Corporation and National Fuel Gas provide electricity and natural gas to the Town, respectively. The water supply for the portions of the Town outside the Villages of Depew and Lancaster is provided by the Erie County Water Authority. A Town-wide water district is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such district. Erie County Sewer District No. 4 and special assessment sewer districts provide sanitary sewer services. Police protection is provided by the Town Police Department in the Town and the Village of Lancaster; the Village of Depew has its own police department. Fire protection is provided by various fire companies contracted by the Town and by the Village Fire Departments.

The Town is generally responsible for providing services as required by citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and equipment from time to time. The Town also owns and operates and maintains various recreation facilities.

Employees

The Town employs approximately 140 full-time, 140 part-time and 150 seasonal employees, some of which are represented by the following.

<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Civil Service Employees Association, Blue Collar Unit	27	12/31/2025
Civil Service Employees Association, White Collar Unit	39	12/31/2025
Police Benevolent Association, Inc. (Cayuga Club)	49	12/31/2025
Public Safety Dispatchers Union	12	12/31/2025

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employee retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. As of April 9, 2022, Tier C members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier V and VI members needed 10 years of service to be eligible for a service retirement benefit. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Except as noted below, all members hired on or after July 27, 1976 must contribute 3% of their gross annual salary toward the costs of retirement programs. The 3% contribution is waived when the employee completes ten (10) years of service.

A pension reform bill, Chapter 49 of the Laws of 2003, was enacted to change the cycle of ERS billing to match budget cycles of the Town. Under the previous method, the Town was unsure of how much it paid to the system until after the Town's budget was implemented. Under the new method the contribution for a given fiscal year will be based on the value of the pension fund in prior years.

On July 20, 2004, the New York State Legislature passed a bill amending the General Municipal Law, Local Finance Law and the Retirement and Social Security Law. On July 30, 2004, then Governor Pataki signed the new retirement system legislation into Law as Chapter 260 of the Laws of 2004. The bill moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004 and permits municipalities to establish a reserve for future anticipated contributions.

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

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

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are made in December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The Town has elected to make such payments in December of each year. However, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The following table details the Town's contractually required contributions to the ERS for the preceding five audited fiscal years for the Town's fiscal year ending December 31 (the Systems' fiscal year ending March 31), and the budgeted amount for the current fiscal year:

<u>Fiscal Year Ended 12/31</u>	<u>Systems' Fiscal Year Ended 3/31</u>	<u>ERS</u>
2024 <i>Budget</i>	2025	\$806,683
2023 <i>Budget</i>	2024	1,161,981
2022	2023	754,630
2021	2022	914,801
2020	2021	831,784
2019	2020	818,551

Source: Audited Financial Statements and 2023 and 2024 Budgets.

The following table details the Town's contractually required contributions to the PFRS for the preceding five audited fiscal years for the Town's fiscal year ending December 31 (the Systems' fiscal year ending March 31), and the budgeted amount for the current fiscal year:

<u>Fiscal Year Ended 12/31</u>	<u>Systems' Fiscal Year Ended 3/31</u>	<u>PFRS</u>
2024 <i>Budget</i>	2025	\$1,716,477
2023 <i>Budget</i>	2024	2,079,608
2022	2023	1,615,113
2021	2022	1,572,587
2020	2021	1,326,431
2019	2020	1,259,103

Source: Audited Financial Statements and 2023 and 2024 Budgets.

Due to significant capital market declines in the recent past, for several years, the State's ERS portfolios have experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rates for the State's ERS have at times been higher than the minimum contribution rate established by Chapter 49. To mitigate such increases in the employer contribution rates, legislation was enacted that would permit local governments and schools districts to amortize a portion of their required ERS pension contribution payments with the State ERS. Such legislation also requires that those local governments and school districts choosing to amortize their ERS pension contribution payments with the State ERS reserve funds for future payment increases that are a result of fluctuations in pension plan performance.

According to OSC, the 2024-25 Fiscal Year estimated average employer contribution rate for ERS will increase from 13.1% to 15.2% of payroll. The estimated average employer contribution rate for PFRS will be reduced from 27.8% to 31.2% of payroll.

As part of the 2013-14 State budget a pension smoothing option was introduced that would let municipalities amortize over seven years a portion of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs across the state. The plan, which was approved in then Governor Cuomo's 2013-14 budget, would let municipalities in the 2016-17 year contribute 14.13% of employee costs toward pensions. The Town has not opted into the pension smoothing plan.

Other Post-Employment Benefits

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

During the year ended December 31, 2022, the Town implemented GASB Statement No. 75.

The Actuarial Report summary is made part of the Independent Auditor’s Report included in Appendix C. The following table shows the components of the Town’s annual OPEB cost, the amount actually contributed to the plan and the changes in the Town’s net OPEB obligation as of December 31, 2022.

Total OPEB Liability	<u>2022</u>
Balance at December 31, 2021, as restated:	<u>\$15,623,545</u>
Changes for the year:	
Service Cost	188,705
Interest	317,271
Difference between expected and actual experience	0
Changes of assumptions	(2,366,475)
Benefit payments	<u>(825,761)</u>
Net changes in total OPEB liability	<u>(2,686,261)</u>
Net OPEB obligation – end of year	<u>\$12,937,304</u>

Should the Town be required to fund its unfunded accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to fund its OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the liability on a pay-as-you-go basis.

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

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller’s Office. Appendix B to this Official Statement presents a summary of the financial operating results of the General and Special Revenue Funds for each of the last five fiscal years ended, and budget summaries for the current and prior fiscal years.

Fund Structure and Accounts

The accounting practices of the Town conform to those prescribed by generally accepted accounting principles and by the New York State Comptroller’s Office “Uniform System of Accounts for Towns.”

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include real property taxes, state and federal aid, and sales tax.

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

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

Revenues

The Town derives a major portion of its general fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Real property taxes and other property tax items accounted for 70.07% of total general fund revenues for the fiscal year ended December 31, 2022, while State aid accounted for 11.7%.

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 the current year.

TABLE 1
Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2018	\$9,663,948	\$7,164,031	74.1%
2019	10,426,840	7,744,049	74.3%
2020	10,679,529	7,928,547	74.2%
2021	10,700,813	7,899,868	74.2%
2022	11,017,406	7,788,048	70.7%
2023 <i>Budgeted</i>	11,366,994	8,331,623	73.3%
2024 <i>Budgeted</i>	11,852,869	8,548,809	72.1%

Source: Town’s audited financial statements (2018-2022) and 2023 and 2024 Adopted Budgets.

State Aid. The Town also receives a portion of its revenues in the form of State aid (per capita and mortgage tax). For the fiscal year ended December 31, 2021, State aid represented approximately 10.7% of the total general fund revenues of the Town. However, there is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, possibly requiring either a counterbalancing increase in revenues from other sources to the extent available, a curtailment of expenditures, or some combination of the two.

The State’s finances have been adversely impacted by the COVID-19 pandemic, which may affect State aid. See “COVID-19,” herein, the further details on such pandemic and its effects on the State.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid was restored in full later in that same fiscal year.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion was intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

The State enacted budget for the 2022-2023 fiscal year continues to provide increased funding for schools and local governments. School districts will benefit from a \$1.5 billion increase in Foundation Aid, continuing the phase-in to fully restore the level of Foundation Aid that was originally promised in 2007, along with a \$125 million expansion of full-day prekindergarten and a \$451 million increase in all other school aid programs. For local governments, the level of AIM funding is maintained at \$715 million, fully funding this program. Additionally, this budget puts an end to the intercept of sales tax to pay \$59 million in AIM-related payments to various villages and towns within the state. Further, the budget includes a \$32.8 billion five-year capital plan for programs and projects administered by the State Department of Transportation with a focus on investments in State and local roads and bridges primarily serving smaller municipalities. This budget continues to provide a similar level of funding for various transportation aid programs as the prior year, while also allocating \$100 million to the creation of a new "Pave our Potholes" program.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from a \$1.4 billion increase in Foundation Aid and will benefit from a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive, by the 2023-2024 State fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments received a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal ("VLT") facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the State's 2021-2022 and 2022-2023 budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the Town. See "COVID-19," herein, for further details on the COVID-19 pandemic and its effects on the State.

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

TABLE 2
State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2018	\$9,663,948	\$960,738	9.9%
2019	10,426,840	1,111,336	10.7%
2020	10,679,529	1,252,076	11.7%
2021	10,700,813	1,527,553	11.7%
2022	11,017,406	1,415,314	12.8%
2023 <i>Budgeted</i>	11,366,994	1,293,000	11.4%
2024 <i>Budgeted</i>	11,852,869	918,000	7.7%

Source: Town's audited financial statements (2018-2022) and 2023 and 2024 Adopted Budgets.

Budget Process

The Supervisor, with the assistance of the Director of Administration and Finance, acting as Budget Officer, prepares a “tentative” budget annually and presents the same to the full Town Board by September 30th. The full Town Board then reviews and may amend the budget and adopt the “preliminary” budget. Upon adoption of this “preliminary” budget, a public hearing is called. Following this hearing final revisions are made by the full Town Board and the final budget is then adopted.

Investment Policy/Permitted Investments

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

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

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

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

TAX INFORMATION

Real Property Tax Collection Procedures and History

Tax payments are due January 15 to February 15 without penalty; February 16 to 28 with a 1.5% penalty; March 1 to 15 with a 3% penalty; March 16 to 31 with a 4.5% penalty; April 1 to 15 with a 6% penalty; April 16 to 30 with a 7.5% penalty. On May 1 the 7.5% penalty fee is added to the levy forming the tax base then due. Thereafter interest is added to the base at the rate of 1.5% per month on the first of each month.

The tax roll is returned to the County on July 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains its full tax levies for all unpaid items from the County and thus the Town is assured of receiving 100% of its tax levy.

The following table presents tax rates for each of the last six fiscal years.

TABLE 3

Tax Rates

(per \$1,000 of Assessed Valuation)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town Outside Villages	5.85	5.97	\$4.68	\$4.70	\$4.82	\$4.74
Village of Depew	2.72	2.79	2.07	2.04	2.21	2.27
Village of Lancaster	4.09	4.16	3.28	3.28	3.41	3.45
County	5.64	NA	NA	NA	NA	4.71
Lighting	0.12	0.12	0.087	0.06	0.08	0.08
Fire	1.60	1.6	1.277	1.23	1.28	1.19
Water	0.29	0.32	0.238	0.26	0.29	0.28
Refuse ⁽¹⁾	167.88	170.86	176.93	179.00	176.00	180.35

(1) Per unit charge

Source: Town Officials

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

TABLE 4

Assessed and Full Valuation

	<u>Tax Year</u> <u>2020</u>	<u>Tax Year</u> <u>2021</u>	<u>Tax Year</u> <u>2022</u>	<u>Tax Year</u> <u>2023</u>	<u>Tax Year</u> <u>2024⁽¹⁾</u>
Taxable Assessed Valuation	\$4,029,871,665	\$4,034,829,908	\$4,068,772,921	\$4,148,161,643	\$4,183,636,222
State Equalization Rate	100.00%	100.00%	87.00%	75.00%	72.00%
Full Valuation	4,029,871,665	4,034,829,908	4,676,750,484	5,530,882,191	5,810,605,864

Source: Town Assessor

(1) 2024 assessed value is preliminary.

TABLE 5

Tax Levy and Collection Record

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Total Tax Levy	\$47,684,689	\$50,536,777	\$50,309,195	\$50,127,521	\$52,979,797	\$53,487,104
Amount Collected	<u>\$45,395,296</u>	<u>\$47,421,605</u>	<u>\$50,237,142</u>	<u>\$48,255,143</u>	<u>\$51,222,967</u>	<u>\$51,346,890</u>
Returned to County:						
Amount	\$1,356,081	\$1,159,958	\$2,029,422	\$1,818,506	\$1,778,260	\$2,144,822
Percentage	2.99%	2.44%	4.04%	3.77%	3.48%	4.18%

Source: Town Clerk

(1) Town Clerk's office is accepting tax payments through the end of June, so the amount collected is subject to change.

Ten Largest Assessed Values for the 2024 Tax Year

The following table presents the total 2024 assessed valuations of the Town's largest property owners for the 2024 tax levy.

TABLE 6
Assessed Valuations

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
Transit Road Apartments LLC	Apartments	\$29,160,000	0.70%
Juniper Boulevard LLC	Apartments	17,100,000	0.41%
Benderson Lancaster Associates	Commercial	15,370,000	0.37%
5828 Broadway LLC	Apartments	14,645,000	0.35%
NYS Electric & Gas Corporation	Utility	12,574,304	0.30%
Nextere Property Tax Dept	Utility	11,086,466	0.26%
5828 Broadway LLC	Apartments	10,960,000	0.26%
CCP Harris Hill 7582 LLC	Aged Home	10,500,000	0.25%
Wal-Mart Stores East LP	Commercial	9,560,000	0.23%
Belvedere Apartments	Apartments	<u>9,500,000</u>	<u>0.23%</u>
	Total:	<u>\$140,455,770</u>	<u>3.36%</u>

(1) The total assessed taxable valuation of the Town for the 2024 Assessment Roll \$4,183,636,222.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as “No Designation” (<https://www1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>).

New York State Comptroller’s Audit

Many municipalities throughout the state can be subject to an audit of the New York State Office of the Comptroller (“OSC”) pursuant to Article V, Section 1 of the State Constitution and the State Comptroller’s authority as set forth in Article 3 of the New York State General Municipal Law.

An audit was conducted by OSC and was released on August 17, 2018. The purpose of the audit was to determine whether the Board ensured Information Technology (IT) assets were properly safeguarded and

secured. The complete report (including the Town's response) can be obtained from OSC's website. <https://www.osc.state.ny.us/files/local-government/audits/pdf/lgsa-audit-town-2018-lancaster.pdf>

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal years periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several purposes for which it is contracted, unless the Town determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "THE NOTES-Nature of Obligation," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds and notes, 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 of such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

The Local Finance Law also provides a 20-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town typically complies with such procedures. It is a procedure that is recommended by bond counsel, but it not an absolute requirement.

Each bond resolution 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 and notes

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (generally) 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. Additionally, in response to the COVID-19 pandemic, legislation has been adopted that allows certain bond anticipation notes originally issued between 2015 and 2021 to be renewed up to seven years prior to the issuance of serial bonds.

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

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

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 five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town.

TABLE 7
Constitutional Debt Limit

<u>Roll Year</u>	<u>Rate Year</u>	<u>Assessed Valuation</u>	<u>Equalization Ratio</u>	<u>Full Valuation</u>
2019	2020	\$4,029,871,665	100.00%	\$4,029,871,665
2020	2021	4,034,829,908	100.00%	4,034,829,908
2021	2022	4,068,772,921	87.00%	4,676,750,484
2022	2023	4,148,161,643	75.00%	5,530,882,191
2023	2024	4,183,636,222	72.00%	<u>5,810,605,864</u>
Total Five-Year Valuation				\$24,035,920,424
Average Five-Year Valuation				\$4,807,184,085
Debt Limit – 7% of Average Full Valuation				\$336,502,886

Source: Town Assessor's Office and the New York State Office of Real Property Services.

Statement of Debt Contracting Power

The following table sets forth the debt limit of the Town, as of July 2, 2024:

Debt Contracting Limitation	\$336,502,886
Gross Direct Indebtedness	
Serial Bonds	\$20,400,000
Bond Anticipation Notes	<u>11,069,500</u>
Total Gross Direct Indebtedness	\$31,469,500
Exclusions and Deductions	
Water Bonds	\$5,793,000
Water BANs	<u>4,229,000</u>
Total Exclusions:	\$10,022,000
Total Net Indebtedness	<u>\$21,447,500</u>
Net Debt-Contracting Margin	<u>\$315,055,386</u>
Percentage of Debt-Contracting Margin Exhausted	<u>6.37%</u>

Remedies Upon Default

Under current law, provision is made for contract creditors (including the holders of the Notes) of the Town to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

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

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

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

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

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for each of the five prior fiscal years for which audited financial statements are available.

TABLE 9
Outstanding Indebtedness

Debt Outstanding

<u>December 31:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$17,060,000	\$17,980,000	\$25,479,900	\$22,989,900	\$20,400,000
Bond Anticipation Notes	<u>15,655,000</u>	<u>10,470,000</u>	<u>7,856,000</u>	<u>9,391,000</u>	<u>11,069,500</u>
Total Outstanding Debt	\$32,715,000	\$28,450,000	\$33,335,900	\$32,380,900	<u>\$31,469,500</u>

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 10
Statement of Direct and Overlapping Indebtedness

Direct Debt

Gross Direct Debt	\$31,469,500
Exclusions & Deductions	<u>(10,022,000)</u>
Net Direct Debt	<u>\$21,447,500</u>

Overlapping Debt

<u>Issuer</u>	<u>As of:</u>	<u>Net Debt</u>	<u>Town Share</u>	<u>Amount Applicable</u>
		<u>Outstanding</u>		<u>to Town</u>
Erie County	06/30/23	\$271,059,571	5.57%	\$15,098,018
Village of Lancaster	05/31/23	5,555,990	100.00%	5,555,990
Village of Depew	05/31/23	9,441,505	23.54%	2,222,530
Lancaster CSD	05/07/24	86,625,000	86.60%	75,017,250
Depew UFSD	11/28/23	29,255,000	30.48%	8,916,924
Clarence CSD	12/27/23	13,106,860	1.85%	242,477
Alden CSD	12/27/23	2,967,316	7.01%	208,009
Iroquois CSD	12/19/23	20,935,000	0.67%	<u>140,265</u>
Net Overlapping Debt				\$107,401,463
Net Direct Debt				<u>\$21,447,500</u>
				<u>\$128,848,963</u>

Source: NYS Comptroller's Office

Short-Term Indebtedness

Following the Issuance of the Notes, the Town will have \$15,839,500 in bond anticipation notes outstanding for various projects, which will mature on July 18, 2025.

Authorized but Unissued Indebtedness

Following the issuance of the Notes, the Town will have \$4,326,000 authorized but unissued relating to bond resolutions adopted by the Town Board on May 15, 2023.

Debt Ratios

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

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$21,447,500	\$476	0.37%
Net Direct & Overlapping Debt	\$128,848,963	\$2,859	2.22%

(1) The population of the Town is 45,060 according to the 2023 Census.

(2) The Town's full value of taxable real property for assessment roll for 2024 is \$5,810,605,864.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness for the fiscal years ending as follows:

TABLE 12
Bond Principal and Interest Maturity

(As of July 2, 2024)

<u>Fiscal Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$2,605,000	\$358,384	\$2,963,384
2025	2,695,000	587,144	3,282,144
2026	2,500,000	452,719	2,952,719
2027	1,435,000	345,888	1,780,888
2028	1,460,000	292,438	1,752,438
2029	1,230,000	237,588	1,467,588
2030	1,080,000	195,838	1,275,838
2031	805,000	162,738	967,738
2032	570,000	140,513	710,513
2033	445,000	125,763	570,763
2034	420,000	113,463	533,463
2035	350,000	105,063	455,063
2036	350,000	98,063	448,063
2037	315,000	91,063	406,063
2038	320,000	84,763	404,763
2039	320,000	78,363	398,363
2040	325,000	71,963	396,963
2041	330,000	65,463	395,463
2042	335,000	58,863	393,863
2043	340,000	52,163	392,163
2044	345,000	45,363	390,363
2045	350,000	38,463	388,463
2046	340,000	31,463	371,463
2047	230,000	24,663	254,663
2048	235,000	19,775	254,775
2049	235,000	14,781	249,781
2050	235,000	9,788	244,788
2051	200,000	4,500	204,500
Total:	<u>\$20,400,000</u>	<u>\$3,907,039</u>	<u>\$24,307,039</u>

ECONOMIC AND DEMOGRAPHIC DATA

Population

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

TABLE 13
Population Trend

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u>
Town	41,604	45,106	8.4%
County	919,040	954,236	3.8%
State	19,378,102	20,201,249	4.3%

Source: U.S. Census

Employment and Unemployment

The following tables provide information concerning employment in the Town, County and State. Data provided for the County and the State may not be representative of the Town.

TABLE 14
Large Commercial and Industrial Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Lancaster Central School District	Education	1,782
C & S Wholesale Grocers, Inc.	Warehouse	867
Greenfield Health & Rehab. Center	Health Care	350
Ecology and Environment, Inc.	Environmental Counseling	340

Source: Lancaster Chamber of Commerce

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Town	23.0	21.5	22.1	22.6	22.9
County	434.8	405.7	416.7	426.9	432.7
State	9,470.4	8,628.0	8,857.0	9,178.6	9,307.0

Source: New York State Department of Labor.

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2019	3.3%	4.1%	3.9%
2020	7.5%	9.2%	9.8%
2021	4.4%	5.5%	7.1%
2022	3.0%	3.7%	4.3%
2023	3.0%	3.8%	4.2%

Source: New York State Department of Labor.

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
May 2023	2.6%	3.0%	3.9%
June	2.7%	3.3%	4.1%
July	2.8%	3.5%	4.2%
August	3.2%	3.7%	4.5%
September	3.0%	4.1%	4.2%
October	3.2%	3.8%	4.4%
November	3.2%	4.0%	4.2%
December	3.5%	4.0%	4.4%
January 2024	3.9%	4.6%	4.3%
February	4.1%	4.7%	4.5%
March	3.8%	4.4%	4.2%
April	3.3%	3.9%	3.9%

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

Wealth Statistics

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	\$85,586	\$68,014	\$81,386
Per Capita Income	47,926	39,703	47,173

Source: United States Census Bureau.

Financial Institutions

There are several banks in the Town including Alden State Bank, Bank of America, Citizens Bank, KeyBank, Bank of Akron, Evans National Bank and M&T Bank.

Communication

The Town is served by the major metropolitan area newspapers, radio and television stations. In addition, the Town has one local newspaper, the “Lancaster Bee.” Following a merger with Time Warner Cable, Charter Communication, Inc. provides cable service to the Town.

Transportation

Transportation facilities include an excellent network of highways, the New York State Thruway Interstate 90, and the Metro Bus System. Several major airlines operating from the Buffalo-Niagara International Airport and the Niagara Falls International Airport also serve the area. These facilities make the Town easily accessible to the large diversified industrial area of the Niagara Frontier.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. Town officials (after consulting with the Town Attorney) do not believe, however, that adverse decisions in such suits either individually or in the aggregate, would have a materially adverse effect on the financial condition of the Town.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

TOWN OF LANCASTER, NEW YORK
Comparative Balance Sheets
Fiscal Years Ended December 31:

	<u>General Fund</u>		<u>Special Revenue Fund</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Assets:				
Cash	\$4,983,116	\$2,699,966	\$7,213,523	\$6,697,573
Restricted Cash	506,881	2,955,785	5,553,062	5,838,600
Deposits	17,401	17,401	0	0
Receivables	67,933	48,899	7,714	1,647
	0	1,079,923		0
Intergovernment Receivables	0	7,106	648,416	710,490
Due from Other Funds	1,402,684	2,600,179	111,516	278,144
Prepaid Expenitures	0	105,609	0	485,349
	<u>0</u>	<u>105,609</u>	<u>0</u>	<u>485,349</u>
Total Assets	<u>\$6,978,015</u>	<u>\$9,514,868</u>	<u>\$13,534,231</u>	<u>\$14,011,803</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$256,481	\$342,657	\$305,695	\$373,523
Accrued Liabilities	58,231	168,257	152,545	544,734
Due to Other Funds	175,278	0	0	0
	0	2,442,351		0
Due to retirement system	331,302	0	1,571,916	0
Other	1,401,122	0		0
	<u>1,401,122</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$2,222,414</u>	<u>\$2,953,265</u>	<u>\$2,030,156</u>	<u>\$918,257</u>
Deferred Inflow of Resources	<u>0</u>	<u>989,632</u>		<u>\$0</u>
Fund Equity:				
Nonspendable	0	105,609	0	485,369
Restricted	501,184	513,434	5,553,062	5,838,600
Assigned	724,514	700,000	5,951,013	6,769,597
Unassigned	3,529,903	4,252,928	0	0
	<u>3,529,903</u>	<u>4,252,928</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>4,755,601</u>	<u>5,571,971</u>	<u>11,504,075</u>	<u>13,093,566</u>
Total Liabilities and Fund Balance	<u>\$6,978,015</u>	<u>\$9,514,868</u>	<u>\$13,534,231</u>	<u>\$14,011,823</u>

TOWN OF LANCASTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
GENERAL FUND
Fiscal Years Ended December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Real Property Taxes	\$7,164,031	\$7,744,049	\$7,928,547	\$7,899,868	\$7,788,048
Other Property Tax Items	437,656	431,358	465,794	458,163	552,367
Departmental Income	280,857	299,875	157,726	174,580	207,648
Intergovernmental Charges	9,950	17,575	7,450	23,147	400
Use of Money and Property	322,418	357,135	197,216	210,822	287,335
Licenses & Permits	117,379	123,871	86,003	83,364	83,272
Fines & Forfeitures	309,000	236,841	141,158	157,766	195,583
Sale of Property & Comp. for Loss	34,025	32,928	6,522	2,676	47,540
Miscellaneous	27,894	21,182	24,396	162,874	80,004
State aid	960,738	1,111,336	1,252,076	1,527,553	1,415,314
Federal aid	0	50,690	412,641	0	359,895
Total Revenues	<u>\$9,663,948</u>	<u>\$10,426,840</u>	<u>\$10,679,529</u>	<u>\$10,700,813</u>	<u>\$11,017,406</u>
Expenditures and Other Uses					
General Government Support	\$3,389,670	\$4,262,739	\$4,011,797	\$3,793,376	\$3,745,097
Public Safety	116,062	164,399	157,602	137,023	134,139
Health	63,892	65,278	68,864	67,070	103,147
Transportation	135,110	170,340	181,356	198,175	186,560
Culture & Recreation	2,150,013	2,145,377	1,741,192	1,891,675	2,133,769
Home & Community Service	604,417	531,582	573,913	383,282	445,879
Employee Benefits	919,736	984,305	1,079,951	925,058	949,025
Debt Service - Principal	1,040,889	1,068,812	1,498,836	967,466	996,408
Debt Service - Interest	459,200	413,591	322,153	373,627	315,915
Total Expenditures	<u>\$8,878,989</u>	<u>\$9,806,423</u>	<u>\$9,635,664</u>	<u>\$8,736,752</u>	<u>\$9,009,939</u>
Excess (Deficiency) of					
Revenues over Expenditures	784,959	620,417	1,043,865	1,964,061	2,007,467
Other Financing Sources (Uses)					
Transfers In	14,578	0	0	0	0
Transfers Out	(822,989)	(880,260)	(882,941)	(824,623)	(1,314,777)
Premium on serial bond issuance	0	0	2,581	0	0
Total other financing sources (uses)	<u>(808,411)</u>	<u>(880,260)</u>	<u>(880,360)</u>	<u>(824,623)</u>	<u>(1,314,777)</u>
Net Change in Fund Balances	(23,452)	(259,843)	163,505	1,139,438	692,690
Fund Balance - Beginning of Year	<u>3,735,953</u>	<u>3,712,501</u>	<u>3,452,658</u>	<u>3,616,163</u>	<u>4,879,281</u>
Fund Balance - End of Year	<u>\$3,712,501</u>	<u>\$3,452,658</u>	<u>\$3,616,163</u>	<u>\$4,755,601</u>	<u>\$5,571,971</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2018-2022
Summary is not subject to audit.

TOWN OF LANCASTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
SPECIAL REVENUE FUNDS
Fiscal Years Ended December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Real Property Taxes	\$11,474,279	\$11,433,913	\$11,627,128	\$12,341,370	\$12,504,061
Real Property Tax Items	432,168	409,553	418,565	371,913	361,818
Nonproperty Tax Items	4,725,902	4,853,728	4,649,494	5,617,792	5,926,816
Departmental Income	7,596	6,610	17,605	10,253	10,481
Intergovernmental Charges	1,280,007	1,343,267	1,195,723	1,399,878	1,951,380
Use of Money and Property	132,536	154,025	396,207	251,575	248,106
Fines & Forfeitures	3,776	18,713	10,435	1,326	0
Sale of Property	104,954	138,028	73,286	39,777	97,700
Miscellaneous	101,191	372,179	51,983	3,210	2,028
State aid	134,321	119,122	85,548	167,257	232,788
Federal aid	21,939	21,515	10,186	8,265	28,770
Total Revenues	<u>\$18,418,669</u>	<u>\$18,870,653</u>	<u>\$18,536,160</u>	<u>\$20,212,616</u>	<u>\$21,363,948</u>
Expenditures and Other Uses					
General Government Support	677	139,219	13,651	12,349	5,105
Public Safety	10,116,242	10,513,846	10,568,370	10,766,426	11,415,825
Transportation	3,097,195	3,296,231	2,454,324	2,658,405	3,105,193
Home & Community Service	0	0	0	0	0
Employee Benefits	2,846,529	2,840,188	2,971,317	3,264,658	3,151,338
Debt Service	383,879	385,354	396,680	512,294	575,234
Total Expenditures	<u>16,444,522</u>	<u>17,174,838</u>	<u>16,404,342</u>	<u>17,214,132</u>	<u>18,252,695</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	1,974,147	1,695,815	2,131,818	2,998,484	3,111,253
Other Financing Sources (Uses)					
Transfers in	281,914	527,454	290,000	300,000	659,895
Transfers out	(2,050,728)	(2,107,754)	(2,228,561)	(1,739,569)	(2,181,657)
Premium on serial bond issuance	0	0	2,347	0	0
Total Other Financing Sources (Uses)	0 (1,768,814) 0	0 (1,580,300) 0	0 (1,938,561) 0	0 (1,439,569) 0	0 (1,521,762) 0
Net Change in Fund Balance	0 205,333 0	0 115,515 0	0 195,604 0	0 1,558,915 0	0 1,589,491 0
Fund Balance - Beginning of Year	<u>Fund Balance - E</u>	<u>205,333</u>	<u>320,848</u>	<u>9,945,160</u>	<u>11,504,075</u>
Fund Balance - End of Year	<u>\$205,333</u>	<u>\$320,848</u>	<u>\$516,452</u>	<u>\$11,504,075</u>	<u>\$13,093,566</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2018-2022
Summary is not subject to audit.

**Town of Lancaster, New York
Budget Summary**

GENERAL FUND

	<u>2023</u>	<u>2024</u>
Estimated Revenues:		
Real Property Taxes	\$ 8,331,623	\$ 8,548,809
Real Property Tax Items	415,961	548,300
Departmental Income	243,100	189,500
Intergovernmental Charges	35,500	1,000
Use of Money and Property	245,660	305,660
Licenses and Permits	78,600	78,600
Fines and Forfeitures	150,550	150,000
Sale of Property	3,000	3,000
Miscellaneous	20,000	20,000
State Aid	1,293,000	918,000
Appropriated Fund Balance & Reserves	550,000	1,090,000
Total Estimated Revenues	11,366,994	11,852,869

Budget Appropriations:		
General Government Support	\$4,192,125	\$4,323,407
Public Safety	179,310	155,491
Health	93,650	106,650
Transportation	255,350	253,107
Culture and Recreation	2,380,440	2,498,353
Home and Community Service	534,707	623,075
Employee Benefits	1,328,840	1,321,100
Debt Service	1,465,505	1,505,886
Interfund Transfer	981,500	1,065,800
Total Budget Appropriations	\$11,411,427	\$11,852,869

SUMMARY OF GENERAL, HIGHWAY and POLICE FUNDS

	<u>Appropriation</u>	<u>Revenue</u>	<u>Appropriated Fund Balance</u>	<u>Appropriated Reserves</u>	<u>Amount Raised By Taxes</u>
General Fund	\$11,852,869	\$2,214,060	\$1,090,000	\$0	\$8,548,809
Town Outside Villages	1,683,897	976,095	624,000	0	\$83,802
Highway Funds	6,512,329	476,900	1,234,100	0	\$4,801,329
Police	13,414,804	8,053,300	965,000	0	\$4,396,504
TOTALS	\$33,463,899	\$11,720,355	\$3,913,100	\$0	\$17,830,444

Source: Budget summary extracted from Annual Budgets as adopted.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

**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/P11677716-P11291335-P11721264.pdf>

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

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

APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Town of Lancaster, Erie County, New York (the “Issuer”) in connection with the issuance of its \$[15,839,500] Bond Anticipation Note(s), 2024 or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond (or Note) calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been

assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

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

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

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

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms.

