

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 3, 2026

SERIAL BONDS

MOODY'S RATING: "Aa3"

In the opinion of Orrick, Herrington & Sutcliffe LLP, of New York, New York, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from federal corporate alternative minimum tax. Bond Counsel is also of the opinion that such interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**TOWN OF PEMBROKE
GENESEE COUNTY, NEW YORK
(the "Town")**

\$4,000,000

**PUBLIC IMPROVEMENT (SERIAL) BONDS, 2026
(the "Bonds")
(Designated / Bank Qualified)**

Dated: March 25, 2026

**Principal Due: March 15, 2027 / 2050, inclusive
Interest Due: September 15, 2026 and semi-annually
thereafter on March 15 and September 15 in each
year until maturity (or earlier redemption)**

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2027	\$100,000				2039	\$160,000			
2028	105,000				2040	170,000			
2029	110,000				2041	175,000			
2030	115,000				2042	185,000			
2031	115,000				2043	190,000			
2032	120,000				2044	200,000			
2033	125,000				2045	210,000			
2034	130,000				2046	220,000			
2035	140,000				2047	230,000			
2036	145,000				2048	240,000			
2037	150,000				2049	250,000			
2038	155,000				2050	260,000			

* Subject to adjustment by the Town in accordance with the Notice of Private Competitive Bond Sale, to accomplish substantially level or declining annual debt service, as provided by the Local Finance Law.

Security and Source of Payment: The Bonds are general obligations of the Town and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, all the taxable real property within the Town is subject to the levy of *ad valorem* taxes to pay the principal and interest thereon, without limitation as to rate or amount (subject to certain applicable statutory limitations imposed by Chapter 97 of the 2011 Laws of New York

(the “Tax Levy Limitation Law”); see “NATURE OF OBLIGATION” and “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law,” herein).

Prior Redemption: The Bonds maturing on or before March 15, 2034 will not be subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2035 will be subject to redemption prior to maturity, at the option of the Town, on March 15, 2034 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected at random within a maturity), at par (100%), plus accrued interest to the date of redemption.

Form and Denomination: The Bonds will initially be issued in registered certificated form or at the option of the purchaser, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. The Bonds may be issued in denominations of \$5,000 each or multiples thereof, as may be determined by the purchaser, as stated below.

If the Bonds will be issued in book-entry form, the Bonds will be registered in the name of Cede & Co. as nominee of DTC. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. Payment of the principal of and interest on the Bonds to the Beneficial Owner of the Bonds will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See “THE BONDS - Book-Entry-Only System,” herein.

If the Bonds are issued in registered certificated form, payment of the principal and interest on the Bonds will be payable in Federal Funds at the principal corporate trust office of a bank(s) or trust company(ies) located and authorized to do business in the State of New York and to act as a fiscal agent in the State of New York as may be selected by the successful bidder(s), as an expense thereof.

The Bonds bear interest from March 25, 2026, with interest thereon payable on September 15, 2026 and semi-annually thereafter on March 15 and September 15 in each year until maturity (or earlier redemption). The Bonds mature on March 15 in each year commencing March 15, 2027.

The record date for the Bonds is the last business day of the calendar month immediately preceding each respective interest payment date.

Proposals for the Bonds shall be for not less than \$4,000,000 and accrued interest, if any, on the total principal amount of the Bonds.

Electronic bids for the Bonds may be submitted via iPreo’s Parity Electronic Bid Submission System (“PARITY”) on March 11, 2026 until 11:30 a.m. eastern time. Sealed and facsimile proposals will also be accepted in accordance with the terms stated in the Notice of Private Competitive Bond Sale which accompanies this Official Statement. No bids will be accepted after the time for receiving bids as detailed above.

The Bonds are offered when, as and if issued and received by the purchaser thereof and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York and certain other conditions. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such place as may be agreed upon with purchaser, on or about March 25, 2026.

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 OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE (SEE “LIMITED CONTINUING DISCLOSURE UNDERTAKING” HEREIN).

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GENESEE COUNTY, NEW YORK**

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* * *

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* * *

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

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OFFICIAL STATEMENT
TOWN OF PEMBROKE
GENESEE COUNTY, NEW YORK
(the “Town”)

\$4,000,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2026
(the “Bonds”)
(Designated / Bank Qualified)

This Official Statement, which includes the cover page and appendices hereto (the “Official Statement”), presents certain information relating to the Town of Pembroke, Genesee County, New York (the “Town,” “County,” and “State,” respectively) in connection with the sale of the Town’s \$4,000,000 Public Improvement (Serial) Bonds, 2026 (the “Bonds”).

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 Bond and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

NATURE OF OBLIGATION

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

Holders of any series of bonds of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of bonds or notes.

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy *ad valorem* taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). 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 local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real property taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State 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 this is what the courts have held they mean . . . 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 and 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 (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold. See also “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law,” herein.

THE BONDS

Description of the Bonds

The Bonds comprise an issue in the aggregate principal amount of \$4,000,000 dated the date of delivery and will mature in annual installments beginning on March 15, 2027 as set forth on the cover page hereof. The Bonds bear interest from their date of delivery, with interest thereon payable on September 15, 2026 and semi-annually thereafter on March 15 and September 15 in each year until maturity (or earlier redemption).

The Bonds will be issued in either: (i) registered non-book entry form only (registered certificated), in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder with principal and interest payable in

Federal Funds or (ii) in book-entry form, and, if so issued, registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. See “Book-Entry Only System,” herein. A single bond will be issued for all Bonds bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Bonds. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Town directly to DTC for its nominee, Cede & Co.

The record date of the Bonds will be the last business day of the calendar month preceding each interest payment date.

Optional Redemption

The Bonds maturing on or before March 15, 2034 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after March 15, 2035 will be subject to redemption prior to maturity, at the option of the Town, on March 15, 2034 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%) plus accrued interest to the date of redemption. Notice of the call for such redemption shall be given by mailing such notice to the registered owners thereof not more than sixty (60) days nor less than thirty (30) days prior to the designated redemption date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such notice of redemption, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Town Supervisor.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Local Finance Law and the Town Law, and pursuant to a bond resolution that was duly adopted by the Town Board on February 22, 2024 authorizing the issuance of up to \$5,727,230 in serial bonds to finance the replacement of the Town’s existing highway garage. The proceeds of the Bonds will be used to redeem and retire an outstanding \$4,000,000 bond anticipation note of the Town issued on March 27, 2025.

Book-Entry-Only System

If DTC acts as securities depository for the Bonds, the Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each bond bearing the same CUSIP number and interest rate 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 may be obtained from the website of The Depository Trust Company. Reference to the website implies no warranty of the accuracy of the information contained therein, and the material therein are not included by reference.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Town or Agent on payable date in accordance with their respective holdings shown on DTC's records.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds 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. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of the DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS: (1) PAYMENTS OF PRINCIPAL OF

OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

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

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

Certificated Notes in Certain Circumstances

If DTC is initially utilized, DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued and has been utilized by the purchaser(s), the following provisions will apply: the Bonds will be issued in registered certificated form in denominations of \$5,000 each or any integral multiple thereof, as may be designated by the purchaser(s). Principal of and interest on the Bonds, when due, will be payable at the principal corporate trust office of a bank or trust company located and authorized to do business and to act as a fiscal agent in the State of New York to be named by the Town. In all other respects, the terms of the Bonds will remain the same.

Special Provisions Affecting Remedies Upon Default

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. 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 certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the 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, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

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

The rights of the owners of Bonds to receive interest and principal from the Town could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law as described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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

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

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

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

Several municipalities in the State are presently working with the FRB. School districts and fire districts are not eligible for FRB assistance. The Town has not applied to the FRB and does not reasonably expect to do so in the foreseeable future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service, but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “NATURE OF OBLIGATION” and “State Debt Moratorium Law,” herein.

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

THE TOWN

General Information

The Town, incorporated in 1812, with an area of approximately 41.7 square miles and a population of 4,264 (2020 U.S. Census), located in the westernmost portion of Genesee County, adjacent to Erie County, 30 miles east of the City of Buffalo and 46 miles west of the City of Rochester. The Town includes the incorporated Village of Corfu (the “Village”). The New York State Thruway as well as New York State Routes 5, 33 and 77 run directly through the Town. Air transportation is available from either the Buffalo Niagara or Rochester International Airports.

The Town is primarily a suburban residential and agricultural community. Area residents find employment in the cities of Buffalo and Rochester and within the County. The Town has experienced continued growth over the past five years given its proximity to these two larger cities and being an interchange on the New York State Thruway. Two large-scale warehouse projects, at a combined investment of over \$50 million, have recently been completed and are now fully operational. Additionally, the Town has issued site-plan approval to a developer for a project consisting of up to 1 million square feet of additional warehouse space in the same interchange area. The Town expects to see continued commercial and residential investments in the area.

Electricity is provided through National Grid and natural gas is supplied by National Fuel Gas. Water services are provided by the Monroe County Water Authority. Police protection is provided by the Village Police Department, Genesee

County Sheriff's Department, and the New York State Police. Fire protection is provided by three fire districts and one volunteer fire company within the Town.

Three independently governed school districts, Akron, Oakfield-Alabama and Pembroke Central School Districts, are located wholly 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 their basis for taxation of property located within the Town. Higher education opportunities are available at Genesee Community College, Erie Community College, Daemen College, the State University of New York (SUNY) Buffalo, Canisius College, SUNY Brockport and many other colleges and universities located in Buffalo and Rochester.

Source: Town Officials.

Governmental Organization

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

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

Source: Town Officials.

Employees

The Town provides services through approximately 9 full-time employees, 28 part-time and, 3 seasonal employees, none of whom are represented by organized labor.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Town, the County, and State and the United States.

Population				
<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	4,232	60,060	17,990,455	249,632,692
2000	4,530	60,379	18,976,457	281,421,906
2010	4,292	60,079	19,378,102	308,745,538
2020	4,264	58,388	20,201,249	331,449,281

Source: U.S. Census Bureau.

Median Household Income				
<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$30,488	\$30,955	\$32,965	\$30,056
2000	41,266	40,542	43,393	41,994
2020 – 2024	91,534	73,314	85,974	80,734

Source: US Census Bureau, American Community Survey (2020 – 2024).

Per Capita Income

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$11,649	\$12,705	\$16,501	\$14,420
2000	17,148	18,498	23,389	21,587
2020 – 2024	38,814	37,602	50,712	44,673

Source: US Census Bureau, American Community Survey (2020 – 2024).

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2020	7.2%	9.8%	8.1%
2021	4.3	7.1	5.3
2022	3.2	4.3	3.6
2023	3.2	4.1	3.6
2024	3.4	4.3	4.0

2025 Monthly Rates:

January	4.3%	4.6%	4.4%
February	4.6	4.3	4.5
March	3.9	4.1	4.2
April	2.8	3.7	3.9
May	2.5	3.5	4.0
June	2.7	3.8	4.4
July	3.1	4.6	4.6
August	3.4	4.7	4.5
September	3.2	4.7	4.3
October	N/A	N/A	N/A
November	3.3	4.5	4.3
December	3.5	4.4	4.1

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

Note: Information for October 2025 is not available due to the federal government shutdown that occurred during this period.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated No. of Employees</u>
Pembroke Central School District	Public Education	201
Yancy's Fancy	Cheese Manufacturer	150
Amazon	Warehouse	145
Edward Arnold Scrap Processors	Scrap Processing	75
Flying J Travel Plaza	Travel Center	65
Travel Centers of America	Travel Center	61
Nexgistics	Logistics	52

Source: Town Officials.

Building Permits

	Fiscal Year Ending December 31:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Residential:</u>					
One Family Units	3	0	5	10	8
Other Residential Permits	90	64	88	64	7
Estimated Value	\$1,785,000	\$1,023,800	\$2,760,000	\$4,645,000	\$5,348,260
<u>Commercial:</u>					
Number of Permits	3	10	9	11	7
Estimated Value	\$647,000	\$6,748,000	\$7,340,700	\$39,400,000	\$6,707,066
<u>Yearly Total:</u>					
Number of Permits	96	74	102	85	22
Estimated Value	\$2,432,000	\$7,771,800	\$10,100,700	\$44,045,000	\$12,055,326

Source: Town Officials.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

Payment and Maturity: Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year 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 objects or purposes as determined by statute or the weighted average maturity thereof; unless substantially

level or declining annual debt service is authorized by the Town Board and utilized, no installment may be more than fifty percent in excess of the smaller prior installment. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization of its serial bonds and such required annual installments on its notes.

General: The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real property for the payment of interest on or principal of indebtedness theretofore contracted. See “NATURE OF OBLIGATION” and “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law” herein.

Statutory Procedure

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

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

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

and an action contesting such validity is commenced within twenty days after the date of such publication, or

- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions, the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Statutory law in New York permits bond anticipation notes to be renewed each year, provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance of such notes and provided, generally, that such renewals do not exceed 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 principal reductions 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. (See “Payment and Maturity,” under “Constitutional Requirements” herein, and the “Details of Short-Term Indebtedness Outstanding,” herein.)

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

Debt Limit

The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real property of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining full valuation is by taking the total assessed valuation of taxable real property for the last completed assessment roll of the Town and dividing the same by the equalization rate, or 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. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

The following pages present certain details with respect to the indebtedness of the Town as of the date of this Official Statement.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Town has the following outstanding short-term indebtedness:

<u>Type</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Amount</u>
BAN	3/26/2026	Highway Garage	\$4,000,000 ¹

Source: Town Note Records.

Notes: ¹ To be redeemed and retired with the proceeds of this issue.

Revenue and Tax Anticipation Notes

The Town has not found it necessary to borrow in anticipation of taxes or revenues in recent years. As of the date of this Official Statement, Town officials do not anticipate that a cash flow borrowing, nor budget or deficiency notes will be necessary in the foreseeable future.

Status of Outstanding Bond Issues

Year of Issue:	2020 ¹	2022
Amount Issued	\$2,335,000	\$3,063,515
Last Maturity:	7/15/2046	10/1/2037
Interest Rate:	1.00% - 2.75% / Ref. SB	4.00% / SB
Purpose:	Water Districts No. 1 & No. 2	Sewer Districts No. 1 & No. 2
Balance Principal 12/31/25:	\$1,880,000	\$2,505,000

Fiscal Year				
Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$90,000	\$41,675	\$205,000	\$100,200
2027	90,000	40,550	215,000	92,000
2028	95,000	39,425	220,000	83,400
2029	90,000	38,238	230,000	74,600
2030	95,000	36,438	240,000	65,400
2031	95,000	34,538	250,000	55,800
2032	100,000	30,738	260,000	45,800
2033	105,000	26,738	270,000	35,400
2034	110,000	24,638	285,000	24,600
2035	110,000	22,438	105,000	13,200
2036	110,000	20,238	110,000	9,000
2037	115,000	18,038	115,000	4,600
2038	120,000	15,594		
2039	120,000	13,044		
2040	125,000	10,344		
2041	125,000	7,531		
2042	125,000	4,563		
2043	15,000	1,594		
2044	15,000	1,219		
2045	15,000	825		
2046	15,000	413		
Totals:	<u>\$1,880,000</u>	<u>\$428,813</u>	<u>\$2,505,000</u>	<u>\$604,000</u>

Note: ¹ Economically defeased the 2021 through 2042 maturities of the 2004 USDA Rural Development bonds and 2021 through 2046 maturities of the 2008 USDA Rural Development bonds.

Total Annual Bond Principal and Interest Due

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>	<u>% Paid</u>
2026	\$295,000	\$141,875	\$436,875	6.73%
2027	305,000	132,550	437,550	13.68%
2028	315,000	122,825	437,825	20.87%
2029	320,000	112,838	432,838	28.16%
2030	335,000	101,838	436,838	35.80%
2031	345,000	90,338	435,338	43.67%
2032	360,000	76,538	436,538	51.88%
2033	375,000	62,138	437,138	60.43%
2034	395,000	49,238	444,238	69.44%
2035	215,000	35,638	250,638	74.34%
2036	220,000	29,238	249,238	79.36%
2037	230,000	22,638	252,638	84.61%
2038	120,000	15,594	135,594	87.34%
2039	120,000	13,044	133,044	90.08%
2040	125,000	10,344	135,344	92.93%
2041	125,000	7,531	132,531	95.78%
2042	125,000	4,563	129,563	98.63%
2043	15,000	1,594	16,594	98.97%
2044	15,000	1,219	16,219	99.32%
2045	15,000	825	15,825	99.66%
2046	15,000	413	15,413	100.00%
Totals:	<u>\$4,385,000</u>	<u>\$1,032,813</u>	<u>\$5,417,813</u>	

Source: Town Bond Records.

Schedule of Principal Payments - Outstanding and Proposed Bonds

Fiscal Year Ending December 31:	Prior Issues	This Issue *	Total Maturing Principal	Year-End Outstanding Principal
2026	\$295,000	\$0	\$295,000	\$8,090,000
2027	305,000	100,000	405,000	7,685,000
2028	315,000	105,000	420,000	7,265,000
2029	320,000	110,000	430,000	6,835,000
2030	335,000	115,000	450,000	6,385,000
2031	345,000	115,000	460,000	5,925,000
2032	360,000	120,000	480,000	5,445,000
2033	375,000	125,000	500,000	4,945,000
2034	395,000	130,000	525,000	4,420,000
2035	215,000	140,000	355,000	4,065,000
2036	220,000	145,000	365,000	3,700,000
2037	230,000	150,000	380,000	3,320,000
2038	120,000	155,000	275,000	3,045,000
2039	120,000	160,000	280,000	2,765,000
2040	125,000	170,000	295,000	2,470,000
2041	125,000	175,000	300,000	2,170,000
2042	125,000	185,000	310,000	1,860,000
2043	15,000	190,000	205,000	1,655,000
2044	15,000	200,000	215,000	1,440,000
2045	15,000	210,000	225,000	1,215,000
2046	15,000	220,000	235,000	980,000
2047	0	230,000	230,000	750,000
2048	0	240,000	240,000	510,000
2049	0	250,000	250,000	260,000
2050	0	260,000	260,000	0
Totals:	<u>\$4,385,000</u>	<u>\$4,000,000</u>	<u>\$8,385,000</u>	

Note: * Subject to adjustment by the Town in accordance with the Notice of Private Competitive Bond Sale to accomplish substantially level or declining annual debt service, as provided by the Local Finance Law.

Other Obligations

The Town does not have any outstanding lease purchase agreements or other installment purchase obligations outstanding as of the date of this Official Statement.

Trend of Outstanding Debt

	Fiscal Year Ending December 31:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$2,235,000	\$5,213,515	\$4,945,000	\$4,675,000	\$4,385,000
Bond Anticipation Notes	4,128,753	0	0	0	4,000,000
Total Debt Outstanding	<u>\$6,363,753</u>	<u>\$5,213,515</u>	<u>\$4,945,000</u>	<u>\$4,675,000</u>	<u>\$8,385,000</u>

Source: Annual Financial Reports of the Town

Computation of Debt Limit and Calculation of Net Debt Contracting Margin

(As of March 3, 2026)

<u>Fiscal Year Ending December 31:</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Ratio ¹</u>	<u>Taxable Full Valuation</u>
2022	335,570,045	100.00%	\$335,570,045
2023	339,256,971	92.00%	368,757,577
2024	339,917,669	87.00%	390,709,964
2025	344,466,272	77.00%	447,358,795
2026	496,547,869	100.00%	496,547,869
Total Five-Year Full Valuation	<u>\$1,855,758,826</u>		<u>\$2,038,944,250</u>
Average Five-Year Full Valuation			\$407,788,850
Debt Limit - 7% of Average Full Valuation			\$28,545,220
Inclusions:			
Outstanding Bonds			\$4,385,000
Bond Anticipation Notes			<u>4,000,000</u>
Total Inclusions			<u>\$8,385,000</u>
Exclusions:			
Water Indebtedness ²			\$1,880,000
Budgetary Appropriations ²			<u>205,000</u>
Total Exclusions			<u>\$2,085,000</u>
Total Net Indebtedness ³			<u>\$6,300,000</u>
Net Debt Contracting Margin			<u>\$22,245,220</u>

Notes: ¹ Equalization ratios are established by the State Office of Real Property Services. The latest year such information is available.

² Water indebtedness and budgetary appropriations are automatically excluded pursuant to the provisions of the New York State Constitution and Sections 136.00 of the Local Finance Law.

³ Represents 22.07% of the Debt Limit of the Town.

Authorized and Unissued Indebtedness

As of the date of this Official Statement, the Town has authorized and unissued indebtedness in the amount of \$1,727,230 pursuant to a bond resolution adopted by the Board on February 22, 2024, to finance replacement of the Town's existing highway garage. The Town does not expect it will need to further borrow against this resolution.

Further, the Town has \$9,056,000 of authorized and unissued indebtedness pursuant to a bond resolution adopted by the Board on May 23, 2024 to finance the cost of the establishment of Water District No. 4 within the Town and \$2,055,000 pursuant to a bond resolution adopted by the Board on November 14, 2024 to finance the cost of the establishment of Water District No. 5 within the Town. The Town does anticipate borrowing against these resolutions in the future.

Capital Project Plans and Anticipated Future Borrowings

The Town is generally responsible for providing services as required by its citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Town owns, operates, maintains and improves recreation facilities. As has been noted, the Town generally has provided the financing for water and sanitary sewer facilities and maintains primary responsibility for these functions, respectively.

The Town has recently completed the construction of a new Highway Garage at a total cost of \$5,500,000. The Town contributed \$1,500,000 of available funds with the remaining amount being financed. This is the project for which the Bonds are being issued.

The Town has recently formed two Water Districts which are anticipated to be funded primarily by USDA Rural Development (“USDA RD”) loans and grants. The first project will create Water District #4 within the Town, at a total estimated cost of \$15,101,000. The Town has received a Letter of Conditions from USDA RD, dated March 29, 2021, that indicates it will be eligible for \$3,744,000 of grant funding and a \$5,306,000 loan for a term of 38 years at a 1.25% interest rate through the Rural Utilities Service (“RUS”) program. The Town has also been awarded a \$5,000,000 NYS Water Improvement Infrastructure Improvement grant for the project.

The second project will provide public water to 169 residential users in the Pratt Road Water District (Water District #5), at a total estimated cost of \$3,144,000. The Town has received a Letter of Conditions from USDA RD, dated December 8, 2020 that indicates it will be eligible for \$904,000 of grant funding and a \$1,145,000 loan for a term of 38 years at a 1.75% interest rate through the RUS program.

The Town anticipates construction on both water projects will begin in 2026.

Direct and Overlapping Indebtedness

In addition to the Town, the political subdivisions in the following table have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Town.

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County, school districts, and the Village, as well as the Town. 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 of the Town of the debt issued and outstanding by such overlapping entities, as of the dates shown.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Applicable Total Indebtedness	Exclusions ¹	Applicable Net Indebtedness	Full Value of Town in Municipality	Total Full Value of Municipality	% Within Town	Estimated Applicable Overlapping Debt
County:								
Genesee	2025	\$80,350,000	\$5,745,000	\$74,605,000	\$496,547,869	\$4,443,007,538	11.18%	\$8,337,810
Village:								
Corfu	2025	596,703	0	596,703	53,247,187	53,247,187	100.00%	596,703
School Districts:								
Akron	2025	27,991,491	0	27,991,491	29,349,637	1,278,998,939	2.29%	642,331
Oakfield-Alabama	2025	32,305,000	0	32,305,000	2,285,888	348,910,962	0.66%	211,646
Pembroke	2025	31,030,000	0	31,030,000	467,189,356	720,015,716	64.89%	20,134,124
Fire Districts:								
Corfu	2024	0	0	0	126,810,151	126,810,151	100.00%	0
East Pembroke	2024	2,425,000	0	2,425,000	150,997,582	150,997,582	100.00%	2,425,000
Pembroke	2024	105,841	0	105,841	283,854,563	283,854,563	100.00%	105,841
Total Net Overlapping Debt:								\$32,453,455
Total Net Direct Debt:								6,300,000
Net Direct and Overlapping Debt:								\$38,753,455

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

Note: ¹ Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt and revenue anticipation notes).

Debt Ratios

The following table presents certain debt ratios relating to the Town's direct and overlapping indebtedness as of March 3, 2026.

	<u>Amount</u>	<u>Debt Per Capita</u> ¹	<u>Debt Full Value</u> ²
Net Direct Debt	\$6,300,000	\$1,477.49	1.27%
Total Direct & Applicable Total Overlapping Debt	38,753,455	9,088.52	7.80%

Notes: ¹ The population of the Town is 4,264 according to the 2020 US Census Bureau.

² The full valuation of real property located in the Town for the 2026 fiscal year is \$496,547,869.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by certified independent accountants on an annual basis. The latest such audit made available for public inspection covers the fiscal year ended December 31, 2024. A copy of such report is attached hereto as APPENDIX B. The Town is in the process of completing the 2025 audited financial report.

The Statements of Revenues, Expenditures and Changes in Fund Balances and Balance Sheets presented in APPENDIX A of this Official Statement are based on the audited financial reports of the Town (2020 - 2024).

In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various state and federal statutes. The Town has not been the subject of such audit in the last five years.

Fund Structure and Accounts

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

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains five major governmental funds including General, Highway Townwide, Highway Part Town, Sewer Districts and Capital Projects. Non-major funds include General Town Outside Village and Water. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual – that is, when they become “measurable” and “available” to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting, that is, when the related fund liability is incurred. An exception to this general rule is interest on unmatured long-term debt, which is recognized when due. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Investment Policy

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

The primary objectives of the Town's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

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 or 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 of the State; (3) repurchase agreements involving the purchase and sale of direct obligations of the United States; (4) certificates of deposit issued by a bank or trust company authorized to do business in the State; (5) time deposit accounts in a bank or trust company authorized to do business in the State; (6) in the case of moneys held in certain reserve funds established by the Town pursuant to law, obligations of the Town.

All funds may be invested in: (1) 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; (2) with the approval of the State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Town, itself.

Only reserve funds may be invested in: (1) obligations of the Town.

All Town officials receiving money in their official capacity must turn over such funds to the Chief Fiscal Officer of the Town.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the 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 by Section 10 of the GML.

Budgetary Procedures

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

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

Chapter 97 of the Laws of 2011 imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions outlined in the law. All budgets of the Town adopted in accordance with the procedures discussed

herein, must comply with the requirements of the law. See “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein. The Town exceeded the tax cap in the 2023 through 2026 fiscal years.

Financial Operations

The Town Supervisor functions as the chief fiscal officer of the Town as provided by Section 2 of the Local Finance Law: in this role, the Supervisor is responsible for the Town’s accounting and financial reporting activities. In addition, the Town Supervisor has a bookkeeper who primarily prepares abstracts, does accounts receivable and payable and other duties as per the Supervisor’s direction. The Town Supervisor is the Town’s budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Supervisor.

Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

Town finances are operated primarily through the General Fund and Special Revenue Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The primary sources of income for these districts come from special assessments levied against district properties at the same time real property taxes are levied. Capital projects and equipment purchases are accounted for in the special project funds.

The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

Revenues

The Town receives most of its revenues from real property taxes, non-property taxes (including sales tax proceeds), and State aid.

A summary of such revenues and other financing sources for the last five completed fiscal years ending December 31, 2024 and the budget for the fiscal years ending 2025 and 2026 may be found in APPENDIX A – Financial Information.

Real Property Taxes

See “REAL PROPERTY TAX INFORMATION,” herein.

State Aid

The Town is dependent to a small degree on financial assistance from the State. There can be no assurance that the State appropriation for State aid to municipalities and school districts will not be reduced or delayed in future fiscal years, as the State is not constitutionally obligated to maintain or continue State aid to the Town. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor.

The State receives a significant amount of federal aid. However, the State’s current financial projections concerning federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about federal tax policy and legislation and other issues under the current presidential administration and Congress.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the current administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances and changes to Federal participation rates or other Medicaid rules.

The 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% of most local aid payments, although such aid was generally since 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 included 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 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 benefited 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 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.

The State enacted budget for the 2022-2023 fiscal year continued to provide increased funding for schools and local governments. School districts benefited 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 was maintained at \$715 million, fully funding this program. Additionally, this budget put 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 included 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 continued 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.

The State enacted budget for the 2023-24 fiscal year continued to fully fund AIM payments to local governments, maintaining the \$715 million allocated in the prior year's budget.

The State enacted budget for the 2024-25 fiscal year continued to maintain AIM payments to local governments at prior levels and also included an additional \$50 million of unrestricted Temporary Municipal Assistance Program aid for municipalities outside of New York City. The budget included \$1.288 billion of funding for various highway and transportation related capital improvements. School Districts will benefit from a total of \$35.9 billion for K-12 education spending.

The State enacted budget for the 2025-26 fiscal year again maintains AIM payments to local governments at \$715 million and also includes the additional \$50 million of unrestricted Temporary Municipal Assistance Program aid for municipalities outside of New York City that was implemented the prior year. The budget includes \$1.388 billion of funding for various highway and transportation related capital improvements. School Districts will benefit from a total of \$37.4 billion for K-12 education spending.

Although the recent State budgets have 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.

The Town believes that it will mitigate the impact of any delays or proposed reductions in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, reducing staffing levels, and/or by any combination of the foregoing.

A summary of State aid received by the Town for the last five fiscal years and the amount budgeted for fiscal years 2025 and 2026 is as follows:

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund State Aid</u>	<u>Total General Fund Revenues</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2020	\$66,016	\$641,439	10.29%
2021	83,079	1,535,712	5.41%
2022	162,632	1,222,111	13.31%
2023	130,515	1,125,234	11.60%
2024	175,556	1,253,482	14.01%
2025 (Budgeted)	56,000	1,332,754	4.20%
2026 (Budgeted)	66,000	1,474,445	4.48%

Source: Audited Annual Financial Reports and Adopted Budgets of the Town.

Note: Table itself is not audited.

Sales Tax

The Town is dependent to a significant degree on the portion of sales tax revenues it receives from the County.

Under the terms of the current sales tax sharing agreement, the County has a local sales tax rate of 4%, of which it retains 50% and distributes 16% to the City of Batavia, and 34% to the towns and villages based on property value. The 1% of the local sales tax rate is subject to State legislative approval.

The County will not increase sales tax payments to the towns or villages above and beyond the amount paid in the 2018 calendar year. At the County's discretion, it can reduce the payments to a town or village for outstanding obligations, where applicable to ensure water surcharge revenues are collected at a uniform rate, or in the event the County's sales tax distribution is reduced by the State as a result of a cost shift.

As a result of the County's anticipated sales tax revenue losses in the wake of the COVID-19 pandemic, the County notified the local municipalities (with the exception of the City of Batavia), including the Town, that it would be rescinding the previously adopted directive to the County Treasurer to pay to the local municipalities the agreed amounts that were based on 2018 sales tax distribution. The County and the City of Batavia amended their 40-year Sales Tax Agreement in July of 2021 to include all County municipalities. The municipalities will share in \$10 million in sales tax revenue, of which the Town will receive \$1,159,562 in 2026. The Town anticipates sales tax revenue to remain steady for the remainder of this agreement. The agreement also allows for the County to share additional revenue with municipalities.

The sales tax revenue received by the Town is typically accounted for across various Town funds each year. A summary of the sales tax revenue received by the Town and accounted for in the General Fund for the last five fiscal years and the amount budgeted for fiscal years 2025 and 2026 is as follows:

Fiscal Year Ending December 31:	Total General Fund <u>Sales Tax</u>	Total General Fund <u>Revenues</u>	Percentage of Total Revenues Consisting of <u>Sales Tax</u>
2020	\$262,555 ¹	\$641,439	40.93%
2021	509,695 ¹	1,535,712	33.19%
2022	119,718	1,222,111	9.80%
2023	180,989	1,125,234	16.08%
2024	180,000	1,253,482	14.36%
2025 (Budgeted)	258,271	1,332,754	19.38%
2026 (Budgeted)	385,162	1,474,445	26.12%

Source: Audited Annual Financial Reports (2020 - 2024) and Adopted Budgets (2025 & 2026) of the Town.

Notes: ¹ Due to the County's reclassification of sales tax revenues as a "voluntary revenue distribution" to the Town in 2020, the Town accounted for this revenue as a Miscellaneous Local Source in the General Fund. This continued through June 2021, at which point the County resumed sales tax distributions to the Town, which were then classified as Non-Property Taxes.

Table itself is not audited.

Expenditures

The major categories of expenditure for the Town are General Government Support, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years ending December 31, 2024 and the estimated expenditures for the 2025 and 2026 fiscal years may be found in APPENDIX A – Financial Information.

The State Comptroller's Fiscal Stress Monitoring System

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," is "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller lists the Town's current fiscal score as 0.0%, putting it in the "No Designation" category.

For a complete list of school district and municipal fiscal stress scores, visit the website of the Office of the State Comptroller. Reference to the website implies no warranty of the accuracy of the information therein, and the material therein are not included by reference.

Employee Pension Benefits

Substantially all employees of the Town are members of the State and Local Employees' Retirement System ("ERS"), generally also known as the "Common Retirement Fund." The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. 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. All members of the respective systems hired on or before April 12, 2012, must contribute 3% of gross annual salary, for the first 10 years of service, toward the cost of retirement programs. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with 10 years of service credit. All benefits generally vest after five years of credited service.

On December 10, 2009, legislation created a new Tier 5 pension level. Key components of Tier 5 included raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62; requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits, increasing the minimum years of service required to draw a pension from five years to 10 years; capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages; and increasing the vesting period from five years to 10 years. Tier 5 applies to public employees hired on or after January 1, 2010 and before April 1, 2012.

Chapter 18 of the Laws of 2012 provided for a new Tier 6 for employees hired on or after April 1, 2012. This pension tier has progressive contribution rates between 3% and 6%; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

The State's enacted budget for the 2022-23 fiscal year, which was signed into law on April 9, 2022, reduced the number of years of service credit required to vest from 10 years to five years for Tier 5 and Tier 6. In addition, the enacted budget changed the contribution rate to the system for Tier 6 members from April 1, 2022 through March 31, 2024 to be determined on only the base pay, not including any overtime compensation, earned between April 1, 2020 through March 31, 2022, so as to not penalize those members that worked overtime to provide essential services during the COVID-19 pandemic. Further, the annual earnings limit of \$35,000 has been waived for any retiree working in a public school through June 30, 2027.

The State's enacted budget for the 2024-25 fiscal year, which was signed into law on April 22, 2024, further reformed Tier 6 by changing the final average year salary to determine a public employee's retirement benefit from the highest five consecutive years to the highest three consecutive years, and by extending the two-year exclusion of overtime earnings when determining a Tier 6 member's contribution rate to their pension benefit.

The following schedule reflects the Town's contribution to the ERS for the last five available fiscal years:

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>ERS</u>
2022	\$76,033
2023	55,706
2024	70,906
2025	105,532
2026	108,430

The Town is current with all its pension obligations and prepays all pension payments in December of each year to take advantage of the discounted payment amount offered by the System for paying pension obligations in advance of the February 1 due date.

Chapter 49 of the Laws of 2003 changed the cycle of billing to better match budget cycles of the Town and other governmental employers. The Town is required to make a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the wake of the 2008 and 2009 financial crisis, the Retirement System's portfolio experienced negative investment performance and severe downward trends in market earnings. As a result, the State Comptroller announced that the employer contribution rate for the State's Retirement Systems in 2012 and subsequent years would be higher than the minimum contribution rate established by Chapter 49. For fiscal year 2026-27 average ERS contributions will increase from 16.5% to 17.6% of payroll. The System posted a 5.84% return for the fiscal year that ended March 31, 2025.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to the ERS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with installments over a ten-year period but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amount, for future use.

The 2013-14 State Budget established an Alternative Contribution Stabilization Program (ACSP) which allowed local governments and school districts to lessen the cash impact of current increases in pension contributions, while repaying the deferrals with interest as well as contributing to a reserve account to dampen future rate increases. Eligible participating employers had the opportunity to make a one-time election in the 2013-14 fiscal year to the ACSP. Interest rates charged on deferrals to participants in the ACSP program were comparable to a 10-year treasury bond adjusted to a 12-year duration plus one percent. Once a participating employer elected into the program, deferred contributions could be amortized over a period of up to 12 years using the ACSP. Prior to April 2023, a participant could not withdraw from the program; however, as part of the State's enacted budget for the 2023-24 a provision was included that now allows a participant to withdraw provided that certain conditions are met, including the requirement that all previous amortizations are paid in full plus interest. If a municipality withdraws from the program, it cannot rejoin at a later date. The plan reduced pension contributions for local governments and school districts in the near future but required higher payments later on. However, those higher payments in later years could be offset, at least in part, by savings from the new pension tier, Tier 6.

The Town has not chosen to participate in either program.

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

Other Post-Employment Benefits

It should be noted that the Town does not provide post-employment healthcare benefits to retired employees. There is no direct Town expenditure for healthcare benefits to retired employees.

OPEB refers to “other post-employment benefits,” and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits and may include other benefits such as disability benefits and life insurance. Before the GASB Statement No. 45 (“GASB 45”), OPEB costs were generally accounted for and managed on a pay-as-you-go basis and had not been reported as a liability on the government’s financial statements. GASB 45 required state and local governments to account for and report their OPEB costs as they account for vested pension benefits.

In June 2015, GASB issued Statement 75 (“GASB 75”), which superseded and eliminated GASB 45. This Statement established new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities or school districts are required to account for OPEB within their financial statements rather than only noted in the footnotes of such documents as previously required by GASB 45. GASB 75 is required to be implemented for all municipalities and school districts in the fiscal year beginning after June 15, 2017. Actuarial valuation is required every two years under GASB 75.

Additional information about GASB 45, GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives its power to levy an *ad valorem* real property tax from the State Constitution. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Assessment valuations are determined by the Town assessor and the State Office of Real Property Services, which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation or debt contracting and real property taxing limitations.

The Town historically had levied taxes for the various special districts throughout the Town, but had not levied a tax for the general or highway funds. However, due to the loss of sales tax revenues as a result of the COVID-19 pandemic, the Town implemented a general property tax beginning with the 2021 fiscal year. See “FINANCES OF THE TOWN – Revenues” and “MARKET AND RISK FACTORS” herein for further information.

The following table presents the total tax levy and collection performance for each of the last five fiscal years.

Tax Collection Record					
	Fiscal Year Ending December 31:				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Taxes on Roll	\$4,130,402	\$4,491,572	\$4,647,160	\$5,396,176	\$5,815,441
Collected During Year	<u>3,886,563</u>	<u>4,306,782</u>	<u>4,434,637</u>	<u>\$4,710,056</u>	<u>\$4,772,058</u>
Total Uncollected Taxes	\$243,839	\$184,790	\$212,522	\$686,120	\$1,043,383 ¹
Percent Collected Prior to Return to County	94.10%	95.89%	95.43%	87.29%	82.06% ¹
Tax Rate / \$1,000 Assessed Value	\$0.47	\$1.13	\$1.21	\$1.86	\$1.28

Source: Town Officials.

Notes: The Town deducts the amount due for Town tax purposes prior to returning the balance collected to the County and is thus assured of 100% collection of its levy each year. The County assumes responsibility for the uncollected items and holds annual tax sales.

¹ Amount collected as of February 20, 2026.

Percentage of Revenues - Real Property Taxes

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund Real Property Tax</u>	<u>Total General Fund Revenues</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2020	\$0	\$641,439	0.00%
2021	143,023	1,535,712	9.31%
2022	161,700	1,222,111	13.23%
2023	388,400	1,125,234	34.52%
2024	416,511	1,253,482	33.23%
2025 (Budgeted)	637,273	1,332,754	47.82%
2026 (Budgeted)	634,273	1,474,445	43.02%

Source: Audited Annual Financial Reports and Adopted Budget of the Town.

Note: Table itself is not audited.

Tax Collection Procedure

Taxes are due January 1, payable without penalty to and including January 31. Penalties thereafter are 1% if paid in February and March. In April, the tax roll is returned to the County and taxes plus penalties are payable to the County Treasurer.

The Town deducts the amount due for Town tax purposes prior to returning the balance collected to the County and is thus assured of 100% collection of its levy each year. The County assumes responsibility for the uncollected items and holds annual tax sales.

Source: Town Officials.

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 June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. The State’s adopted budget for the fiscal year ending March 31, 2020 made Chapter 97 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. The State’s enacted budget for the fiscal year ending March 31, 2020 made the Tax Levy Limitation Law permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitations 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 Law (June 24, 2011).

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 said 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. (See "NATURE OF OBLIGATION," herein.)

While the provisions of the Tax Levy Limitation Law, as amended do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law. The implications of this for future tax levies and for operations and services of the Town are uncertain at this time.

Ten Largest Taxpayers
2025 Assessment Roll for 2026 Taxes

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$13,670,221
Calf Development Associates	Commercial Real Estate	10,500,000
CSX Transportation Inc.	Railroad	6,308,201
National Fuel Gas Distribution	Utility Distribution	4,788,133
CFJ Properties A Utah, Partnership	Travel Plaza	3,925,000
SVC HYB Lease POOL 4 LLC	Travel Plaza	2,929,000
Interchange Development LLC	Commercial Land Holdings	2,821,000
County Line Stone Co. Inc.	Manufacturing	2,424,895
Empire Telephone Corporation	Utility	1,846,599
Corfu Darien Properties LLC	Natural Gas	1,315,437
		<u>\$50,528,486</u> ¹

Source: Town Officials.

Note: ¹ Represents 10.18% of the 2026 assessed valuation of \$496,547,869 of the Town.

LITIGATION

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

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

MARKET AND RISK FACTORS

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

The financial and economic condition of the Town as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds could be adversely affected.

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has 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. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town's expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond will decline, causing the bondholder to incur a potential capital loss if such bond is sold prior to its maturity.

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

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Bonds. See "REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law," herein.

Cybersecurity. The Town, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. To mitigate the risks of impact on the Town operations and/or damage from cyber incidents or cyber-attacks, the Town has invested in cybersecurity and other operational controls. While the Town continues to review its policies and practices in this regard, there can be no assurances that such security and operational control measures will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Bonds and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Bonds will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Bonds if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of the interest on obligations such as the Bonds. The Town has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or

amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or interest thereon if any such change occurs or action is taken or omitted.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Town or the owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Bond Counsel's opinion will be substantially in the form attached hereto as APPENDIX C.

LIMITED CONTINUING DISCLOSURE UNDERTAKING

Because at the time of the delivery of the Bonds, the Town will be an "obligated person" (as such is defined in Rule 15c2-12 (the "Rule")), with respect to not more than \$10,000,000 in outstanding municipal securities, including the Bonds (but excluding any municipal securities issued in a transaction that was exempt from the Rule), the Town has agreed for the benefit of the beneficial owners of the Bonds to provide to the Municipal Securities Rulemaking Board (the "MSRB") Electronic Municipal Market Access ("EMMA") system, or its successor, in an electronic format as prescribed by the MSRB, certain customarily prepared and publicly available financial information and operating data, relating to the Town for the preceding fiscal year on or prior to the later of either the end of the ninth month of each succeeding fiscal year, or if audited financial statements are prepared, no later than the last business day of each such succeeding fiscal year. The form of such audited financial statements will be in accordance with any such accounting principles prescribed by the office of the New York State Comptroller.

The Town's undertaking with respect to certain events will include timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Bonds, to the EMMA system or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule:

- (i) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Bonds, unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) 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 Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders, if material;
 - (h) bond and note calls, if material and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) rating changes;
 - (l) bankruptcy, insolvency, receivership or similar events of the Town;
 - (m) the consummation of a merger, consolidation; or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) incurrence of a "financial obligation" (as defined in the Rule) of the Town, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect bond holders, if material; and
 - (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in event (l) above: 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 of 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.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

In addition, the Town commits to provide in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the customarily prepared annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Town reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Town acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town's obligations under its material event notices undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Town may amend the continuing disclosure undertaking upon a change in circumstances provided that (a) the undertaking, as amended, would have complied with the requirements of the Rule at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the Town, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

The foregoing information, data and notices may be obtained upon request from the Town of Pembroke, 1145 Main Road, Corfu, New York 14036, Telephone: 585-599-4892.

A Limited Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

The Town is in compliance with its obligation to provide continuing disclosure for the past five years.

RATING

Moody's Investors Services has assigned a rating of “Aa3” to the Bonds.

Such rating reflects only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from such rating agency. Generally, rating agencies base their ratings on rating investigation, studies and assumptions they have made in addition to the information and materials provided by the issuer. There is no assurance that a particular rating will apply for any given period of time or that it will be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Bonds. Such rating should not be taken as a recommendation to buy or hold the Bonds.

MUNICIPAL ADVISOR

Municipal Solutions, Inc. is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities. In preparing the Official Statement, Municipal Solutions, Inc. has relied upon Town officials and other sources, whom have access to relevant data to provide accurate information for this Official Statement. Municipal Solutions, Inc. has not been engaged, nor has it undertaken to, independently verify the accuracy, completeness or fairness of such information. Municipal Solutions, Inc. is not a firm of certified public accountants and has not been engaged by the issuer to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards and principles.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Town of Pembroke, 1145 Main Road, Corfu, New York 14036, Telephone: 585-599-4892 or from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number 585-394-4090, fax number 585-394-4092, and website at: <http://www.municipalsolution.com>.

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

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

So far as any statements made 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's management's beliefs as well as assumptions made by, and information available to, the Town 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 presentations, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Municipal Solutions, Inc. will place a copy of this Official Statement on its website. Unless the Official Statement specifically indicated otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Municipal Solutions, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Municipal Solutions, Inc. assumes any liability or responsibility for errors or omissions on such website.

Further, Municipal Solutions, Inc., and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Municipal Solutions, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

TOWN OF PEMBROKE

March 3, 2026
Corfu, New York

Thomas Schneider, Jr.
Town Supervisor and Chief Fiscal Officer

Additional copies of the Notice of Private Competitive Bond Sale and Official Statement may be obtained upon request from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone (585) 394-4090
Website: www.municipalsolution.com

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Tax Items	\$3,769	\$143,023	\$161,700	\$388,400	\$416,511
Non-Property Tax Items	0	509,695	119,718	180,989	213,065
Departmental Income	2,644	2,721	2,674	3,688	1,375
Intergovernmental Charges	15	30	0	17	45
Use of Money & Property	42,448	34,222	47,897	102,862	117,242
Licenses & Permits	3,105	3,676	3,986	3,774	4,209
Fines & Forfeitures	200,107	253,228	246,264	281,092	292,446
Sale of Property & Comp. for Loss	570	212	6,023	2,350	7,516
Miscellaneous Local Sources	322,765	505,826	119,013	31,547	25,517
State Aid	66,016	83,079	162,632	130,515	175,556
Federal Aid	0	0	352,204	0	0
Total Revenues:	<u>\$641,439</u>	<u>\$1,535,712</u>	<u>\$1,222,111</u>	<u>\$1,125,234</u>	<u>\$1,253,482</u>
Expenditures:					
General Government Support	\$512,623	\$528,761	\$648,251	\$783,408	\$602,290
Public Safety	1,128	4,718	1,309	1,942	39,340
Transportation	78,783	80,911	86,300	93,786	90,790
Economic Assist & Opportunity	1,907	501	243	4,417	1,002
Culture & Recreation	10,934	47,294	36,346	125,842	142,757
Home & Community Services	28,269	26,194	20,578	20,875	20,157
Employee Benefits	129,342	133,853	139,982	150,350	198,376
Total Expenditures:	<u>\$762,986</u>	<u>\$822,232</u>	<u>\$933,009</u>	<u>\$1,180,620</u>	<u>\$1,094,712</u>
Other Financing Sources (Uses):					
Transfers In	\$0	\$7,331	\$0	\$0	\$0
Transfers Out	0	(580,797)	0	0	(38,096)
Total Other Financing Sources (Uses):	<u>\$0</u>	<u>(\$573,466)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$38,096)</u>
Excess (Deficit) Revenues Over Expenditures	<u>(\$121,547)</u>	<u>\$140,014</u>	<u>\$289,102</u>	<u>(\$55,386)</u>	<u>\$120,674</u>
Fund Balance Beginning of Year	<u>\$3,282,340</u>	<u>\$3,160,793</u>	<u>\$3,300,807</u>	<u>\$3,589,909</u>	<u>\$3,534,523</u>
Fund Balance End of Year	<u><u>\$3,160,793</u></u>	<u><u>\$3,300,807</u></u>	<u><u>\$3,589,909</u></u>	<u><u>\$3,534,523</u></u>	<u><u>\$3,655,197</u></u>

Source: Audited Financial Reports of the Town.

Note: This table is NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Town-wide Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Non-Property Tax Items	\$0	\$0	\$573,550	\$475,479	\$496,900
Intergovernmental Charges	296,945	301,554	275,338	292,190	343,817
Use of Money & Property	2,556	219	11,905	39,482	56,475
Sale of Property & Comp. for Loss	70,310	0	28,395	59,970	18,290
Miscellaneous Local Sources	<u>454,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300</u>
Total Revenues:	<u>\$823,861</u>	<u>\$301,773</u>	<u>\$889,188</u>	<u>\$867,121</u>	<u>\$915,782</u>
Expenditures:					
Transportation	\$801,689	\$383,043	\$797,640	\$550,781	\$536,924
Home & Community Services	975	272	254	496	518
Employee Benefits	<u>56,700</u>	<u>66,215</u>	<u>41,917</u>	<u>60,763</u>	<u>69,656</u>
Total Expenditures:	<u>\$859,364</u>	<u>\$449,530</u>	<u>\$839,811</u>	<u>\$612,040</u>	<u>\$607,098</u>
Other Financing Sources (Uses):					
Transfers In	<u>\$0</u>	<u>\$580,797</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Other Financing Sources (Uses):	<u>\$0</u>	<u>\$580,797</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Excess (Deficit) Revenues Over Expenditures	<u>(\$35,503)</u>	<u>\$433,040</u>	<u>\$49,377</u>	<u>\$255,081</u>	<u>\$308,684</u>
Fund Balance Beginning of Year	\$489,880	\$454,377	\$887,417	\$936,794	\$1,218,740
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,865</u> ¹	<u>0</u>
Fund Balance End of Year	<u><u>\$454,377</u></u>	<u><u>\$887,417</u></u>	<u><u>\$936,794</u></u>	<u><u>\$1,218,740</u></u>	<u><u>\$1,527,424</u></u>

Source: Audited Financial Reports of the Town.

Note: This table is NOT audited.

¹ Due to reclassification of fund balances between Townwide and Highway - Part Town funds to record prior year aid in the correct fund and to recognize revenues previously recorded at unearned revenues.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$24,460	\$24,090	\$24,721	\$24,329	\$30,115
Intergovernmental Charges	0	0	0	132,485	686,374
Use of Money & Property	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>599</u>
Total Revenues:	<u>\$24,460</u>	<u>\$24,093</u>	<u>\$24,721</u>	<u>\$156,814</u>	<u>\$717,088</u>
Expenditures:					
Home & Community Services	\$0	\$0	\$0	\$0	\$336,000 ²
Debt Service	<u>7,460</u>	<u>7,091</u>	<u>6,721</u>	<u>301,257</u>	<u>301,337</u>
Total Expenditures:	<u>\$7,460</u>	<u>\$7,091</u>	<u>\$6,721</u>	<u>\$301,257</u>	<u>\$637,337</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$17,000</u>	<u>\$17,002</u>	<u>\$18,000</u>	<u>(\$144,443)</u>	<u>\$79,751</u>
Fund Balance Beginning of Year	<u>(\$342,800)</u>	<u>(\$325,800)</u>	<u>(\$308,798)</u>	<u>(\$290,798)</u>	<u>(\$435,241)</u>
Fund Balance End of Year ¹	<u><u>(\$325,800)</u></u>	<u><u>(\$308,798)</u></u>	<u><u>(\$290,798)</u></u>	<u><u>(\$435,241)</u></u>	<u><u>(\$355,490)</u></u>

Source: Audited Financial Reports of the Town.

Notes: ¹ The deficit fund balance is the result of an outstanding interfund loan from the General Fund. It will be repaid as special assessments from taxpayers are received.

² Increase due to purchase of a new UV system.

This table is NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$163,600	\$162,334	\$130,545	\$134,707	\$133,735
Use of Money & Property	<u>48</u>	<u>48</u>	<u>25</u>	<u>86</u>	<u>687</u>
Total Revenues:	<u>\$163,648</u>	<u>\$162,382</u>	<u>\$130,570</u>	<u>\$134,793</u>	<u>\$134,422</u>
Expenditures:					
General Government Support	\$0	\$0	\$225	\$0	\$0
Home & Community Services	870	497	320	331	305
Debt Service	<u>162,731</u>	<u>128,763</u>	<u>130,225</u>	<u>134,376</u>	<u>133,476</u>
Total Expenditures:	<u>\$163,601</u>	<u>\$129,260</u>	<u>\$130,770</u>	<u>\$134,707</u>	<u>\$133,781</u>
Other Financing Sources (Uses):					
Transfers In	\$3,742	\$0	\$0	\$0	\$18,945
Transfers Out	<u>0</u>	<u>(7,331)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>\$3,742</u>	<u>(\$7,331)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$18,945</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$3,789</u>	<u>\$25,791</u>	<u>(\$200)</u>	<u>\$86</u>	<u>\$19,586</u>
Fund Balance Beginning of Year	<u>\$1,822</u>	<u>\$5,611</u>	<u>\$31,402</u>	<u>\$31,202</u>	<u>\$31,288</u>
Fund Balance End of Year	<u><u>\$5,611</u></u>	<u><u>\$31,402</u></u>	<u><u>\$31,202</u></u>	<u><u>\$31,288</u></u>	<u><u>\$50,874</u></u>

Source: Audited Financial Reports of the Town.

Note: This table is NOT audited.

Balance Sheet
General Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Cash & Cash Equivalents	\$2,515,973	\$2,241,456	\$1,312,831	\$1,065,382	\$1,027,101
Cash & Cash Equivalents - Restricted	359,719	542,359	353,500	380,111	389,325
Accounts Receivables	48,502	33,270	37,394	30,530	16,884
Lease Receivable	0	0	48,679	37,420	25,570
Due from Other Funds	326,013	476,855	1,779,450	1,965,667	2,079,281
Due from Other Governments	0	254,848	293,000	180,989	213,065
Prepaid Items	11,585	8,424	0	11,508	16,929
Total Assets:	<u><u>\$3,261,792</u></u>	<u><u>\$3,557,212</u></u>	<u><u>\$3,824,854</u></u>	<u><u>\$3,671,607</u></u>	<u><u>\$3,768,155</u></u>
Liabilities:					
Accounts Payable	\$29,766	\$12,476	\$88,516	\$22,519	\$33,407
Accrued Liabilities	20,253	22,098	23,495	25,864	28,364
Due to Retirement System	0	0	24,794	37,518	26,729
Due to Other Governments	48,258	38,774	36,259	0	0
Unearned Revenues	2,722	183,057	12,963	14,495	0
Deferred Inflows - Relating to Leases	0	0	48,918	36,688	24,458
Total Liabilities:	<u><u>\$100,999</u></u>	<u><u>\$251,405</u></u>	<u><u>\$234,945</u></u>	<u><u>\$137,084</u></u>	<u><u>\$112,958</u></u>
Fund Balances:					
Nonspendable	\$11,585	\$317,437	\$291,013	\$284,521	\$372,419
Restricted	683,010	359,302	340,537	365,616	389,325
Assigned	1,035,000	1,165,943	1,935,000	2,100,000	2,400,000
Unassigned	1,431,198	1,458,125	1,023,359	784,386	493,453
Total Fund Balances:	<u><u>\$3,160,793</u></u>	<u><u>\$3,300,807</u></u>	<u><u>\$3,589,909</u></u>	<u><u>\$3,534,523</u></u>	<u><u>\$3,655,197</u></u>
Total Liabilities & Fund Balances	<u><u>\$3,261,792</u></u>	<u><u>\$3,552,212</u></u>	<u><u>\$3,824,854</u></u>	<u><u>\$3,671,607</u></u>	<u><u>\$3,768,155</u></u>

Source: Audited Financial Reports of the Town.

Note: This table is NOT audited.

Balance Sheet
Highway Town-wide - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Cash & Cash Equivalents	\$105,073	\$652,254	\$727,065	\$895,804	\$1,226,954
Cash & Cash Equivalents - Restricted	241,475	241,569	394,499	257,428	270,817
Accounts Receivables	5,260	18,348	0	1,243	1,913
Due from Other Governments	120,637	0	0	83,878	48,434
Prepaid Items	2,942	5,214	0	2,629	2,822
Total Assets:	<u>\$475,387</u>	<u>\$917,385</u>	<u>\$1,121,564</u>	<u>\$1,240,982</u>	<u>\$1,550,940</u>
Liabilities:					
Accounts Payable	\$15,896	\$24,768	\$20,185	\$14,296	\$12,768
Accrued Liabilities	5,114	5,200	7,390	7,946	10,748
Due to Retirement System	0	0	7,734	0	0
Unearned Revenues	0	0	149,461	0	0
Total Liabilities:	<u>\$21,010</u>	<u>\$29,968</u>	<u>\$184,770</u>	<u>\$22,242</u>	<u>\$23,516</u>
Fund Balances:					
Nonspendable	\$2,942	\$5,214	\$0	\$2,629	\$2,822
Restricted	241,475	241,569	245,038	257,428	270,817
Assigned	209,960	640,634	691,756	958,683	1,253,785
Total Fund Balances:	<u>\$454,377</u>	<u>\$887,417</u>	<u>\$936,794</u>	<u>\$1,218,740</u>	<u>\$1,527,424</u>
Total Liabilities & Fund Balances	<u>\$475,387</u>	<u>\$917,385</u>	<u>\$1,121,564</u>	<u>\$1,240,982</u>	<u>\$1,550,940</u>

Source: Audited Financial Reports of the Town.

Note: This table is NOT audited.

Balance Sheet
Sewer Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Cash & Cash Equivalents	<u>\$213</u>	<u>\$215</u>	<u>\$215</u>	<u>\$0</u>	<u>\$0</u>
Total Assets:	<u><u>\$213</u></u>	<u><u>\$215</u></u>	<u><u>\$215</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Liabilities:					
Due to Other Funds	<u>\$326,013</u>	<u>\$309,013</u>	<u>\$291,013</u>	<u>\$435,241</u>	<u>\$355,490</u>
Total Liabilities:	<u><u>\$326,013</u></u>	<u><u>\$309,013</u></u>	<u><u>\$291,013</u></u>	<u><u>\$435,241</u></u>	<u><u>\$355,490</u></u>
Fund Balances:					
Unassigned ¹	<u>(\$325,800)</u>	<u>(\$308,798)</u>	<u>(\$290,798)</u>	<u>(\$435,241)</u>	<u>(\$355,490)</u>
Total Fund Balances:	<u><u>(\$325,800)</u></u>	<u><u>(\$308,798)</u></u>	<u><u>(\$290,798)</u></u>	<u><u>(\$435,241)</u></u>	<u><u>(\$355,490)</u></u>
Total Liabilities & Fund Balances	<u><u>\$213</u></u>	<u><u>\$215</u></u>	<u><u>\$215</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Source: Audited Financial Reports of the Town.

Notes: ¹ The deficit fund balance is the result of an outstanding interfund loan from the General Fund. It will be repaid as special assessments from taxpayers are received.

This table is NOT audited.

Balance Sheet
Water Fund - Town of Pembroke

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Cash & Cash Equivalents	\$1,869	\$27,660	\$27,460	\$27,546	\$47,132
Cash & Cash Equivalents - Restricted	<u>3,742</u>	<u>3,742</u>	<u>3,742</u>	<u>3,742</u>	<u>3,742</u>
Total Assets:	<u>\$5,611</u>	<u>\$31,402</u>	<u>\$31,202</u>	<u>\$31,288</u>	<u>\$50,874</u>
Liabilities:					
Due to Other Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Liabilities:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances:					
Restricted	\$3,742	\$3,742	\$3,742	\$3,742	\$3,742
Assigned	<u>1,869</u>	<u>27,660</u>	<u>27,460</u>	<u>27,546</u>	<u>47,132</u>
Total Fund Balances:	<u>\$5,611</u>	<u>\$31,402</u>	<u>\$31,202</u>	<u>\$31,288</u>	<u>\$50,874</u>
Total Liabilities & Fund Balances	<u>\$5,611</u>	<u>\$31,402</u>	<u>\$31,202</u>	<u>\$31,288</u>	<u>\$50,874</u>

Source: Audited Financial Reports of the Town.

Note: This table is NOT audited.

Budget Summaries
Combined Funds - Town of Pembroke
Fiscal Year Ending December 31, 2025

	<u>General - Townwide</u>	<u>Highway - Townwide</u>	<u>Sewer</u>	<u>Water</u>
Revenues:				
Real Property Taxes	\$637,273	\$0	\$41,875	\$132,857
Real Property Tax Items	6,000	0	152,025	0
Non-Property Tax Items	258,271	484,900	0	0
Departmental Income	2,650	0	101,500	0
Intergovernmental Charges	0	290,000	0	0
Use of Money & Property	88,800	33,000	0	40
Licenses & Permits	3,600	0	0	0
Fines & Forfeitures	280,000	0	0	0
Sale of Property & Comp. for Loss	160	0	0	0
State Aid	56,000	0	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues:	<u>\$1,332,754</u>	<u>\$807,900</u>	<u>\$295,400</u>	<u>\$132,897</u>
Expenditures:				
General Government Support	\$671,854	\$0	\$0	\$0
Public Safety	45,300	0	0	0
Transportation	91,500	733,500	0	0
Economic Assist. & Opportunity	3,000	0	0	0
Culture & Recreation	111,500	0	0	0
Home & Community	22,000	600	0	322
Employee Benefits	162,600	73,800	0	0
Debt Service	0	0	295,400	132,575
Interfund Transfer	225,000	0	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures:	<u>\$1,332,754</u>	<u>\$807,900</u>	<u>\$295,400</u>	<u>\$132,897</u>

Source: Adopted Budgets of the Town.

Note: This table is NOT audited.

Budget Summaries
Combined Funds - Town of Pembroke
Fiscal Year Ending December 31, 2026

	<u>General - Townwide</u>	<u>Highway - Townwide</u>	<u>Sewer</u>	<u>Water</u>
Revenues:				
Real Property Taxes	\$634,273	\$0	\$44,160	\$141,953
Real Property Tax Items	6,000	0	156,652	0
Non-Property Tax Items	385,162	419,400	0	0
Departmental Income	3,250	0	82,688	0
Intergovernmental Charges	0	350,000	0	0
Use of Money & Property	96,000	45,000	0	46
Licenses & Permits	3,600	0	0	0
Fines & Forfeitures	280,000	0	0	0
Sale of Property & Comp. for Loss	160	0	0	0
State Aid	66,000	0	0	0
Total Revenues:	<u>\$1,474,445</u>	<u>\$814,400</u>	<u>\$283,500</u>	<u>\$141,999</u>
Expenditures:				
General Government Support	\$731,241	\$0	\$0	\$0
Public Safety	44,750	0	0	0
Transportation	97,000	725,500	0	0
Economic Assist. & Opportunity	5,500	0	0	0
Culture & Recreation	112,900	0	0	0
Home & Community	22,000	600	0	324
Employee Benefits	236,054	88,300	0	0
Debt Service	0	0	283,500	141,675
Interfund Transfer	225,000	0	0	0
Total Expenditures:	<u>\$1,474,445</u>	<u>\$814,400</u>	<u>\$283,500</u>	<u>\$141,999</u>

Source: Adopted Budgets of the Town.

Note: This table is NOT audited.

APPENDIX B

**TOWN OF PEMBROKE
GENESEE COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED BY THE TOWN'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NEITHER BEEN REQUESTED NOR OBTAINED.

**TOWN OF PEMBROKE,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2024
and Independent Auditors' Reports*

TOWN OF PEMBROKE, NEW YORK
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INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Pembroke, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pembroke, New York (the "Town"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brecher & Malucki, LLC

March 27, 2025

TOWN OF PEMBROKE, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2024

As management of the Town of Pembroke, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. We encourage the reader to consider the information contained in this analysis in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,713,064 (*net position*). This consists of \$8,422,321 net investment in capital assets, \$663,884 restricted net position, and an unrestricted net position of \$3,626,859.
- The Town's net position increased by \$1,026,610 during the year ended December 31, 2024.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,631,564, an increase of \$455,344 in comparison with the prior year's fund balances of \$4,176,220.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$493,453, or approximately 43.6 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 13.5 percent of the General Fund's total fund balance of \$3,655,197.
- During the year ended December 31, 2024, the Town's serial bonds outstanding decreased \$270,000 as a result of scheduled principal payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred outflows/inflows of resources, with the difference between reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and other fiscal charges. The Town does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are considered governmental funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) for the General Fund, Highway—Townwide Fund, Highway—Part Town Fund, Sewer Districts Fund and Capital Projects Fund, which are considered major funds. Data from the remaining two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-37 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's net pension liability and budgetary comparison schedules for the General Fund, Highway—Townwide Fund, Highway—Part Town Fund and Sewer Districts Fund. Required Supplementary Information and a related note to the required supplementary information can be found on pages 38-44 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 45-46.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,713,064 at December 31, 2024, as compared to \$11,686,454 at the close of the year ended December 31, 2023.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2024	2023
Current assets	\$ 4,783,214	\$ 4,345,605
Noncurrent assets	13,199,399	12,874,386
Total assets	17,982,613	17,219,991
Deferred outflows of resources	313,960	321,799
Current liabilities	173,756	181,473
Noncurrent liabilities	5,188,576	5,586,782
Total liabilities	5,362,332	5,768,255
Deferred inflows of resources	221,177	87,081
Net position:		
Net investment in capital assets	8,422,321	7,833,010
Restricted	663,884	626,786
Unrestricted	3,626,859	3,226,658
Total net position	\$ 12,713,064	\$ 11,686,454

The largest portion of the Town's net position, \$8,422,321, reflects its investment in capital assets (e.g., land, infrastructure, buildings, building improvements, and machinery and equipment), net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$663,884, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining component of the Town's net position, \$3,626,859, represents an unrestricted net position and may be used to meet the Town's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2024 and December 31, 2023.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities	
	Year Ended December 31,	
	2024	2023
Program revenues:		
Charges for services	\$ 1,468,316	\$ 728,843
Capital grants and contributions	193,440	314,728
General revenues	<u>2,148,082</u>	<u>2,096,346</u>
Total revenues	<u>3,809,838</u>	<u>3,139,917</u>
Program expenses	<u>2,783,228</u>	<u>2,757,007</u>
Change in net position	1,026,610	382,910
Net position—beginning	<u>11,686,454</u>	<u>11,303,544</u>
Net position—ending	<u>\$ 12,713,064</u>	<u>\$ 11,686,454</u>

Governmental activities—Governmental activities increased the Town’s net position by \$1,026,610. Overall revenues increased by 21.3 percent from the prior year. Charges for services and unrestricted state aid reported large increases as a result of increased sewer revenue and mortgage tax. Total expenses increased 1.0 percent from the prior year ended December 31, 2023 which is primarily attributed to increases within transportation costs.

A summary of sources of revenues for the years ended December 31, 2024 and December 31, 2023 is presented on the below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Charges for services	\$ 1,468,316	\$ 728,843	\$ 739,473	101.5
Capital grants and contributions	193,440	314,728	(121,288)	(38.5)
Property and other taxes	1,665,003	1,645,836	19,167	1.2
Use of money and property	239,120	210,069	29,051	13.8
Sale of property and compensation for loss	25,806	62,379	(36,573)	(58.6)
Miscellaneous	26,597	85,918	(59,321)	(69.0)
Unrestricted state aid	<u>191,556</u>	<u>92,144</u>	<u>99,412</u>	<u>107.9</u>
Total revenues	<u>\$ 3,809,838</u>	<u>\$ 3,139,917</u>	<u>\$ 669,921</u>	<u>21.3</u>

The Town’s most significant sources of revenues includes property and other taxes, which accounts for \$1,665,003, or 43.7 percent of total revenues, charges for services, which comprise \$1,468,316, or 38.5 percent of total revenues for the year ended December 31, 2024. For the year ended December 31, 2023, the most significant sources of revenues includes property and other taxes, which accounts for \$1,645,836, or 52.4 percent of total revenues, charges for services, which comprise \$728,843, or 23.2 percent of total revenues, and capital grants and contributions, which comprise \$314,728, or 10.0 percent of total revenues.

A summary of program expenses for the years ended December 31, 2024 and December 31, 2023 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
General government support	\$ 730,907	\$ 969,194	\$ (238,287)	(24.6)
Public safety	135,186	60,758	74,428	122.5
Transportation	1,351,522	1,191,783	159,739	13.4
Economic assistance and opportunity	1,166	5,134	(3,968)	(77.3)
Culture and recreation	171,494	190,620	(19,126)	(10.0)
Home and community services	235,254	176,377	58,877	33.4
Interest and other fiscal charges	157,699	163,141	(5,442)	(3.3)
Total expenses	<u>\$ 2,783,228</u>	<u>\$ 2,757,007</u>	<u>\$ 26,221</u>	1.0

The Town's most significant expense items for the year ended December 31, 2024 are transportation of \$1,351,522, or 48.6 percent of total expenses, and general government support of \$730,907, or 26.3 percent of total expenses. Similarly, for the year ended December 31, 2023, the most significant expenses were transportation of \$1,191,783, or 43.2 percent of total expenses, and general government support of \$969,194, or 35.2 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated authority to assign resources for use for particular purposes by the Town Board.

At December 31, 2024, the Town's governmental funds reported combined ending fund balances of \$4,631,564, an increase of \$455,344 from the prior year primarily due to lower transportation costs than originally anticipated as well as an increased interest earnings. With the exception of the Capital Projects Fund and Sewer Districts Fund deficits, *unassigned fund balance* is \$493,453 as of December 31, 2024. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$381,874, (2) restricted for particular purposes, \$663,884, or (3) assigned for particular purposes, \$5,234,865.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$493,453, while total fund balance increased to \$3,655,197. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents approximately 43.6 percent of General Fund expenditures and transfers out, while total fund balance represents 322.7 percent of that same

amount. The total fund balance of the Town's General Fund increased by \$120,674 during the current fiscal year.

The total fund balance of the Town's Highway-Townwide Fund increased \$308,684 during the current fiscal year as a result of less transportation costs for salt, as well as increased interest earnings. At December 31, 2024, the Highway-Townwide Fund reports total fund balance of \$1,527,424. Of this amount, \$2,822 is nonspendable, \$270,817 is restricted for capital projects, \$184,890 is assigned for encumbrances, and \$1,068,895 is assigned for specific Highway-Townwide Fund uses.

The total fund balance of the Town's Highway-Part Town Fund increased \$113,699 during the current fiscal year due to increase interest earnings and State aid. At December 31, 2024, the Highway-Part Town Fund reports total fund balance of \$964,944. Of this amount, \$2,822 is nonspendable and \$962,122 is assigned for specific Highway-Part Town Fund uses.

The total fund balance of the Town's Sewer District Fund increased \$79,751 during the current fiscal year as a result of increased connection fees in the current year. At December 31, 2024, the Sewer District Fund reports a total fund balance deficit of \$355,490, which is expected to be remedied with additional increases in connection fees.

The Town's Capital Projects Fund ending fund balance was in a deficit position of \$1,787,022, primarily due to certain projects funded with short-term financing from the General Fund. During the year ended December 31, 2024, the Capital Projects Fund fund balance decreased \$222,785 due to expenditures and transfers out exceeding revenues and transfers in. The fund balance deficit will be eliminated as resources are obtained (e.g., from grant revenues, and transfers in) to make the scheduled debt service principal and interest payments on the bonds.

General Fund Budgetary Highlights

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Town has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2024 is presented below in Table 5.

Table 5—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 1,093,599	\$ 1,093,599	\$ 1,253,482	\$ 159,883
Expenditures and other financing uses	1,093,599	1,149,719	1,132,808	16,911
Excess (deficiency) of revenues over expenditures and other financing uses	\$ -	\$ (56,120)	\$ 120,674	\$ 176,794

Original budget compared to final budget—During the year, the Town amended appropriations for various purposes. The primary increase was \$56,120 within employee benefits expenditures, due to higher than anticipated costs.

Final budget compared to actual results—At the close of the fiscal year, overall revenues exceeded budgeted amounts by \$176,794 as a result of a higher than anticipated refunds from prior year and mortgage tax. The General Fund had a favorable variance from final budgetary appropriations of \$16,911. The variances were largely due to general government support having less engineer costs than originally anticipated.

Capital Asset and Debt Administration

Capital assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2024, amounts to \$13,199,399 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, and infrastructure. Capital assets net of depreciation for the governmental activities at December 31, 2024 and December 31, 2023 are presented in Table 6 below.

Table 6—Summary of Capital Assets (Net of Depreciation)

	December 31,	
	2024	2023
Land	\$ 169,777	\$ 169,777
Construction in progress	5,631,380	5,427,407
Buildings and improvements	312,801	387,028
Vehicles and equipment	782,715	842,403
Infrastructure	6,302,726	6,047,771
Total	<u>\$ 13,199,399</u>	<u>\$ 12,874,386</u>

Additional information on the Town’s capital assets can be found in Note 4 to the financial statements.

Long-term debt—At December 31, 2024, the Town had serial bonds outstanding of \$4,675,000, as compared to \$4,945,000 in the prior year. This amount represents bonded indebtedness backed by the full faith and credit of the Town. During the year ended December 31, 2024, the Town made scheduled principal payments of \$270,000.

A summary of the Town’s long-term liabilities at December 31, 2024 and December 31, 2023 is presented in Table 7 below.

Table 7—Summary of Long-Term Liabilities

	December 31,	
	2024	2023
Serial bonds	\$ 4,675,000	\$ 4,945,000
Premium on serial bonds	88,847	93,749
Compensated absences	103,361	100,579
Net pension liability	321,368	447,454
Total	<u>\$ 5,188,576</u>	<u>\$ 5,586,782</u>

Additional information on the Town’s long-term liabilities can be found in Note 8 to the financial statements.

Economic Factors

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2024 was 4.0 percent. This compares to the New York State and national unemployment rate of 4.4 and 4.1 percent, respectively. These factors are considered in preparing the Town's budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Supervisor's Office, Town of Pembroke, 1145 Main Road, Corfu, New York 14036.

BASIC FINANCIAL STATEMENTS

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TOWN OF PEMBROKE, NEW YORK
Statement of Net Position
December 31, 2024

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,785,900
Restricted cash and cash equivalents	663,884
Receivables	19,977
Lease receivable	25,570
Intergovernmental receivables	261,499
Prepaid items	26,384
Capital assets not being depreciated	5,801,157
Capital assets, net of accumulated depreciation	<u>7,398,242</u>
Total assets	<u>17,982,613</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	<u>313,960</u>
Total deferred outflows of resources	<u>313,960</u>
LIABILITIES	
Accounts payable	60,055
Accrued liabilities	86,972
Intergovernmental payables	26,729
Noncurrent liabilities:	
Due within one year	305,238
Due within more than one year	<u>4,883,338</u>
Total liabilities	<u>5,362,332</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to leases	24,458
Deferred inflows—relating to pensions	<u>196,719</u>
Total deferred inflows of resources	<u>221,177</u>
NET POSITION	
Net investment in capital assets	8,422,321
Restricted for:	
Capital projects	632,398
Debt service	3,742
Employee benefits	27,744
Unrestricted	<u>3,626,859</u>
Total net position	<u>\$ 12,713,064</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PEMBROKE, NEW YORK
Statement of Activities
Year Ended December 31, 2024

Function/Program	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Primary Governmental Activities
Primary government:				
Governmental activities:				
General government support	\$ 730,907	\$ 11,406	\$ -	\$ (719,501)
Public safety	135,186	292,446	-	157,260
Transportation	1,351,522	353,038	193,440	(805,044)
Economic assistance and opportunity	1,166	686,374	-	685,208
Culture and recreation	171,494	45	-	(171,449)
Home and community services	235,254	125,007	-	(110,247)
Interest and other fiscal charges	157,699	-	-	(157,699)
Total primary government	<u>\$ 2,783,228</u>	<u>\$ 1,468,316</u>	<u>\$ 193,440</u>	<u>(1,121,472)</u>
General revenues:				
				580,361
				1,084,642
				239,120
				25,806
				26,597
				191,556
Total general revenues				<u>2,148,082</u>
				1,026,610
				<u>11,686,454</u>
				\$ 12,713,064

The notes to the financial statements are an integral part of this statement.

TOWN OF PEMBROKE, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2024

		Special Revenue				Total	Total
	General	Highway— Townwide	Highway— Part Town	Sewer Districts	Capital Projects	Nonmajor Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,027,101	\$ 1,226,954	\$ 962,302	\$ -	\$ -	\$ 569,543	\$ 3,785,900
Restricted cash and cash equivalents	389,325	270,817	-	-	-	3,742	663,884
Receivables	16,884	1,913	-	-	-	1,180	19,977
Lease receivable	25,570	-	-	-	-	-	25,570
Intergovernmental receivables	213,065	48,434	-	-	-	-	261,499
Due from other funds	2,079,281	-	-	-	-	50,000	2,129,281
Prepaid items	16,929	2,822	2,822	-	-	3,811	26,384
Total assets	<u>\$ 3,768,155</u>	<u>\$ 1,550,940</u>	<u>\$ 965,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,276</u>	<u>\$ 6,912,495</u>
LIABILITIES							
Accounts payable	\$ 33,407	\$ 12,768	\$ 180	\$ -	\$ 13,231	\$ 469	\$ 60,055
Accrued liabilities	28,364	10,748	-	-	-	1,296	40,408
Intergovernmental payables	26,729	-	-	-	-	-	26,729
Due to other funds	-	-	-	355,490	1,773,791	-	2,129,281
Total liabilities	<u>88,500</u>	<u>23,516</u>	<u>180</u>	<u>355,490</u>	<u>1,787,022</u>	<u>1,765</u>	<u>2,256,473</u>
DEFERRED INFLOW OF RESOURCES							
Deferred inflows—relating to leases	24,458	-	-	-	-	-	24,458
Total deferred inflow of resources	<u>24,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,458</u>
FUND BALANCES (DEFICITS)							
Nonspendable	372,419	2,822	2,822	-	-	3,811	381,874
Restricted	389,325	270,817	-	-	-	3,742	663,884
Assigned	2,400,000	1,253,785	962,122	-	-	618,958	5,234,865
Unassigned	493,453	-	-	(355,490)	(1,787,022)	-	(1,649,059)
Total fund balances (deficits)	<u>3,655,197</u>	<u>1,527,424</u>	<u>964,944</u>	<u>(355,490)</u>	<u>(1,787,022)</u>	<u>626,511</u>	<u>4,631,564</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,768,155</u>	<u>\$ 1,550,940</u>	<u>\$ 965,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,276</u>	<u>\$ 6,912,495</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PEMBROKE, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2024

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficits)—governmental funds (page 14)		\$ 4,631,564
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$19,692,069 and the accumulated depreciation is \$6,492,670.		13,199,399
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 79,149	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	234,811	
Deferred inflows of resources related to pension plans	<u>(196,719)</u>	117,241
Net accrued interest expense for serial bonds is not reported in the fund statements.		(46,564)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (4,675,000)	
Premium on serial bonds	(88,847)	
Compensated absences	(103,361)	
Net pension liability	<u>(321,368)</u>	<u>(5,188,576)</u>
Net position of governmental activities		<u>\$ 12,713,064</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PEMBROKE, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)—
Governmental Funds
Year Ended December 31, 2024

	Special Revenue					Total	Total
	General	Highway— Townwide	Highway— Part Town	Sewer Districts	Capital Projects	Nonmajor Funds	Governmental Funds
REVENUES							
Real property taxes	\$ 416,511	\$ -	\$ -	\$ 30,115	\$ -	\$ 133,735	\$ 580,361
Non-property tax items	213,065	496,900	338,095	-	-	36,582	1,084,642
Departmental income	1,375	-	-	-	-	5,822	7,197
Intergovernmental charges	45	343,817	9,221	686,374	-	-	1,039,457
Use of money and property	117,242	56,475	40,785	599	133	23,886	239,120
Licenses and permits	4,209	-	-	-	-	125,007	129,216
Fines and forfeitures	292,446	-	-	-	-	-	292,446
Sale of property and compensation for loss	7,516	18,290	-	-	-	-	25,806
Miscellaneous	25,517	300	780	-	-	-	26,597
State aid	175,556	-	193,440	-	-	16,000	384,996
Total revenues	1,253,482	915,782	582,321	717,088	133	341,032	3,809,838
EXPENDITURES							
Current:							
General government support	602,290	-	-	-	-	4,905	607,195
Public safety	39,340	-	-	-	-	63,315	102,655
Transportation	90,790	536,924	476,336	-	38,096	-	1,142,146
Economic assistance and opportunity	1,002	-	-	-	-	-	1,002
Culture and recreation	142,757	-	-	-	-	-	142,757
Home and community services	20,157	518	-	336,000	-	8,516	365,191
Employee benefits	198,376	69,656	60,191	-	-	26,539	354,762
Debt service:							
Principal	-	-	-	180,000	-	90,000	270,000
Interest and other fiscal charges	-	-	-	121,337	-	43,476	164,813
Capital outlay	-	-	-	-	203,973	-	203,973
Total expenditures	1,094,712	607,098	536,527	637,337	242,069	236,751	3,354,494
Excess (deficiency) of revenues over expenditures	158,770	308,684	45,794	79,751	(241,936)	104,281	455,344
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	67,905	-	38,096	18,945	124,946
Transfers out	(38,096)	-	-	-	(18,945)	(67,905)	(124,946)
Total other financing sources (uses)	(38,096)	-	67,905	-	19,151	(48,960)	-
Net change in fund balances (deficits)	120,674	308,684	113,699	79,751	(222,785)	55,321	455,344
Fund balances (deficits)—beginning	3,534,523	1,218,740	851,245	(435,241)	(1,564,237)	571,190	4,176,220
Fund balances (deficits)—ending	\$ 3,655,197	\$ 1,527,424	\$ 964,944	\$ (355,490)	\$ (1,787,022)	\$ 626,511	\$ 4,631,564

The notes to the financial statements are an integral part of this statement.

TOWN OF PEMBROKE, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances (Deficits)—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2024

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficits)—total governmental funds (page 16)	\$	455,344
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital asset additions	\$ 801,567		
Depreciation expense	<u>(476,554)</u>		325,013

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	\$ 96,876		
Employee contributions net of benefits earned	<u>(124,955)</u>		(28,079)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		2,212
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 270,000		
Amortization of premiums on serial bonds	4,902		
Change in compensated absences	<u>(2,782)</u>		<u>272,120</u>

Change in net position of governmental activities	\$	<u>1,026,610</u>
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The notes to the financial statements are an integral part of this statement.

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TOWN OF PEMBROKE, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Pembroke, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Town reports no component units or fiduciary activities.

Reporting Entity

The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law and with authority vested by those statutes. The five-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk
Councilmembers (4)	Superintendent of Highways
Town Justices (2)	

The Town is located in the County of Genesee, New York. The Village of Corfu operates within the boundaries of the Town. Public education is provided by independent school districts within the Town.

The Town provides services for general government support, public safety, highway maintenance, recreational programs, and other home and community services.

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the Town's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *Highway—Townwide Fund*—The Highway—Townwide Fund is used to account for revenues and expenditures for highway purposes. The principal source of revenue for the Highway—Townwide Fund for the year ended December 31, 2024 is sales tax.
- *Highway—Part Town Fund*—The Highway—Part Town Fund is established pursuant to Highway Law Section 141 to account for revenues and expenditures for highway purposes. The principal source of revenue for the Highway—Part Town Fund for the year ended December 31, 2024 is sales tax.
- *Sewer Districts Fund*—The Sewer District Fund is used to record all revenues and expenditures related to operation and maintenance of sewer usage. The principal source of revenue for the Sewer Fund is intergovernmental charges.
- *Capital Projects Fund*—The Capital Projects Fund accounts for the acquisition and construction of the Town's major capital facilities, roads and infrastructure.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions of leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents—The Town's cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support restricted fund balance. As of December 31, 2024, the General Fund, Highway—Townwide Fund, and Water Fund reported restricted cash balances.

Intergovernmental Receivables—Amounts due from state and federal governments represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federally funded programs. Receivables are recorded and revenues recognized as earned. Allowances are recorded when appropriate.

Lease Receivable—The Town is a lessor for a noncancellable lease of building space. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Prepaid Items—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include land, construction in progress, buildings, building improvements, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10-40
Vehicles and equipment	5-15
Infrastructure	15-50

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (i.e. the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, the amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (i.e. furnishings below the capitalization threshold).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2024, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town’s proportion of the collective net pension liability, the difference during the measurement period between the Town’s contribution and its proportionate share of the total contribution to the pension system not included in the pension expense, and any contribution to the pension system made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2024, the Town has two items that

qualifies for reporting in this category. The first item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and is reported on the government-wide statements. The second item is related to leases receivable and reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the Town's lease receivable and amortized over the life of the lease.

Net Position Flow Assumption—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumption—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Supervisor may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property Taxes—Property taxes attach as an enforceable lien on real property and are levied as of December 15th and become a lien on January 1st. Taxes are collected during the period of January 1st through May 31st. The Town and Special Districts collect and receive the full amount of their levies annually prior to remitting any funds to the Genesee County (the “County”). Any taxes remaining unpaid at the year-end are relieved as County taxes in the subsequent year.

Compensated Absences—Certain Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Pursuant to a contractual agreement, Highway Department employees are allowed to accumulate earned but unused vacation and sick pay benefits. Upon retirement certain eligible employees qualify for paid hospitalization insurance premiums based on fractional values of unused sick leave. Certain elected and appointed officials earn contributions toward medical benefits for a period of five years after they leave Town service.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

Pension Plan—The Town is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2024, the Town implemented GASB Statement No. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improves the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. GASB Statement No. 100 improves financial reporting by enhancing

accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The implementation of GASB Statements No. 99, 100, and 101 did not have a material impact on the Town's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025, and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 102, 103, and 104 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30th, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Genesee County by November 20th.
- Formal annual budgetary accounts are employed as a management control device for the General, General-Part Town, Highway-Townwide, Highway-Part Town, Sewer, and Water Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

Deficit Fund Balances—At December 31, 2024, the Sewer Districts Fund reported a deficit fund balance of \$355,490, representing interfund loans from the General Fund. The deficit will be eliminated as the aid and special assessments from taxpayers are received to fund the sewer expansion project costs. The outstanding long-term interfund loan, \$355,490, reported by the Sewer Districts Fund to the General Fund will be repaid over a remaining thirteen year period, and is maintained as nonspendable fund balance within the General Fund.

Further, at December 31, 2024, the Capital Projects Fund reported a deficit fund balance of \$1,787,022 as a result of advanced funding from the General Fund. This deficit will be eliminated as resources are obtained (e.g., from grant revenues, long-term debt issuances, and transfers in).

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2024, are as follows:

	Governmental Funds
Petty cash (uncollateralized)	\$ 200
Deposits	4,449,584
Total	<u>\$ 4,449,784</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2024 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 4,150,812	\$ 4,145,184
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	304,400	304,400
Total	<u>\$ 4,455,212</u>	<u>\$ 4,449,584</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2024, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Restricted Cash and Cash Equivalents—The Town reports cash set aside to support restricted fund balances as restricted cash and cash equivalents. At December 31, 2024, the Town reported \$389,325, \$270,817 and \$3,742 of restricted cash and cash equivalents within its General Fund, Highway-Townwide Fund and Nonmajor Funds, respectively.

Interest Rate Risk—In accordance with its investment policy, the Town manages exposures by limiting investments to low risk type investments governed by New York State statute.

3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2024 consisted of the following:

Receivables—Represents amounts due from various sources. Receivables at December 31, 2024 are as follows:

Governmental funds:			
General Fund:			
Town Clerk fees and charges	\$	727	
Court fines and fees		<u>16,157</u>	\$ 16,884
Highway fund—Townwide:			
Gasboy			\$ 1,913
Nonmajor Funds:			
General —Part Town Fund:			
Town Clerk fees and charges			<u>1,180</u>
Total governmental funds			<u>\$ 19,977</u>

Lease Receivable—The Town recognizes a lease offering building space to a third party. The lease provides for variable annual payments with three payments outstanding as of December 31, 2024. The Town recognized \$11,850 in lease revenue during the current fiscal year related to this lease. As of December 31, 2024, the Town's receivable for lease payments was \$25,570. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$24,458.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Genesee or other local governments. Intergovernmental receivables at December 31, 2024 are as shown below:

Governmental funds:	
General Fund:	
Genesee County—sales tax	\$ 213,065
Highway—Townwide Fund:	
Genesee County—sales tax	<u>48,434</u>
Total governmental funds	<u>\$ 261,499</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2024 was as follows:

	Balance 1/1/2024	Increases	Decreases	Balance 12/31/2024
Capital assets, not being depreciated:				
Land	\$ 169,777	\$ -	\$ -	\$ 169,777
Construction in progress	5,427,407	203,973	-	5,631,380
Total capital assets, not being depreciated	5,597,184	203,973	-	5,801,157
Capital assets, being depreciated:				
Buildings and improvements	2,232,396	-	-	2,232,396
Vehicles and equipment	2,216,688	74,162	33,057	2,257,793
Infrastructure	8,877,291	523,432	-	9,400,723
Total capital assets, being depreciated	13,326,375	597,594	33,057	13,890,912
Less accumulated depreciation for:				
Buildings and improvements	1,845,368	74,227	-	1,919,595
Vehicles and equipment	1,374,285	133,850	33,057	1,475,078
Infrastructure	2,829,520	268,477	-	3,097,997
Total accumulated depreciation	6,049,173	476,554	33,057	6,492,670
Total capital assets, being depreciated, net	7,277,202	121,040	-	7,398,242
Governmental activities capital assets, net	\$ 12,874,386	\$ 325,013	\$ -	\$ 13,199,399

Depreciation expense was charged to the functions of governmental activities as follows:

Governmental activities:	
General governmental support	\$ 24,537
Public safety	15,764
Transportation	262,485
Culture and recreation	27,353
Home and community services	146,415
Total	<u>\$ 476,554</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds as of December 31, 2024, were as follows:

	General Fund	Highway Townwide Fund	Nonmajor Funds	Total Governmental Funds
Salaries and employee benefits	\$ 28,364	\$ 10,748	\$ 1,296	\$ 40,408
Total	<u>\$ 28,364</u>	<u>\$ 10,748</u>	<u>\$ 1,296</u>	<u>\$ 40,408</u>

6. PENSION PLAN

Plan Description and Benefits Provided

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

The ERS is noncontributory, except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. 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.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2024, the Town reported the following liability for its proportionate share of the net pension liability for the ERS. The net pension liability was measured as of March 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Town.

	ERS
Measurement date	March 31, 2024
Net pension liability	\$ 321,368
Town's portion of the Plan's total net pension liability	0.0021826%

For the year ended December 31, 2024, the Town recognized ERS pension expense of \$124,928. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the following page.

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 103,512	\$ 8,763
Changes of assumptions	121,502	-
Net difference between projected and actual earnings on pension plan investments	-	156,986
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	9,797	30,970
Town contributions subsequent to the measurement date	79,149	-
Total	<u>\$ 313,960</u>	<u>\$ 196,719</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2025	\$ (69,421)
2026	54,409
2027	88,863
2028	(35,759)

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

	ERS
Measurement date	March 31, 2024
Actuarial valuation date	April 1, 2023
Interest rate	5.9%
Salary scale	4.4%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.9%
Cost-of-living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

	ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
Measurement date	March 31, 2024	
Asset class:		
Domestic equities	32.0 %	4.0 %
International equities	15.0	6.7
Private equity	10.0	7.3
Real estate	9.0	4.6
Opportunistics/Absolute return strategies	3.0	5.3
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.3
Total	100 %	

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension (asset)/liability	\$ 1,010,413	\$ 321,368	\$ (254,128)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the valuation date, were as follows:

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2023
Employers' total pension liability	\$ 240,696,851
Plan fiduciary net position	<u>225,972,801</u>
Employers' net pension liability	<u>\$ 14,724,050</u>
System fiduciary net position as a percentage of total pension liability	93.9%

7. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past three fiscal years.

Workers' Compensation Plan—The Town is a participant in the Genesee County Self-Insurance Workers' Compensation Plan (the "Plan"). The Plan was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Genesee County. The Plan provides the Town the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees.

The Town is one of 49 participants in the Plan. Eligible participants may become members upon filing with the Executive Secretary of the Plan a certified copy of the resolution of the prospective member's governing board electing participation in the Plan on or before July 15th. Voluntary withdrawal from the Plan is effective only once annually. Withdrawal from the Plan is effective at the end of the current operating year upon filing with the Executive Secretary of the Plan a certified copy of the resolution of the member's governing board electing to withdraw from the Plan on or before July 15th. Upon withdrawal the participant shall pay, in a lump sum or in installments, an equitable share of the outstanding liabilities of the Plan as of the date of withdrawal, as determined by the Plan administrator. Contributions to the Plan are determined annually based on claim payment experience and real property tax assessments.

No refunds or assessments, other than periodic premiums, are charged to the participant organizations, except in the case where the Plan's assets are not sufficient to meet liabilities. In that instance, a special assessment may be assessed against the participant organizations.

Through information provided by Genesee County, the Plan administrator, the Plan has established reserve liabilities which provide for current and future claim expenses. In the opinion of management, payment of future claims is dependent upon many factors and the timing of future payments is not readily determinable. Therefore, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the Town and has been excluded from the financial statements.

8. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include bonds payable, compensated absences, and net pension liability. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long-term liabilities at December 31, 2024 is presented below.

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Serial bonds	\$ 4,945,000	\$ -	\$ 270,000	\$ 4,675,000	\$ 290,000
Premium on serial bonds	93,749	-	4,902	88,847	4,902
Compensated absences	100,579	4,858	2,076	103,361	10,336
Net pension liability*	447,454	-	126,086	321,368	-
Total	<u>\$ 5,586,782</u>	<u>\$ 4,858</u>	<u>\$ 403,064</u>	<u>\$ 5,188,576</u>	<u>\$ 305,238</u>

(*Reductions to net pension liability are shown net of additions.)

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities of 26 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the Water Fund. A summary of additions and payments for the year ended December 31, 2024 is shown below:

Description	Year of Issue/ Maturity	Original Issue	Interest Rate (%)	Balance 1/1/2024	Increases	Decreases	Balance 12/31/2024	Due Within One Year
Sewer Districts Fund:								
2022 Public Improvement	2022-2037	\$3,063,515	4.00%	\$2,885,000	\$ -	\$ 180,000	\$2,705,000	\$200,000
Water Fund:								
Water district - 2020 refunding	2020-2046	2,335,000	1.00-4.00%	<u>2,060,000</u>	<u>-</u>	<u>90,000</u>	<u>1,970,000</u>	<u>90,000</u>
Total				<u>\$4,945,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$4,675,000</u>	<u>\$290,000</u>

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities. As of December 31, 2024, the Town reports \$88,847 of outstanding premiums on serial bonds.

Compensated Absences—As explained in Note 1, certain Town employees are permitted to accumulate earned but unused vacation and sick benefits. Upon retirement, these employees are entitled to compensation for such unused benefits. The payment in cash or health care benefits depends upon individual options selected upon retirement in accordance with the contractual agreement. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value of Town's compensated absences liability at December 31, 2024 is \$103,361, of which \$10,336 has been included as due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the Employee Retirement System. The net pension liability is estimated to be \$321,368. Refer to Note 6 for additional information related to the Town's net pension liability.

The following is a maturity schedule of the Town's indebtedness:

Year Ending December 31,	Serial Bonds	Premium on Serial Bonds	Compensated Absences	Net Pension Liability	Total
2025	\$ 290,000	\$ 4,902	\$ 10,336	\$ -	\$ 305,238
2026	295,000	4,902	-	-	299,902
2027	305,000	4,902	-	-	309,902
2028	315,000	4,902	-	-	319,902
2029	320,000	4,902	-	-	324,902
2030-2034	1,810,000	24,510	-	-	1,834,510
2035-2039	905,000	20,283	-	-	925,283
2040-2044	405,000	13,960	-	-	418,960
2045 and thereafter	<u>30,000</u>	<u>5,584</u>	<u>93,025</u>	<u>321,368</u>	<u>449,977</u>
Total	<u>\$ 4,675,000</u>	<u>\$ 88,847</u>	<u>\$ 103,361</u>	<u>\$ 321,368</u>	<u>\$ 5,188,576</u>

Interest requirements on serial bonds payable are as follows:

Year Ending December 31,	Interest
2025	\$ 150,775
2026	141,875
2027	132,550
2028	122,825
2029	112,838
2030-2034	380,088
2035-2039	116,150
2040-2044	25,250
2045 and thereafter	<u>1,238</u>
Total	<u>\$1,183,589</u>

9. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets***—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town's governmental activities net investment in capital assets is presented below:

Capital assets, net of accumulated depreciation	\$ 12,870,118
Related debt:	
Serial bonds	(4,675,000)
Premium on serial bonds	(88,847)
Capital Projects Fund accounts payable	(13,231)
Net investment in capital assets	<u>\$ 8,093,040</u>

- ***Restricted Net Position***—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position***—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2024 is presented below.

- ***Prepaid Items***—Represents amounts prepaid to the retirement system and other vendors that are applicable to future accounting periods. The General Fund, Highway-Townwide Fund, Highway Part Town Fund, and Nonmajor Funds reported prepaid items of \$16,929, \$2,822, \$2,822, and \$3,811 respectively at December 31, 2024.
- ***Long-Term Interfund Loans***—Represents long-term receivables within the General Fund due from the Sewer Districts Fund in the amount of \$355,490.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2024, the Town had the following restricted fund balance:

- ***Restricted for Capital Projects***—Represents General Fund and Highway-Townwide Funds to be used for construction, reconstruction and or acquisition of capital improvements and equipment in the amount of \$361,581 and \$270,817, respectively.
- ***Restricted for Debt Service***—Represents resources, within the Water Fund, legally restricted for the payment of debt service in the amount of \$3,742.

- ***Restricted for Employee Benefits***—Represents the health reimbursement funds, \$27,744, set aside by the Town for employees during the year and will be used to reduce the Town’s funding of those contractual requirements in the subsequent year.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town’s highest level of decision-making authority. As of December 31, 2024, the Town reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the Town Board. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2024, the Town reported the following fund balance assignments:

	General	Highway— Townwide	Highway— Part Town	Total Nonmajor Funds	Total
Encumbrances	\$ -	\$ 184,890	\$ -	\$ -	\$ 184,890
Capital projects	2,100,000	-	-	-	2,100,000
Specific use	-	1,068,895	962,122	618,958	2,649,975
Total	<u>\$ 2,100,000</u>	<u>\$ 1,253,785</u>	<u>\$ 962,122</u>	<u>\$ 618,958</u>	<u>\$ 4,934,865</u>

- ***Assigned to Encumbrances***—Represents authorizations related to unperformed contracts or purchase orders for goods or services.
- ***Assigned for Capital Projects***—Represents funds set aside for equipment and capital purposes.
- ***Assigned to Specific Use***—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment’s purpose relates to each fund’s operations and represents amounts within funds that are not restricted or committed.

Unassigned fund balance represents the residual classification of the Town’s General Fund surplus and the Sewer Districts Fund and Capital Projects Fund fund balance deficits.

If the Town must use funds for emergency expenditures the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Town will use unassigned fund balance.

10. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of December 31, 2024 are shown on the following page.

Fund	Interfund	
	Receivable	Payable
General Fund	\$ 2,079,281	\$ -
Town-Outside Fund	50,000	-
Capital Projects Fund	-	1,773,791
Sewer Fund	-	355,490
Total	<u>\$ 2,129,281</u>	<u>\$ 2,129,281</u>

A portion of the outstanding balance between the General Fund and the Sewer Districts Fund results from a resolution dated April 17, 2013 authorizing a long-term loan to be repaid through 2036. Principal and interest is budgeted annually. During the year ended December 31, 2024, the Sewer Districts Fund repaid the General Fund \$19,000. The 2013 loan balance as well as the 2024 balance both totaling \$355,490 is reported as nonspendable fund balance within the General Fund at December 31, 2024.

Additionally, during the year, the General Fund loaned funds to the Capital Projects Fund to repay the outstanding notes payable. These funds are anticipated to be repaid during the subsequent year upon receipt of grant funding.

The Town made the following transfers during the year ended December 31, 2024:

Fund	Transfers In:			
	Highway Part-Town fund	Sewer fund	Capital Projects fund	Total
Transfers out:				
General Fund	\$ -	\$ -	\$ 38,096	\$ 38,096
General Part-Town Fund	67,905	-	-	67,905
Capital Projects Fund	-	18,945	-	18,945
Total	<u>\$ 67,905</u>	<u>\$ 18,945</u>	<u>\$ 38,096</u>	<u>\$ 124,946</u>

Transfers are used primarily to make budgeted transfers and provide for capital project expenditures.

11. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$10,000.

The Town reported the following significant encumbrance at December 31, 2024:

Fund	Purpose	Amount
Highway Townwide Fund	Plow Truck	\$ 184,890

12. TAX ABATEMENTS

The Town is subject to programs entered into by Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Corporation (“GCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the GCIDA and incentives may include property tax abatements of any new property tax revenue realized from the increased assessed value of any incentivized project from the investment of private capital. The abatement agreements include a stipulated reduction pursuant to the limits set forth in State statute and rules. In the future these new revenues will increase periodically until the project is taxed at full assessed value. For the year ended December 31, 2024, the Town collected \$362 in payments in lieu of taxes (“PILOTs”); these collections were made in lieu of \$1,876 in property taxes.

13. CONTINGENCIES

Grants—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Litigation—The Town is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the Town. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the Town.

Assessments—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. No potential amount or potential range of loss is determinable. However, management believes that level of such potential loss, if any, would be immaterial and no provisions have been made with the financial statements.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF PEMBROKE, NEW YORK
Schedule of the Town's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Town's proportion of the net pension liability/(asset)	0.0021826%	0.0020866%	0.0020939%	0.0020300%	0.0020993%	0.0022725%	0.0021243%	0.0017268%	0.0019466%	0.0025599%
Town's proportionate share of the net pension liability/(asset)	\$ 321,368	\$ 447,454	\$ (171,168)	\$ 2,021	\$ 555,903	\$ 161,016	\$ 68,562	\$ 162,253	\$ 312,429	\$ 86,481
Town's covered payroll	\$ 708,770	\$ 541,729	\$ 492,554	\$ 465,463	\$ 503,759	\$ 516,007	\$ 498,645	\$ 471,370	\$ 460,447	\$ 491,259
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	45.3%	82.6%	(34.8%)	0.4%	110.4%	31.2%	13.7%	34.4%	67.9%	17.6%
Plan fiduciary net position as a percentage of the total pension liability	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

TOWN OF PEMBROKE, NEW YORK
Schedule of the Town's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 96,876	\$ 67,107	\$ 60,633	\$ 74,947	\$ 73,705	\$ 74,024	\$ 73,633	\$ 73,607	\$ 69,623	\$ 74,757
Contributions in relation to the contractually required contribution	(96,876)	(67,107)	(60,633)	(74,947)	(73,705)	(74,024)	(73,633)	(73,607)	(69,623)	(74,757)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 765,508	\$ 625,499	\$ 540,758	\$ 478,666	\$ 494,164	\$ 494,406	\$ 523,114	\$ 497,680	\$ 592,010	\$ 628,463
Contributions as a percentage of covered payroll	12.7%	10.7%	11.2%	15.7%	14.9%	15.0%	14.1%	14.8%	11.8%	11.9%

TOWN OF PEMBROKE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—General Fund
Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 414,000	\$ 414,000	\$ 416,511	\$ 2,511
Non-property tax items	210,189	210,189	213,065	2,876
Departmental income	2,650	2,650	1,375	(1,275)
Intergovernmental charges	-	-	45	45
Use of money and property	92,000	92,000	117,242	25,242
Licenses and permits	3,600	3,600	4,209	609
Fines and forfeitures	275,000	275,000	292,446	17,446
Sale of property and compensation for loss	160	160	7,516	7,356
Miscellaneous	-	-	25,517	25,517
State aid	96,000	96,000	175,556	79,556
Total revenues	<u>1,093,599</u>	<u>1,093,599</u>	<u>1,253,482</u>	<u>159,883</u>
EXPENDITURES				
Current:				
General government support	694,649	647,804	602,290	45,514
Public safety	40,550	40,550	39,340	1,210
Transportation	90,500	91,505	90,790	715
Economic assistance and opportunity	3,000	1,995	1,002	993
Culture and recreation	97,900	144,745	142,757	1,988
Home and community services	24,400	24,400	20,157	4,243
Employee benefits	142,600	198,720	198,376	344
Total expenditures	<u>1,093,599</u>	<u>1,149,719</u>	<u>1,094,712</u>	<u>55,007</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(56,120)</u>	<u>158,770</u>	<u>214,890</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(38,096)</u>	<u>(38,096)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(38,096)</u>	<u>(38,096)</u>
Net change in fund balance	-	(56,120)	120,674	176,794
Fund balance—beginning	<u>3,534,523</u>	<u>3,534,523</u>	<u>3,534,523</u>	<u>-</u>
Fund balance—ending	<u>\$ 3,534,523</u>	<u>\$ 3,478,403</u>	<u>3,655,197</u>	<u>\$ 176,794</u>

The note to the required supplementary information is an integral part of this schedule.

TOWN OF PEMBROKE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Highway—Townwide Fund
Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Non-property tax items	\$ 496,900	\$ 496,900	\$ 496,900	\$ -
Intergovernmental charges	290,000	290,000	343,817	53,817
Use of money and property	1,200	1,200	56,475	55,275
Sale of property and compensation for loss	-	-	18,290	18,290
Miscellaneous	-	-	300	300
Total revenues	<u>788,100</u>	<u>788,100</u>	<u>915,782</u>	<u>127,682</u>
EXPENDITURES				
Current:				
Transportation	722,000	707,980	536,924	171,056
Home and community services	500	520	518	2
Employee benefits	<u>65,600</u>	<u>79,600</u>	<u>69,656</u>	<u>9,944</u>
Total expenditures	<u>788,100</u>	<u>788,100</u>	<u>607,098</u>	<u>181,002</u>
Net change in fund balance	-	-	308,684	308,684
Fund balance—beginning	<u>1,218,740</u>	<u>1,218,740</u>	<u>1,218,740</u>	<u>-</u>
Fund balance—ending	<u>\$ 1,218,740</u>	<u>\$ 1,218,740</u>	<u>1,527,424</u>	<u>\$ 308,684</u>

The note to the required supplementary information is an integral part of this schedule.

TOWN OF PEMBROKE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Highway—Part Town Fund
Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Non-property tax items	\$ 338,095	\$ 338,095	\$ 338,095	\$ -
Intergovernmental charges	20,000	20,000	9,221	(10,779)
Use of money and property	6,000	6,000	40,785	34,785
Miscellaneous	-	-	780	780
State aid	<u>138,000</u>	<u>138,000</u>	<u>193,440</u>	<u>55,440</u>
Total revenues	<u>502,095</u>	<u>502,095</u>	<u>582,321</u>	<u>80,226</u>
EXPENDITURES				
Current:				
Transportation	515,000	500,940	476,336	24,604
Employee benefits	<u>55,000</u>	<u>69,060</u>	<u>60,191</u>	<u>8,869</u>
Total expenditures	<u>570,000</u>	<u>570,000</u>	<u>536,527</u>	<u>33,473</u>
Excess (deficiency) of revenues over expenditures	<u>(67,905)</u>	<u>(67,905)</u>	<u>45,794</u>	<u>113,699</u>
OTHER FINANCING SOURCES				
Transfers in	<u>67,905</u>	<u>67,905</u>	<u>67,905</u>	<u>-</u>
Total other financing sources	<u>67,905</u>	<u>67,905</u>	<u>67,905</u>	<u>-</u>
Net change in fund balance	-	-	113,699	113,699
Fund balance—beginning	<u>851,245</u>	<u>851,245</u>	<u>851,245</u>	<u>-</u>
Fund balance—ending	<u>\$ 851,245</u>	<u>\$ 851,245</u>	<u>964,944</u>	<u>\$ 113,699</u>

The note to the required supplementary information is an integral part of this schedule.

TOWN OF PEMBROKE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Sewer Districts Fund
Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 30,115	\$ 30,115	\$ 30,115	\$ -
Intergovernmental charges	233,999	233,999	686,374	452,375
Use of money and property	-	-	599	599
Total revenues	<u>264,114</u>	<u>264,114</u>	<u>717,088</u>	<u>452,974</u>
EXPENDITURES				
Home and community services	-	-	336,000	(336,000)
Debt service:				
Principal	196,515	196,515	180,000	16,515
Interest and other fiscal charges	<u>67,599</u>	<u>67,599</u>	<u>121,337</u>	<u>(53,738)</u>
Total expenditures	<u>264,114</u>	<u>264,114</u>	<u>637,337</u>	<u>(373,223)</u>
Net change in fund balance	-	-	79,751	79,751
Fund balance (deficit)—beginning	<u>(435,241)</u>	<u>(435,241)</u>	<u>(435,241)</u>	<u>-</u>
Fund balance (deficit)—ending	<u><u>\$ (435,241)</u></u>	<u><u>\$ (435,241)</u></u>	<u><u>\$ (355,490)</u></u>	<u><u>\$ 79,751</u></u>

The note to the required supplementary information is an integral part of this schedule.

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TOWN OF PEMBROKE, NEW YORK
Note to the Required Supplementary Information
Year Ended December 31, 2024

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund are appropriated on a project-length basis; appropriations are approved through Town Board resolution at the project’s inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town’s accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance.

Excess of Expenditures over Appropriations—The Town’s appropriations for the year ended December 31, 2024 exceeded the adjusted budget as follows:

- General Fund transfers to Capital Projects Fund exceeded the adjusted budget primarily due to payments made for a new Highway Garage that were originally recorded in the General Fund but transferred to the Capital Projects Fund during the year.
- Sewer Fund home and community services expenditures exceeded the adjusted budget primarily due to a one time payment for a new UV system purchased during the year with additional GCEDC funds received during the year.
- Sewer Fund debt service expenditures exceeded the adjusted budget primarily due to the interest expense exceeding the budget.

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SUPPLEMENTARY INFORMATION

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TOWN OF PEMBROKE, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
Year Ended December 31, 2024

	<u>Special Revenue Funds</u>		Total
	<u>General— Part Town</u>	<u>Water</u>	Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 522,411	\$ 47,132	\$ 569,543
Restricted cash and cash equivalents	-	3,742	3,742
Receivables	1,180	-	1,180
Due from other funds	50,000	-	50,000
Prepaid items	3,811	-	3,811
Total assets	<u>\$ 577,402</u>	<u>\$ 50,874</u>	<u>\$ 628,276</u>
LIABILITIES			
Accounts payable	\$ 469	\$ -	\$ 469
Accrued liabilities	1,296	-	1,296
Total liabilities	<u>1,765</u>	<u>-</u>	<u>1,765</u>
FUND BALANCES			
Nonspendable	3,811	-	3,811
Restricted	-	3,742	3,742
Assigned	571,826	47,132	618,958
Total fund balances	<u>575,637</u>	<u>50,874</u>	<u>626,511</u>
Total liabilities and fund balances	<u>\$ 577,402</u>	<u>\$ 50,874</u>	<u>\$ 628,276</u>

TOWN OF PEMBROKE, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Special Revenue Funds		Total
	General—		Nonmajor
	Part Town	Water	Funds
REVENUES			
Real property taxes	\$ -	\$ 133,735	\$ 133,735
Non-property tax items	36,582	-	36,582
Departmental income	5,822	-	5,822
Use of money and property	23,199	687	23,886
Licenses and permits	125,007	-	125,007
State aid	16,000	-	16,000
Total revenues	<u>206,610</u>	<u>134,422</u>	<u>341,032</u>
EXPENDITURES			
Current:			
General government support	4,905	-	4,905
Public safety	63,315	-	63,315
Home and community services	8,211	305	8,516
Employee benefits	26,539	-	26,539
Debt service:			
Principal	-	90,000	90,000
Interest and other fiscal charges	-	43,476	43,476
Total expenditures	<u>102,970</u>	<u>133,781</u>	<u>236,751</u>
Excess of revenues over expenditures	<u>103,640</u>	<u>641</u>	<u>104,281</u>
OTHER FINANCING USES			
Transfers in	-	18,945	18,945
Transfers out	(67,905)	-	(67,905)
Total other financing uses	<u>(67,905)</u>	<u>18,945</u>	<u>(48,960)</u>
Net change in fund balances	35,735	19,586	55,321
Fund balances—beginning	<u>539,902</u>	<u>31,288</u>	<u>571,190</u>
Fund balances—ending	<u>\$ 575,637</u>	<u>\$ 50,874</u>	<u>\$ 626,511</u>

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DRESCHER & MALECKI LLP

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

Honorable Town Board
Town of Pembroke, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pembroke, New York (the "Town") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bucher & Malecki LLC

March 27, 2025

APPENDIX C

FORM OF BOND COUNSEL'S LEGAL OPINION

March 25, 2026

Town of Pembroke,
County of Genesee,
State of New York

Re: Town of Pembroke, Genesee County, New York
\$4,000,000 Public Improvement (Serial) Bonds, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$4,000,000 Public Improvement (Serial) Bonds, 2026 (the "Obligations"), of the Town of Pembroke, Genesee County, State of New York (the "Obligor"), dated date of delivery, initially issued in registered form in denominations such that one bond shall be issued for each maturity of the Obligations in such amounts as hereinafter set forth, bearing interest at the rate of ___ per centum (___%) per annum as to bonds maturing in each of the years 2027 through 2050, payable on September 15, 2026 and semi-annually thereafter on March 15 and September 15, and maturing in the amount of \$ ___,000 on March 15, 2027, \$ ___,000 on March 15, 2028, \$ ___,000 on March 15, 2029, \$ ___,000 on March 15, 2030, \$ ___,000 on March 15, 2031, \$ ___,000 on March 15, 2032, \$ ___,000 on March 15, 2033, \$ ___,000 on March 15, 2034, \$ ___,000 on March 15, 2035, \$ ___,000 on March 15, 2036, \$ ___,000 on March 15, 2037, \$ ___,000 on March 15, 2038, \$ ___,000 on March 15, 2039, \$ ___,000 on March 15, 2040, \$ ___,000 on March 15, 2041, \$ ___,000 on March 15, 2042, \$ ___,000 on March 15, 2043, \$ ___,000 on March 15, 2044, \$ ___,000 on March 15, 2045, \$ ___,000 on March 15, 2046, \$ ___,000 on March 15, 2047, \$ ___,000 on March 15, 2048, \$ ___,000 on March 15, 2049, and \$ ___,000 on March 15, 2050.

Ladies and Gentlemen:

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or volatile of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also

have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of *ad valorem* taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, efforts or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material

fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP