

## FINAL OFFICIAL STATEMENT DATED OCTOBER 12, 2011

### RENEWALS

### BOND ANTICIPATION NOTES

*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 Notes 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 Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Notes 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 accrual or receipt of interest on, the Notes. See "Tax Matters" herein.*

*The Notes will be deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b) (3) of the Code.*

### VILLAGE OF NEWARK VALLEY TIOGA COUNTY, NEW YORK (the "Village")

**\$2,195,000**

### BOND ANTICIPATION NOTES, 2011 (RENEWALS) (the "Notes") (Designated/Bank Qualified)

**Interest Rate: 1.75%      Reoffered @ 1.00%**

**CUSIP#: 650545AB2**

### OPPENHEIMER & CO. INC.

**Dated: October 27, 2011**

**Maturity Date: October 25, 2012**

The Notes are general obligations of the Village of Newark Valley, Tioga County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "New Tax Levy Limitation Law" herein. The faith and credit of said Village are irrevocably pledged for the payment of said Notes and interest thereon. Interest on the Notes will be payable at maturity or prior maturity, if applicable, in Federal Funds. The Notes are NOT subject to redemption, in whole or in part, prior to maturity. The Notes may be issued in denominations of \$5,000 each or multiples thereof as may be determined by the purchaser(s), as stated below.

The Notes will be issued in registered form as book-entry-only and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes 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 "Book-Entry-Only System" herein.

*The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York, and certain other conditions. It is anticipated that the Notes will be available for delivery in New York, New York, on or about October 27, 2011.*

THE REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE VILLAGE DATED OCTOBER 4, 2011 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"). OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

## OFFICIAL STATEMENT DATED OCTOBER 4, 2011

### RENEWALS

### BOND ANTICIPATION NOTES

*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 Notes 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 Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Notes 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 accrual or receipt of interest on, the Notes. See "Tax Matters" herein.*

*The Notes will be deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b) (3) of the Code.*

### VILLAGE OF NEWARK VALLEY TIOGA COUNTY, NEW YORK (the "Village")

**\$2,195,000**

### BOND ANTICIPATION NOTES, 2011 (RENEWALS) (the "Notes") (Designated/Bank Qualified)

**Dated: October 27, 2011**

**Maturity Date: October 25, 2012**

The Notes are general obligations of the Village of Newark Valley, Tioga County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits. See "New Tax Levy Limitation Law" herein. The faith and credit of said Village are irrevocably pledged for the payment of said Notes and interest thereon. Interest on the Notes will be payable at maturity or prior maturity, if applicable, in Federal Funds. The Notes are NOT subject to redemption, in whole or in part, prior to maturity. The Notes may be issued in denominations of \$5,000 each or multiples thereof as may be determined by the purchaser(s), as stated below.

The Notes will be issued in registered form as either book-entry only Notes or registered book-entry certificated Notes. If so issued in book-entry form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes 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 "Book-Entry-Only System" herein.

*The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York, and certain other conditions. It is anticipated that the Notes will be available for delivery in New York, New York, or at such place as may be agreed upon with purchaser(s), on or about October 27, 2011.*

THE VILLAGE 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 SAID 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(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE VILLAGE WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE (SEE "MATERIAL EVENT NOTICES" HEREIN).

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TIOGA COUNTY, NEW YORK**

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**VILLAGE BOARD**

James Tornatore, Mayor

Fred Blee  
Tom Canfield  
Dennis Carlin  
C. Morgan Inderwies

\* \* \*

Mertie Pozzi, CMC, RMC Clerk/Treasurer  
Frank Como, Esq., Village Attorney

\* \* \*

**BOND COUNSEL**

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New York, New York 10019-6142

\* \* \*

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No person has been authorized by the Village 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. 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 Village since the date hereof.

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Prepared with the Assistance of:  
*Municipal Solutions, Inc.*

## **OFFICIAL STATEMENT**

### **VILLAGE OF NEWARK VALLEY TIOGA COUNTY, NEW YORK (the "Village")**

### **\$2,195,000 BOND ANTICIPATION NOTES, 2011 (RENEWALS) (the "Notes") (Designed/Bank Qualified)**

This Official Statement, cover page and appendices hereto presents certain information relating to the Village of Newark Valley, in the County of Tioga, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of the Village's \$2,195,000 Bond Anticipation Notes, 2011 (Renewals) (the "Notes").

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

## **THE NOTES**

### **Description of the Notes**

The Notes are general obligations of the Village and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Village is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "New Tax Levy Limitation Law" herein.

The Notes are dated October 27, 2011 and will bear interest from that date until maturity on October 25, 2012 at the annual rate specified by the purchaser(s). The Notes are NOT subject to redemption, in whole or in part, prior to maturity. Interest on the Notes shall be payable at maturity.

The Notes 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(s) with principal and interest payable at the office of the Village Clerk in Newark Valley, New York 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"), New York, New York which will act as securities depository for the Notes. See "Book-Entry Only System" herein. A single note will be issued for all Notes bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Village directly to DTC for its nominee, Cede & Co.

### **Optional Redemption**

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

### **Book-Entry-Only System**

If DTC acts as securities depository for the Notes, the Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's designated nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note will be issued for each Note 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note 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 Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

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

THE VILLAGE 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 NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE VILLAGE 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 Notes at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village 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, the following provisions will apply: the Notes will be issued in bearer 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 Notes 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 Village. In all other respects, the terms of the Notes will remain the same and the Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

### **Authorization and Purpose**

The Notes are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Village Law, the Local Finance Law, and pursuant to a bond resolution dated May 12, 2009 authorizing the issuance of \$4,230,000 serial bonds to finance the cost of the construction of improvements to and reconstruction of the water supply, treatment and distribution systems, in and for the Village (the "Project"). The Village received a Letter of Conditions from United States Department of Agriculture ("USDA") Rural Development ("RD") on July 20, 2009 approving a Rural Utilities Services ("RUS") loan in the amount of \$2,230,000 and a grant in the amount of \$1,994,000 with regards to the Project. It is anticipated that the Village will receive the financing in the summer of 2012.

The proceeds of the Notes, together with available funds in the amount of \$35,000, will be used by the Village to redeem and renew, in part, outstanding bond anticipation notes of the Village in the amount of \$2,230,000.

### **Security and Source of Payment**

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

The Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Village has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Village subject to applicable statutory limitations.

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate therefore.

### **Remedies of Note Holders on Default**

Upon default in payment in full of the principal of or interest on the Notes, a holder of such defaulted Note has a contractual right to sue the Village for the amount then due thereon. Such holder may obtain a judgment against the Village with interest as provided by law from the date of default in such payment or the date of demand therefore, if later. Execution of attachment of Village property cannot be obtained to satisfy the judgment. The General Municipal Law of the State provides that if the Village fails to pay a final judgment for such principal and/or interest, it shall be the

duty of the Village Board of the Village to assess, levy and cause to be collected at the same time and in like manner as other moneys for expenses are then next thereafter to be assessed, levies and collected, a sum of money sufficient to pay said judgment with interest thereon. Any moneys so collected shall, from time to time, be paid to the judgment creditors.

In addition, the State Constitution provides that if the Village fails to provide in its annual budget an amount sufficient to meet payment of principal of or interest on the Notes, the Village shall set aside from the first revenues thereafter received an amount necessary to pay such amounts which were required to be included in the Village's annual budget. In addition, the Village Treasurer may be required to set apart and apply such revenues to the payment of principal and interest on the Notes at the suit of any holder of the Notes. However, such right is subject to the discretionary power of the enforcing court and may be abridged by federal laws affecting creditors' rights or laws involving financial emergencies. (See "Special Provisions Affecting Remedies Upon Default.")

### **Special Provisions Affecting Remedies Upon Default**

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by a municipality upon any judgment or accrued claim against such municipality shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

As is the general rule with respect to municipal corporations, judgments against the Village have not been enforced by levy and execution against Village property.

The Federal Bankruptcy Code allows public bodies, such as the Village, 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 (including the Village) to file a petition with any United States District Court or Court of Bankruptcy under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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 such obligations.

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

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 Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes such as the Notes.

No principal or interest payments on Village indebtedness are past due. The Village has never defaulted in the payment of the principal of an interest on any indebtedness.

## **THE VILLAGE**

### **General Information**

The Village is located in the middle of the eastern part of Tioga County, with the Town of Berkshire to the north, Owego to the south, Candor to the west and the Town of Maine in Broome County to the east. The Village is a rural area with a population of 997 (2010 Census) and approximately 450 properties.

Although Newark Valley is primarily a “bedroom” community, there is some local industry. The largest employer is the Newark Valley Central School District, which serves not just Newark Valley, but also the Towns of Berkshire and Richford, as well as parts of the Towns of Candor and Owego. In addition, there are a few large farms, a large rigging firm, a grocery store and several smaller businesses. Newark Valley is the second largest growing area in Tioga County.

The Village residents enjoy a quality of life difficult to match. Most of the basic services such as water and solid waste are available in the Village. The school district is considered by many to be one of the finest in the state. The Village has a 24 unit senior citizen complex. Real estate is reasonably priced and it is scenic in all seasons. It is also a very easy commute to area industries, shopping centers, health care facilities, colleges and universities.

Source: Village Officials

### **Other Information**

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Village Law and the Local Finance Law.

The Village is in compliance with the procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the Village is past due.

The fiscal year of the Village is from March 1 to February 28.

This Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the Village.

### **Governmental Organization**

The Village was incorporated in 1894. One independently governed school district is located partially within the Village which relies on its own taxing powers granted by the State to raise revenues. The school district uses the Town of Newark Valley assessment roll as its basis for taxation of property located within the Village. The Village also uses the Town of Newark Valley’s assessment roll as its basis for taxes on property located within the Village.

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

The legislative power of the Village is vested in the Board of Trustees, which consists of five members, including the Mayor, who is the chief executive officer of the Village, elected for a term of four years. The four other members of the Village Board are elected for a term of four years, which are staggered so that no more than two Trustees are elected every year. All board members are elected at large and there is no limitation to the number of terms each may serve.

The Village Clerk-Treasurer, also the Village’s chief fiscal officer, is appointed to a four year term; the Village Attorney is under contract with the village. The Village Attorney is not a Village employee and his contract of employment is renewed annually.

## Employees

The Village provides services through approximately six full-time and six part-time employees. The Village is not unionized and has no employee contracts.

Source: Village Officials

## DEMOGRAPHIC AND STATISTICAL INFORMATION

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

### Population

<u>Year</u>	<u>Newark Valley</u>	<u>Tioga County</u>	<u>New York State</u>	<u>United States</u>
1990	1,082	52,337	17,990,455	248,709,873
2000	1,071	51,784	18,976,457	281,421,906
2010	997	51,125	19,541,453	307,006,550

Source: US Census Bureau

### Median Household Income

<u>Year</u>	<u>Newark Valley</u>	<u>Tioga County</u>	<u>New York State</u>	<u>United States</u>
1990	\$32,589	\$31,497	\$32,965	\$30,056
2000	37,935	40,266	43,393	41,994

Source: US Census Bureau

### Per Capita Income

<u>Year</u>	<u>Newark Valley</u>	<u>Tioga County</u>	<u>New York State</u>	<u>United States</u>
1990	\$13,296	\$13,064	\$16,501	\$14,420
2000	16,919	18,673	23,389	21,587

Source: US Census Bureau

### Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Tioga County</u>	<u>New York State</u>	<u>United States</u>
2006	4.8%	4.6%	4.6%
2007	4.4	4.5	4.6
2008	4.7	4.5	5.8
2009	5.2	5.3	9.3
2010	8.1	8.6	9.6

## Unemployment Rate Statistics - Continued

<u>2011 Monthly Rates:</u>	<u>Tioga County</u>	<u>New York State</u>	<u>United States</u>
January	9.5%	8.9%	9.8%
February	9.2	8.7	9.5
March	8.7	8.0	9.2
April	7.3	7.6	8.7
May	6.9	7.8	8.7
June	7.1	8.0	9.3
July	7.6	8.0	9.3
August	7.1	7.7	9.1

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

### Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated No. of Employees</u>
Newark Valley CSD	Education	256
Hollenbeck's Shur Fine Store	Grocery	20
Town of Newark Valley Offices	Local Government	18
Fortunato's Restaurant	Restaurant	9
Town of Newark Valley	Highway Department	8

Source: Village Officials

## INDEBTEDNESS OF THE VILLAGE

### Constitutional Requirements

The New York State Constitution and the Local Finance Law limit the power of the Village (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 Village and the Notes, include the following:

**Purpose and Pledge:** Subject to certain enumerated exceptions, the Village 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 Village may contract indebtedness only for a Village 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 object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized by the Village Board and utilized, no installment may be more than fifty percent in excess of the smaller prior installment. The Village 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.

## **Statutory Procedure**

In general, the State Legislature has authorized the power and procedure for the Village 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 Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Village Board, the finance board of the Village. Customarily, the Village Board has delegated to the Treasurer, as chief fiscal officer of the Village, 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 Village 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 Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. The Village has complied with the estoppel procedure with respect to the Notes.

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

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. (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 Village with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes. (See "Details of Short-Term Indebtedness Outstanding" herein.)

## **Debt Limit**

The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of the taxable real estate of the Village 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 method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the 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.

**Details of Short-Term Indebtedness Outstanding**

<u>Bond Anticipation Notes</u>	<u>Dated</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Water Project	10/28/10	10-27-11	1.50%	\$2,230,000 <sup>1</sup>
			Total	<u>\$2,230,000</u>

Note: <sup>1</sup> To be redeemed and renewed, in part, with proceeds of this issue and \$35,000 of available funds of the Village.

**Revenue and Tax Anticipation Notes**

The Village has not found it necessary to borrow in anticipation of taxes and revenues according to Village records for at least the past five years and does not intend to in the near foreseeable future.

**Status of Outstanding Bond Issues**

As of the date of this Official Statement, the Village has no outstanding long-term indebtedness.

**Other Obligations**

As of the date of this Statement, the Village does not have any outstanding installment purchase agreements or energy performance contracts.

**Trend of Outstanding Debt**

	Fiscal Year Ending February 28:				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Bonds	\$0	\$0	\$0	\$0	\$0
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,230,000</u>	<u>2,230,000</u>
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,230,000</u>	<u>\$2,230,000</u>

Source: Annual Update Documents of the Village

## Computation of Debt Limit and Calculation of Net Indebtedness

(As of October 4, 2011)

<u>Fiscal Year Ending February 28:</u>	<u>Assessed Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2008	\$25,990,640	86.41%	\$30,078,278
2009	25,762,523	80.00%	32,203,154
2010	25,816,689	73.50%	35,124,747
2011	25,564,533	65.50%	39,029,821
2012	<u>25,442,001</u>	64.50%	<u>39,444,963</u>
Total (2011-12) <sup>1</sup>	\$128,576,386		<u>\$175,880,963</u>
Average Five Year Full Valuation			\$35,176,193
Debt Limit - 7% of Average Full Valuation			\$2,462,333
Inclusions:			
Bonds			\$0
Bond Anticipation Notes			<u>2,230,000</u>
Total Inclusions			<u>\$2,230,000</u>
Exclusions:			
Water Indebtedness <sup>2</sup>			<u>\$2,230,000</u>
Total Exclusions			<u>\$2,230,000</u>
Total Indebtedness			<u>\$0</u>
Net Debt Contracting Margin			\$2,462,333

Notes: <sup>1</sup> The latest completed assessment roll for which a State Equalization Rate has been established.

<sup>2</sup> Water indebtedness and budgeted appropriations are automatically excluded pursuant to provisions of the New York State Constitution and Section 136.00 of the Local Finance Law.

### Authorized and Un-Issued Indebtedness

The Village has authorized \$4,230,000 for the water improvements, of which \$2,230,000 is expected to be funded through the issuance of the Notes and a \$1,994,000 USDA RUS grant. As of the date of this Official Statement \$2,000,000 remains unissued and the Village may issue same prior to receipt of the grant monies or in the event such grant monies are not consigned as anticipated. The Village also adopted a bond resolution on June 8, 2010 authorizing the issuance of \$245,000 serial bonds for the reconstruction of the municipal building, which remains unissued as of the date of this Official Statement. The Village does not anticipate borrowing these monies at this time.

### Capital Project Plans and Anticipated Future Borrowings

The Village is generally responsible for providing services as required by the citizens on a village-wide basis. The Village 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 systems require annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. As has been noted, the Village generally has provided the financing for water and has the primary responsibility for these functions.

The Village has many projects planned. Along with routine road maintenance at a cost of \$25,000 to \$45,000 a year, the Department of Public Works will be installing a new roof on their building by the year 2012. No cost estimate has been received for the project nor has a start date been determined.

The Village has recently constructed new offices in the Municipal Building. A new entrance sidewalk will be built this year. Masonry work will be done in the next year to the Municipal Building at a cost of approximately \$190,000. A new basement floor will be installed to replace the current dirt floor which is estimated to cost \$28,000. New eaves will be added for another \$5,000. All of these were strongly recommended by an engineering firm in order to save the building from complete deterioration. This building is on the historical registry.

The Village is responsible for the maintenance of Trout Ponds Park and it will be necessary to replace the dam in the next few years. The cost will be approximately \$14,000. The restrooms at the park will also be replaced in the near future. The Village has not determined whether any of these projects will necessitate a borrowing at this time.

**Direct and Overlapping Indebtedness**

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

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt obligations of the county, school districts, as well as the Village. Such taxpayers’ share of this overlapping debt is based upon the amount of the Village’s equalized property values taken as a percentage of each separate units’ total values. The table below sets forth both the total outstanding principal amount of debt issued by the Village and the approximate magnitude of the burden on taxable property of the Village 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 <sup>1</sup>	Applicable Net Indebtedness	Full Value of Village in Municipality	Total Full Value of Municipality	% Within Village	Estimated Applicable Overlapping Debt
County:								
Tioga	2010	\$11,930,000	\$2,930,000	\$9,000,000	\$39,444,963	\$2,469,373,552	1.60%	\$143,763
Town:								
Newark Valley	2010	0	0	0	39,444,963	180,491,219	21.85%	0
School District:								
Newark Valley	2010	15,630,000	14,707,830	922,170	39,444,963	385,717,304	10.23%	94,305
Total Net Overlapping Debt:								\$238,068
Total Net Direct Debt:								0
Net Direct and Overlapping Debt:								\$238,068

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: <sup>1</sup> 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 Village's direct and overlapping indebtedness as of October 4, 2011.

	<u>Amount</u>	<u>Debt Per Capita</u> <sup>1</sup>	<u>Debt Full Value</u> <sup>2</sup>
Net Direct Debt	\$0	\$0.00	0.00%
Total Direct & Applicable Total Overlapping Debt	238,068	238.78	0.60%

Notes: <sup>1</sup> The population of the Village is 997 according to the 2010 US Census Bureau.

<sup>2</sup> The full valuation of real property located in the Village for the 2012 fiscal year is \$39,444,963.

## FINANCES OF THE VILLAGE

### Financial Statements and Accounting Procedures

The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various state and federal statutes.

In June, 1999, the Governmental Accounting Standards Board ("GASB") issued Statement 34, "Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments". This Statement established new financial reporting requirements for state and local governments throughout the United States. Statement 34 required new information and restructured much of the information that governments had presented in the past. Comparability with reports issued in all prior years will be affected. GASB required the Village to implement this standard for the fiscal year ending December 31, 2003. The Village has not complied with the requirements of GASB Statement 34.

The Statements of Revenues, Expenditures (General) presented in Appendix A of this Official Statement are based on Annual Update Documents submitted to the Office of the New York State Comptroller for the 2007-11 fiscal years.

### Fund Structure and Accounts

The Village 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 Village presently maintains the following governmental funds: General Fund, Water Fund, and the Capital Projects Fund. Fiduciary funds consist of Private Purpose Trust Funds and Agency Funds. Account groups are maintained for fixed assets and long-term debt.

### Basis of Accounting

The Village'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, which is when the related fund liability is incurred. An exception to this general rule is un-matured interest on general long-term debt which is recognized when due.

## **Investment Policy**

The primary objectives of the Village'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 Village 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 Village may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations of the State of New York; (3) In 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 New York State; (5) Time Deposit Accounts in a bank or trust company authorized to do business in New York State; (6) in the case of moneys held in certain reserve funds established by the Village pursuant to law, in obligations of the Village.

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 New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village, itself.

Only reserve funds may be invested in: (1) Obligations of the Village.

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 Village, 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.

The Village Board of Trustees 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 Village are made in accordance with such policy.

## **Budgetary Procedures**

The Village operates on a fiscal year beginning March 1<sup>st</sup> and ending February 28<sup>th</sup>. The Village Board of Trustees, with the assistance of the Village Treasurer, prepare a tentative budget no later than December 20<sup>th</sup> of each fiscal year for the fiscal year commencing the following March 1<sup>st</sup>. The Clerk must publish a notice of public hearing by January 10th. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year by February 1<sup>st</sup>. The budget of the Village is not subject to voter approval.

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

The Tax Levy Limitation Law will have a significant impact on the Village's budgeting procedures and (possibly) outcomes, beginning with the Village's budget for its 2012-13 fiscal year. See "REAL PROPERTY TAX INFORMATION – New Tax Levy Limitation Law," herein.

Source: Village Officials

## **Financial Operations**

The Village Treasurer functions as the chief fiscal officer of the Village as provided by Section 2 of the Local Finance Law. In this role, the Treasurer is responsible for the Village's accounting and financial reporting activities, which are delegated to and carried out by the Treasurer. In addition, the Village Treasurer is the Village's budget officer and must therefore prepare the annual tentative budget for submission to the Board of Trustees. Budgetary control during the year is the responsibility of the Treasurer. Pursuant to Section 30 of the Local Finance Law, the Treasurer must execute an authorizing certificate which then becomes a matter of public record.

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

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. All revenues (rents and fees) and expenses of the Water and Solid Waste operations are specifically accounted for in these respective funds.

The Village's fiscal year runs from March 1<sup>st</sup> through February 28<sup>th</sup> for operating and reporting purposes.

### **Revenues**

The Village receives most of its revenues from a tax on real property in the Village; a portion of General Fund revenues is comprised of State aid. For the year ending February 28, 2011, real property taxes and assessments accounted for 53.29% of the General Fund revenue. State aid made up 7.65% of the General Fund revenue.

A summary of such revenues and other financing sources for the last five completed fiscal years ending February 28, 2011 and the budget for the fiscal year ending February 28, 2012 may be found in Appendix A – Financial Information.

#### *Real Property Taxes*

See “Real Property Tax Information”, herein.

#### *State Aid*

The Village received approximately 7.65% of its total General Fund operating revenue from State Aid in 2011 and estimates State aid for 2012 to be \$26,500. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the Village.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse affect upon the Village requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “Market and Risk Factors,” herein).

The State faces the prospect of multi-billion dollar deficits for the next several years, and cuts in State aid to municipalities have been included in the New York State budget for the fiscal year ending March 31, 2012, which was adopted on March 31, 2011 (and can be expected in future years).

### **Expenditures**

The major categories of expenditure for the Village are General Government Support, Public Safety, Transportation, Home and Community Services and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years ending February 28, 2010 and the estimated expenditures for the fiscal year ending February 28, 2011 may be found in Appendix A – Financial Information.

## Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS"). The ERS is generally also known as the "Common Retirement Fund". The New York State Retirement System ("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 Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System 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 System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute 3% of gross annual salary, for the first ten years of service, toward the cost of retirement programs.

The following schedule reflects the Village's contribution to the ERS for the last five fiscal years and the amount budgeted for fiscal year 2011:

<u>Fiscal Year Ending February 28:</u>	<u>ERS</u>
Budgeted 2012	\$25,462
2011	23,145
2010	14,550
2009	15,827
2008	13,951
2007	17,908

Chapter 49 of the Laws of 2003 changed the cycle of billing to better match budget cycles of the Village and other governmental employers. Under the previous method, the Village was unsure of how much it would be required to pay to the system until after its budget was implemented. The contribution for a given fiscal year is now based on the value of the pension fund on the prior April 1 instead of the following April 1, so the Village is now able to more accurately include the cost of the contribution in its budget. The Village is required to 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 recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System in 2011 year and subsequent years will be higher than the minimum contribution rate established by Chapter 49. For the years 2011 and 2012 average ERS contributions will be 16.3% increasing to 18.9% of payroll.

The Village 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 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 both ERS and PFRS, 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.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.
- Requiring employees to continue contributing three percent 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 percent of non-overtime wages.

In accordance with constitutional requirements, these new pension reforms will apply only to public employees hired after January 1, 2010.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the Village's employees is not subject to the direction of the Village. 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 Village 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.

While the Village is aware of the potential negative impact on its budget and will take appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

### **Other Post-Employment Benefits**

It should be noted that the Village provides post-employment healthcare benefits to former employees. These costs may be expected to rise substantially in the future.

GASB 45 and OPEB. 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 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 Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement benefits and other non-pension benefits ("OPEB"), as it accounts for vested pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It will require them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future

benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and its compliance in meeting its ARC. The Village is not in compliance with the requirements of GASB 45.

The Village paid no post-employment benefits in 2010 and currently has no retired employees in which the Village pays post-employment healthcare benefits.

Actuarial valuation will be required every two years for OPEB plans with more than two hundred members, every three years if there are less than two hundred members.

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

## REAL PROPERTY TAX INFORMATION

### Real Property Taxes

The Village derives a significant portion of its annual revenue through a direct real property tax. The following table presents the total tax levy tax rates and collection performance for each of the last five fiscal years.

<b>Tax Collection Record</b>					
Fiscal Year Ended February 28:					
	2008	2009	2010	2011	2012
Taxes on Roll	\$216,374	\$249,501	\$223,591	\$223,234	\$239,501
Delinquent Water & Sewer Payments	11,644	14,198	12,531	14,239	25,873
Other	178	28,508	181	176	199
Total Taxes	\$204,552	\$206,795	\$210,879	\$208,819	\$213,429
Collected During Year	\$204,552	\$206,795	\$210,879	\$208,819	\$195,300 *
Total Uncollected Taxes	0	0	0	0	18,129 *
Percent Collected	100.00%	100.00%	100.00%	100.00%	91.51% *
Tax Rate Per \$1,000 AV	\$7.87	\$8.03	\$8.17	\$8.17	\$8.39

Source: Village Officials

Note: \* As of October 4, 2011

### Tax Collection Procedure

Taxes are due March 1, payable to April 1 without penalty. Penalties thereafter are imposed at an annual interest rate determined by the NYS Commissioner of Taxation and Finance. On November 1, uncollected taxes are turned over to the County Treasurer's Office and uncollected taxes and penalties are relieved as part of the County tax levy. The County guarantees to pay the Village the full amount of such uncollected taxes prior to the end of the Village fiscal year in which the tax was levied.

Source: Village Officials

### New Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of

New York City, and the counties comprising New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

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

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

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

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

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

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

"So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive

language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

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

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

### **Constitutional Tax Limit**

The Constitution limits the amount that may be raised by the Village *ad valorem* tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2011-12 fiscal year is as follows:

Five Year Total Full Valuation	\$176,929,200
Five Year Average Full Valuation	35,385,840
Constitutional Tax Limit: (2%)	707,717
Tax Levy - General Village Purposes	213,429
Less: Exclusions for Debt and Capital Purposes	0
Tax Levy Subject to Tax Limit	213,429
Percentage of Tax Limit Exhausted	30.16%
Constitutional Tax Margin	\$494,288

Source: Constitutional Tax Limit as submitted to the New York State Comptroller's Office by the Village.

**Ten Largest Taxpayers**  
2011 Assessment Roll for 2012

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
NBT Bank	Bank	\$589,147
Sarah Hollenbeck	Supermarket	511,628
Glenn Schoffler	Residence	271,318
Kenneth Schneider	Apartment Building	271,318
Chris Leach	Apartment Building	217,054
Arthur Hilliard	1 Family Residence	216,124
Drake Petroleum	Gas Station/Convenience Store	212,093
Paul Knapp	Residence	209,302
Thomas Judson	Farm	209,302
Thomas Evans	Storage Buildings	209,302
Total		<u><u>\$2,916,588</u></u> <sup>1</sup>

Note: <sup>1</sup> Represents 7.39% of the 2011-12 full valuation of \$39,444,963 of the Village.

### LITIGATION

In common with other local governments and school districts, the Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village, 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 Village has not asserted a substantial and adequate defense, nor which if determined against the Village, would have an adverse material effect on the financial condition of the Village.

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 Village, threatened against or affecting the Village to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Village taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Village.

### MARKET AND RISK FACTORS

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

The Village 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 Village, in this year or future years, the Village may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the Village.

The subprime mortgage crisis of 2008-2009 created massive disruptions in the U.S. and global securities markets, and the health of those markets was impaired to the point where significant governmental intervention was deemed necessary. This is projected to have significant adverse impacts on the finances of New York State over time, on

which the Village depends to a certain extent for State Aid. The exact impact on the Village cannot be predicted, but it will in all likelihood be negative, and could persist for a significant period of time.

If and when a holder of the Note should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase or sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a note will decline, causing the noteholder to incur a capital loss upon the sale of such note (unless such note is held to maturity).

## **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 Notes 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 Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B.

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 Notes. The Village has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. 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 Notes.

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 Notes) 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 Notes or interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes 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), the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner of the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences. (See “Legal Matters” herein).

### **Tax Disclosure: American Jobs Act of 2011**

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinions 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.

## MATERIAL EVENT NOTICES

In accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Village has agreed to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") System established and operated by the Municipal Securities Rulemaking Board ("MSRB") currently located at: <http://www.emma.msrb.org> or such other similar system established and operated by the MSRB, notice of the occurrence of any of the following events with respects to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Notes;
- (g) modifications to rights of Note holders;
- (h) bond calls;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes; and
- (k) rating changes.
- (l) bankruptcy, insolvency, receivership or similar event of the Village;
- (m) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, 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.

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 Notes.

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

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

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

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

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

The Village is in compliance with all prior undertakings pursuant to the Rule.

## **RATING**

The Village has not applied for a rating on the Notes.

## **FINANCIAL ADVISOR**

Municipal Solutions, Inc. has assisted the Village as financial advisor in certain matters with respect to the sale and issuance of the Notes.

## **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the Village Treasurer, 9 Park Street, PO Box 398, Newark Valley, NY 13811, telephone number 607-642-8686, 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 Village and the original purchasers or holders of any of the Notes.

This Official Statement is submitted only in connection with the sale of the Notes by the Village 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 Village's management's beliefs as well as assumptions made by, and information available to, the Village 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 Village files with the repositories. When used in Village 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: <http://www.municipalsolution.com>. 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 Village nor Municipal Solutions, Inc. assumes any liability or responsibility for errors or omissions on such website.

Further, Municipal Solutions, Inc., and the Village 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 Village 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 Village, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village 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.

VILLAGE OF NEWARK VALLEY

October 4, 2011  
Newark Valley, New York

\_\_\_\_\_  
By: s/s Mertie Pozzi  
Village Treasurer and Chief Fiscal Officer

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Additional copies of the Notices of 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](http://www.municipalsolution.com)

**APPENDIX A**

**FINANCIAL INFORMATION**

**Statement of Revenues, Expenditures and Fund Balances**  
**General Fund - Village of Newark Valley**

	Fiscal Year Ending February 28:				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues:</b>					
Real Property Taxes	\$196,049	\$204,537	\$206,730	\$210,878	\$208,819
Real Property Tax Items	3,043	2,916	6,379	2,516	2,731
Non-Property Tax Items	107,837	107,344	106,809	108,023	87,498
Departmental Income	6,064	6,654	7,183	6,341	9,944
Use of Money and Property	34,675	40,150	24,924	14,733	13,208
Sale of Property & Comp. For Loss	1,646	360	2,451	521	3,935
Miscellaneous	41,680	12,989	28,853	8,874	7,130
State Aid	41,717	29,935	31,717	31,995	29,980
Interfund Transfers	0	0	36,641	0	28,624
Total Revenues	<u>\$432,711</u>	<u>\$404,885</u>	<u>\$451,687</u>	<u>\$383,881</u>	<u>\$391,869</u>
<b>Expenditures:</b>					
General Governmental Support	\$154,130	\$169,333	\$231,351	\$190,836	\$208,395
Public Safety	2,179	29,204	8,717	7,634	15,707
Transportation	66,850	76,912	126,364	97,241	111,305
Culture & Recreation	33,285	40,637	26,333	41,712	36,058
Home & Community Service	35,243	9,121	8,550	9,103	8,851
Employee Benefits	36,844	32,839	34,929	36,566	51,286
Debt Service	0	0	0	0	0
Interfund Transfers	18,000	0	259	160,333	12,672
Total: Expenditures	<u>\$346,531</u>	<u>\$358,046</u>	<u>\$436,503</u>	<u>\$543,425</u>	<u>\$444,274</u>
<b>Excess (Deficit) Revenues</b>					
Over Expenditures	\$86,180	\$46,839	\$15,184	(\$159,544)	(\$52,405)
Net Adjustments to Fund Balances	1	0	0	5,601	1
Fund Balance Beg. of Fiscal Year	<u>272,017</u>	<u>358,198</u>	<u>405,037</u>	<u>420,221</u>	<u>266,278</u>
Fund Balance End of Fiscal Year	<u>\$358,198</u>	<u>\$405,037</u>	<u>\$420,221</u>	<u>\$266,278</u>	<u>\$213,874</u>

Source: Annual Update Documents of the Village, as submitted to the New York State Comptroller's Office.

Note: This table NOT audited

**Statement of Revenues, Expenditures and Fund Balances**  
**Water Fund - Village of Newark Valley**

	Fiscal Year Ending February 28:				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues:</b>					
Departmental Income	\$160,527	\$161,512	\$147,611	\$198,312	\$206,887
Intergovernmental Charges	\$0	\$0	\$0	\$0	\$100,940
Use of Money and Property	2,160	1,154	339	61	164
Miscellaneous Local Sources	0	0	20,092	561	15,562
Interfund Transfers	0	0	0	333	0
<b>Total Revenues</b>	<u>\$162,687</u>	<u>\$162,666</u>	<u>\$168,042</u>	<u>\$199,267</u>	<u>\$323,553</u>
<b>Expenditures:</b>					
General Governmental Support	\$2,605	\$2,056	\$1,954	\$1,940	\$2,621
Home & Community Service	107,994	128,941	167,529	128,872	108,459
Employee Benefits	17,295	13,444	20,355	21,440	26,399
Debt Service	0	0	0	0	36,915
Interfund Transfers	43,042	29,692	0	24,128	26,194
<b>Total Expenditures</b>	<u>\$170,936</u>	<u>\$174,133</u>	<u>\$189,838</u>	<u>\$176,380</u>	<u>\$200,588</u>
<b>Excess (Deficit) Revenues</b>					
Over Expenditures	(\$8,249)	(\$11,467)	(\$21,796)	\$22,887	\$122,965
Net Adjustments to Fund Balances	(1)	1	0	(1,290)	0
Fund Balance Beg. of Fiscal Year	<u>40,891</u>	<u>32,641</u>	<u>21,175</u>	<u>(621)</u>	<u>20,976</u>
Fund Balance End of Fiscal Year	<u>\$32,641</u>	<u>\$21,175</u>	<u>(\$621)</u>	<u>\$20,976</u>	<u>\$143,941</u>

Source: Annual Update Documents of the Village, as submitted to the New York State Comptroller's Office.

Note: This table NOT audited

**Balance Sheet**  
**Combined Funds - Village of Newark Valley**  
Fiscal Year Ending February 28, 2011

	<u>General</u>	<u>Water</u>
Assets:		
Cash	\$187,538	\$114,712
Other Receivables	578	37,043
Due From Other Governments	4,668	0
Due From Other Funds	0	11,775
Prepaid Expenses	2,777	0
Restricted Assets	18,352	0
Total Assets	<u>\$213,913</u>	<u>\$163,530</u>
Liabilities:		
Accounts Payable	\$39	(\$48)
Other Liabilities	0	22
Due to Other Funds	0	19,615
Total Liabilities	<u>\$39</u>	<u>\$19,589</u>
Fund Balances:		
Special Reserves	\$1,790	\$0
Unreserved - Unappropriated	212,084	143,941
Total Fund Balances	<u>\$213,874</u>	<u>\$143,941</u>
Total Liabilities & Fund Balance	<u>\$213,913</u>	<u>\$163,530</u>

Source: Annual Update Document of the Village, as submitted to the New York State Comptroller's Office.

Note: This table NOT audited

**Budget Summaries**  
**Village of Newark Valley**  
Fiscal Year Ending February 28, 2012

	<u>General</u>	<u>Water</u>
<b>Revenues:</b>		
Real Property & Other Tax Items	\$215,429	\$0
Non-Property Tax	69,000	0
Departmental Income	6,100	289,640
Use of Money & Property	19,861	200
Sale of Property/Comp. for Loss	1,135	0
Miscellaneous	2,450	0
State Aid	26,500	0
Appropriated Fund Balance	<u>114,682</u>	<u>0</u>
Total Revenues:	<u>\$455,157</u>	<u>\$289,840</u>
<b>Expenses:</b>		
General Government Support	\$205,105	\$5,000
Public Safety	23,000	0
Transportation	123,528	0
Culture & Recreation	32,788	0
Home & Community Service	10,582	253,441
Employee Benefits	59,654	31,399
Debt Service	0	0
Interfund Transfers	<u>500</u>	<u>0</u>
Total Expenditures:	<u>\$455,157</u>	<u>\$289,840</u>

Source: Adopted Budgets of the Village

Note: This table NOT audited

**APPENDIX B**

**FORM OF BOND COUNSEL'S LEGAL OPINION**

October 27, 2011

Village of Newark Valley,  
County of Tioga,  
State of New York

Re: Village of Newark Valley, Tioga County, New York  
\$2,195,000 Bond Anticipation Notes, 2011 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$2,195,000 Bond Anticipation Notes, 2011 (Renewals) (the "Obligations"), of the Village of Newark Valley, County of Tioga, State of New York (the "Obligor") dated October 27, 2011, numbered 2-R, of the denomination of \$\_\_\_\_\_, bearing interest at the rate of \_\_\_\_% per annum, payable at maturity and maturing October 25, 2012.

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 violative 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 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. 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, 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 and 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 or corporate alternative minimum taxes, nor is it included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the 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.

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, events 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, or waiver 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