

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 8, 2020

NEW/RENEWAL ISSUES

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

The Town will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

TOWN OF NEW WINDSOR ORANGE COUNTY, NEW YORK (the "Town")

\$12,600,000 BOND ANTICIPATION NOTES – 2020 (the "Notes")

Dated Date: June 25, 2020

Maturity Date: June 25, 2021

Security and Sources of Payment: The Notes are general obligations of the Town of New Windsor, Orange County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "Tax Levy Limit Law," herein).

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Form and Denomination: At the option of the purchaser, the Notes may be either registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. For those Notes registered to the purchaser, a single note certificate shall be delivered to the purchaser(s), for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. For those Notes issued in book-entry form, such notes will be issued as registered notes, and, when issued, 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. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Noteholders will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Description of Book-Entry System" herein).

Payment: Payment of the principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry notes shall be payable at the office of the Town Clerk. (See "Description of Book-Entry System" herein.)

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on June 16, 2020 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about June 25, 2020 in New York, New York, or as otherwise agreed to by the Town and the purchasers.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

June , 2020



**TOWN OF NEW WINDSOR
ORANGE COUNTY, NEW YORK**

Town of New Windsor Office Building
555 Union Avenue
New Windsor, NY 12553
845/563-4623

TOWN BOARD

George J. Meyers, Town Supervisor

Stephen A. Bedetti
Steven Moreau
Andrew S. Regenbaum
Sylvia Sotomayor-Santiago

John T. Finnegan, Town Comptroller
Kelly Allegra, Town Clerk
David Zagon, Town Attorney

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776

(631) 331-8888
E-mail: info@munistat.com
Website: <http://www.munistat.com>

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

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OFFICIAL STATEMENT
Relating to
TOWN OF NEW WINDSOR
ORANGE COUNTY, NEW YORK

\$12,600,000 BOND ANTICIPATION NOTES – 2020
(the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town and presents certain information relating to the Town's \$12,600,000 Bond Anticipation Notes – 2020 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

Paying agent fees, if any, for those Notes registered to the purchaser will be paid by the purchaser(s).

The Town will act as Fiscal Agent for any Notes issued in book-entry form and the purchaser shall act as Fiscal Agent for any Notes registered in the name of the purchaser. Paying agent fees, if any, for those Notes registered to the purchaser will be paid by the purchaser(s). The Town's contact information is as follows: John T. Finnegan, Town Comptroller, Town of New Windsor Office Building, 555 Union Avenue, New Windsor, New York 12553, telephone number 845/563-4623 and email: jfinnegan@newwindsor-ny.gov.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Description of Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC 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 certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Standard & Poor's assigns a rating of "AA+" to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest 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 the Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts of their holdings on behalf of their customers.

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

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Source: The Depository Trust Company, New York, New York.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the New York Local Finance Law, and various bond resolutions duly adopted by the Town Board of the Town on the dates set forth below for the following purposes:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Outstanding</u>	<u>Amount</u> <u>to be Paid</u>	<u>Amount to</u> <u>be Issued</u>
02/06/2019	Lake Road Bridge Replacement	\$2,000,000	\$ 0	\$2,000,000
11/07/2018	WWTP Upgrade Project (planning)	1,500,000	0	1,500,000
09/05/2018	Water Meter Replacement Project	3,000,000	0	3,000,000
09/11/2019	Clarkview Sewer Main Project	0	0	1,300,000
05/06/2020	WWTP Upgrade Final Design	0	0	1,500,000
05/06/2020	WWTP Disinfection System	0	0	3,300,000
Totals:		<u>\$6,500,000</u>	<u>\$0</u>	<u>\$12,600,000</u>

Security and Source of Payment

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

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Town's credit rating could be affected by circumstances beyond the Town's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also "State Aid" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town, could impair the financial condition of such entities, including the Town, and the ability of such entities, including the Town, to pay debt service on the Notes. (See also "*Fiscal Impacts upon the Town following the Creation of the Town of Palm*" herein.)

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Town default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 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 Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

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

TOWN OF NEW WINDSOR

There follows in this Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

Description

The Town, with a land area of approximately 36 square miles and a population of approximately 27,012 is located in east central Orange County, immediately south of the City of Newburgh on the west bank of the Hudson River about 60 miles north of New York City. The Town is primarily a suburban residential area with commercial and industrial operations and some agriculture, the latter principally in the western portion of the Town.

Commercial facilities consist of small shopping centers and strip malls, variously including chain food stores, specialty stores, chain and non-chain retail stores, movie theaters, restaurants, etc., typically found in communities. Bank branches of national and regional banks are located within the Town.

Residential development consist primarily of single family homes, condominiums and garden apartment complexes. Residents are employed in commercial, non-commercial, professional, government businesses and industries, located in Town, neighboring and surrounding communities. In addition, a significant number of residents commute to New York City and the metro area by car, bus and commuter train services.

Stewart International Airport ("Airport") located principally within the Town is operated under two 99 year leases. One from the New York State Department of Transportation (NYS DOT) to the Port Authority of New York and New Jersey for the Airport and Airport aviation properties. The other lease from the Town to First Columbia Corporation, provides for the development of lands adjacent to the Airport into an office/industrial complex. In 2012, the majority of this land reverted back to the Town for development. The Town recently completed the sale of approximately 88 acres of this land for commercial development to provide opportunity for further economic growth of the Town in the near future. In addition, substantial infrastructure upgrades linking the Airport to the New York State Thruway and Interstate 84 have been completed.

Electric and gas utilities service for the Town is provided by Central Hudson Gas & Electric Corp. Water service is provided by the Town's municipal water system. Historically, the Town's primary source of water was the New York City Department of Environmental Protection (NYC DEP) Catskill Aqueduct. However in 2018, the Town completed the construction of an independent water supply system, the Butterhill Wells facilities which has the capacity to supply both current and future Town water consumption requirements. For a back-up supply, the Town continues to maintain interconnects with the NYC DEP Catskill Aqueduct, as well as, interconnects with surrounding municipalities for both the purchase and sale of water. For further information regarding the Butterhills Wells Facilities, see "Town Water System" herein. Sewer service and garbage collection is also provided by the Town's municipal services. Police protection is provided by the Town's police force consisting of approximately 50 full-time officers, plus staff. Fire protection is provided by the Town's three independent volunteer fire districts. Emergency medical services are provided by the Town's volunteer ambulance service district.

Rail transportation is provided by the Conrail and Metro North railroads. The New York State Thruway and Interstate Route 84 traverse the Town, with access via the Newburgh exits, just north of New Windsor. Other highways are U.S. Highway 9W, New York State Highways Routes 32, 94 and 207.

Government

The Town was established in 1763. Four independently governed school districts are located partially within the Town which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

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

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

Additional Town officers are the Town Clerk (elected at large for a four year term), the Receiver of Taxes, who is responsible for the collection of taxes (elected at large for a four year term), the Superintendent of Highways (elected at large for a two year term), and the Assessor, the Town Attorney and the Comptroller, all of whom are appointed by the Town Board. Professional services for engineering, operation and maintenance of the Town's water and sewer systems are by annual appointment by the Town Board or by longer term contracts. Other professional services are retained by the Town Board as necessary or required.

Town Water System

On April 1, 2019, the Town received verbal notification from the NYS Department of Health (DOH) that the water supply in the Butterhill Wells contained low levels of Perfluoro octane Acid (PFOA) and Perfluoro octane Sulfonate (PFOS). These wells were first put online in October 2018. Written confirmation, which for the first time included the test results and showed the detection levels of both compounds to be significantly below the EPA Lifetime Health Advisory Limit of 70 parts per trillion, was received on April 4, 2019. DOH declared the water "acceptable" for drinking. Upon receipt of the aforementioned written confirmation and test results, the Town took immediate steps to have the water from each well independently tested and to consult with expert legal counsel. An expert hydrogeologist consulting firm was hired in an effort to determine the source of the contamination and any potential liable parties related thereto. Upon receipt of the independent test results requested, which confirmed the results received from DOH, the Town temporarily shut down the wells. Immediate steps were then taken to access a back-up water supply from the Catskill Aqueduct. This process began on May 2, 2019 and was completed by May 20, 2019.

In November 2019, a temporary granular activated carbon filtration system (“GAC”) was installed at the Butterhill Water Treatment Plant in order to treat the water from the Butterhills Wells and filter ay PFOA and PFOS from the water. The GAC system is capable of treating approximately 2.15mgd (million gallons a day). The wells and Treatment Plant are capable of producing approximately 6.45 mgd if operating at full capacity. The Town remains in talks with relevant government agencies about constructing/installing a permanent water filtration system at the Butterhill Water Treatment Plant, which could be capable of servicing the full capacity of the wells.

The Town has also filed a Notice of Claim against numerous potential federal tortfeasors believed to be responsible for the contamination of the wells, as required by the Federal Tort Claims Act, and is considering additional legal options against other potential tortfeasors, in order to recover all costs and expenses incurred as a result of the aforementioned contamination of the wells.

Financial Organization

The Supervisor is the chief fiscal officer of the Town. The Comptroller is the accounting officer of the Town, and his duties include administration, direction and control of budget and insurance, accounts payable and receivables and payroll. The Comptroller is also responsible for drafting and preparing the budget and securing and administering State and Federal grants.

Employees

The Town provides services through approximately 246 employees, consisting of 138 non-elected full-time employees, 4 full-time elected employees, 6 part-time elected officials, 30 part-time employees, 19 part-time board appointments and approximately 49 seasonal (summer) employees of whom the following full-time employees are represented by organized labor.

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
Civil Service Employees Association.....	78	12-31-23
Patrolmen’s Benevolent Association.....	46	12-31-23

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town is located in Orange County, New York, approximately 60 miles north of New York City along the westside of the Hudson River. It is within a few miles to Interstate 84, the New York State Thruway and Stewart International Airport. The Town is primarily a suburban residential community comprising approximately 36 square miles.

<u>Year</u>	<u>Town of New Windsor</u>	<u>Orange County</u>	<u>State of New York</u>
1990	22,937	307,647	17,990,455
2000	22,514	341,367	18,976,457
2010	25,244	372,813	19,378,102
2015	25,959	375,384	19,673,174
2018	27,012	378,227	19,618,453

Source: U.S. Census Bureau, Population Division and Annual Estimates of the Resident Population.

Income Data

	Median Family Income				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015^a</u>	<u>2018^a</u>
Town of New Windsor	\$44,863	\$59,207	\$86,375	\$86,063	\$106,168
County of Orange	44,039	60,355	82,480	85,312	93,694
State of New York	39,741	51,691	67,405	71,913	80,419

	Per Capita Money Income				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015^a</u>	<u>2018^a</u>
Town of New Windsor	\$15,843	\$22,806	\$31,652	\$32,845	\$35,928
County of Orange	15,198	21,597	28,944	31,023	33,472
State of New York	16,501	23,389	30,948	33,236	37,470

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2014-2018)

Summary of Building Activity (Number of Building Permits Issued)

	<u>Residential</u> <u>Single</u> <u>Family</u>	<u>Apt.</u> <u>Complexes</u>	<u>Misc.</u>	<u>Com'l. &</u> <u>Ind.</u>	<u>Total</u>
2015	39	9	604	216	868
2016	65	9	754	173	1001
2017	52	0	734	179	965
2018	42	5	764	162	973
2019	39	17	887	234	1,177

Source: Town of New Windsor, Office of the Building and Zoning Inspector.

Selected Listing of Large Taxable Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No</u> <u>Employees</u>
Verla International LTD	Manufacturing-Cosmetics	445
Precision Pipeline Solution	Service-Utility Infrastructure Svc.	350
Knapp Consultants Inc.	Svc.-Recruiting & Human Resources	215
Coca-Cola Bottling Co. of New York, Inc.	Distribution – Beverages	200
LSI Lighting Solutions	Manufacturing – Lighting Fixtures	200
Metal Container Corp.	Manufacturing – Aluminum Cans	150
West Point Tours	Transportation-Buses, Charters & Rentals	150
Central Hudson Gas & Electric.....	Utilities/Energy – Provider	125
Production Resource Group LLC	Mfg. – Scenic & Theatrical Settings	125
Gallagher Transportation	Transportation - Bus Lines/Truck Sales, Leasing and Services	120

Source: Orange County Partnership

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Town of New Windsor (%)</u>	<u>County of Orange (%)</u>	<u>New York State (%)</u>
2015	4.7	4.7	5.3
2016	4.3	4.3	4.8
2017	4.6	4.6	4.7
2018	4.1	4.1	4.2
2019	3.7	3.8	4.0
2020 (3 Months)	3.6	4.2	4.1

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, except in the event that the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town expects to comply with such procedure for the bond resolutions authorizing the issuance of the Notes on or about the closing date.

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

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The following pages set forth certain details with respect to the indebtedness of the Town.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin^a
(As of June 8, 2020)

<u>Fiscal Year Ending December 21:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2016	\$383,591,227	18.55	\$2,067,877,235
2017	386,007,721	18.67	2,067,529,304
2018	388,834,382	18.04	2,155,401,231
2019	393,170,568	16.75	2,347,286,973
2020	397,234,881	15.48	<u>2,566,116,802</u>
Total Five Year Full Valuation			\$11,204,211,544
Average Five Year Full Valuation			\$2,240,842,309
Debt Limit - 7% of Average Full Valuation			\$156,858,962
Inclusions:			
Outstanding Bonds:			
General Town Purposes			\$710,900
Non-Excluded Sewer			321,600
Water Bonds			<u>16,602,500</u>
Sub-Total			<u>17,635,000</u>
Bond Anticipation Notes			<u>6,500,000</u>
Total Inclusions			<u>24,135,000</u>
Exclusions			
Water Debt			19,602,500
Appropriations- General and Sewer			<u>288,750</u>
Total Exclusions			<u>19,891,250</u>
Total Net Indebtedness Before Issuing the Notes			<u>4,243,750</u>
The Notes			12,600,000
Less: BANs to be Redeemed by the Notes			<u>6,500,000</u>
Net Effect of the Notes			<u>6,100,000</u>
Total Net Indebtedness After Issuing the Notes			<u>10,343,750</u>
Net Debt Contracting Margin			<u><u>146,515,212</u></u>
Per Cent of Debt Contracting Margin Exhausted			6.59%

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,095,000	\$ 669,788	\$ 1,764,788
2021	1,120,000	524,063	1,644,063
2022	760,000	482,738	1,242,738
2023	795,000	459,413	1,254,413
2024	795,000	435,563	1,230,563
2025	810,000	411,488	1,221,488
2026	850,000	386,588	1,236,588
2027	850,000	361,088	1,211,088
2028	910,000	334,688	1,244,688
2029	940,000	306,938	1,246,938
2030	980,000	278,138	1,258,138
2031	980,000	248,738	1,228,738
2032	1,005,000	218,584	1,223,584
2033	990,000	187,928	1,177,928
2034	990,000	157,169	1,147,169
2035	990,000	126,056	1,116,056
2036	1,015,000	94,569	1,109,569
2037	1,015,000	62,353	1,077,353
2038	1,015,000	29,784	1,044,784
2039	450,000	6,750	456,750
	<u>\$18,355,000</u>	<u>\$5,782,424</u>	<u>\$24,137,424</u>

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Town has \$6.5 mil in short-term notes outstanding, as follows:

<u>Issue Date</u>	<u>Purpose</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
06/27/19	WWTP Upgrade Prelim Design	\$ 1.5 mil	\$ 1.5 mil
06/27/19	Lake Rd Bridge Project	\$ 2.0 mil	\$ 2.0 mil
06/27/19	Water Meter Replacement Project	\$ 3.0 mil	\$ 3.0 mil

The Town is in the process of completing the study/report and preliminary design phase for the construction of modifications and upgrades to its existing waste water treatment plant facilities. Under the planning bond authorization for this project on 11/7/18, the Town issued a \$1.5 million Note in June 2019. A \$1.5 million portion of the proceeds of the Notes will redeem such note (see anticipated future borrowings for further detail).

On 5/6/15 the Town authorized a planning bond resolution in the amount of \$400k for the "Lake Road Bridge Project" which entails the replacement of Lake Road Bridge over the Metro-North railroad in the Town of New Windsor. This bond authorization amount was revised on 2/6/19 from \$400k to \$4.0 million with a PPU of 20 years. The overall project cost is estimated at approximately \$4.0 million. The Town has secured an agreement with the NYS DOT for Federal Funding (80%, approx \$3.18 million), Marchiselli/State Funding (\$31.8k) and Bridge NY Funding (\$146k); all on a reimbursement basis. Construction work on this project commenced in 2019. The cash flow for this project is being funded with the \$2.0 million short-term Note proceeds issued in June 2019, supplemented with the periodic reimbursements from NYS DOT. It is the intent of the Town to renew the outstanding note at its June 2020 maturity. It is to be further determined whether the local share of this project will be funded with Highway Fund appropriations or a long-term bond issue at the short-term note maturity in 2021.

The Town, on 9/5/18, authorized a bond resolution in the amount of \$4.8 million for its Water Meter Replacement Project. This project entails the replacement of approximately 5,190 water meters throughout the entire Consolidated Water District, as well as associated infrastructure and software. This town-wide meter replacement project is being implemented as a result of the Town incurring significant water loss costs stemming from the poor functioning of the current meters (which average 30 plus years in age, well past their useful lives). The estimated cost of the project is approximately \$3.3 million and is expected to be completed by December 2020. In June 2019, the Town issued a \$3.0 million short-term note to fund the cash flow of this project (along with contributions from the Water Fund). It is the intent of the Town to renew the outstanding note at its June 2020 maturity and to long-term bond at a later date. Due to COVID-19 construction of this project has been interrupted with a revised completion date now of spring 2021.

Anticipated Future Borrowings

The Town has no formal capital program. The Town has an infrastructure committee consisting of the Town Supervisor, the Town Attorney, the Engineer for the Town, the Operating Engineer for the Town's sewer and water facilities, the Town's Planning Board Chairman, and several others. The committee meets on a monthly basis to review current plans, the status of current construction projects and the planning for future infrastructure needs.

As stated in "Details of Short-Term Indebtedness", the Town has been in the preliminary design phase of upgrading its wastewater treatment plant facilities (WWTP) from a 5 mgd capacity to an 8 mgd capacity in order to meet not only the current but also future demand and growth of the Town; as well as to update the aged facilities that are currently exceeding their useful life. The construction of this project is expected to begin in the summer of 2022. The overall project cost is estimated at approximately \$45.0 million; of which it is the intent of the Town to long-term bond at a later date. With the preliminary design phase near completion, the Town is now entering the final design phase for this project. Under its 11/7/18 planning bond authorization, the Town had issued a \$1.5 million short-term note for the preliminary design phase of this project; this authorization amount was then increased by \$2.0 million on 5/6/20 to include the final design phase of this project. The Town will renew the outstanding \$1.5 million note as well as to issue a new issue in the amount of \$1.9 million for this project with the issuance of the Notes.

In addition, there is a sub-project to the WWTP Upgrade for the construction of a wastewater treatment plant disinfection system (chlorination/dichlorination tank). In August of 2014, the Town entered into an Order on Consent Modifications with the NYSDEC which obligated the Town to make certain improvements at the wastewater treatment plant facility to meet new effluent limits regarding the discharge of total residual chlorine. The improvements required at the WWTP to achieve the new total residual chlorine effluent limits include the construction of a new cast in place concrete tank, which is sized to allow chemical additions and their respective contact times. The tank will be constructed in the vicinity of the existing micro-screen structure, which is no longer in use, and will be demolished to allow for construction of the chlorination/dichlorination tank. Other improvements include the construction of a new building to house the chemical feed equipment, chemical storage, electrical distribution equipment and instrumentation and controls. The Town authorized a bond resolution for this sub-project in the amount of \$5.0 million on 5/6/20. The design of this sub-project is complete with construction expected to begin in June 2020. The issuance of the Notes, under this \$5.0 million bond authorization, will finance \$3.3 million for this project.

On 9/5/18, the Town authorized a bond resolution in the amount of \$1.2 million for the acquisition and installation of back-up generators at various Town sewer pump stations. A grant from NYS Environmental Facilities Corp (EFC) has been secured in the amount of \$290,000 to fund this project. The Town intends to fund the balance (approximately \$870k) of the project cost with its Sewer Fund reserves. The construction for this project is expected to begin July 2020 and be completed by year end. As of the date of this statement, the Town does not intend to short or long-term finance this project.

A bond resolution in the amount of \$1,600,000 was authorized on 9/11/19 for the Clarkview Sewer Main Project. This project entails the replacement of the existing 8" diameter vitrified clay gravity sewer main with a new 10" PVC gravity sewer main along Clarkview Road between Little Britain Road and Union Avenue, including 3,000 linear feet of new sewer main, replacement of 12 sewer manholes, and 20 individual service connections. The Town has secured a grant from NYS Environmental Facilities Corp (EFC) in the amount of \$330,000 to fund this project. This project is currently under design with an estimated construction commencement of spring 2021. The Town will the Notes in the amount of \$1,300,000 for the project.

The Town is also in the process of developing cost estimates and pursuing grant funding for various other planned infrastructure improvements.

The Town's current capital project timeline consists of, but is not limited to, the following:

<u>Project Description</u>	<u>Est Cost</u>	<u>Start & End Dates (est)</u>	<u>Anticipated Source of Funding</u>
Water Meter Replacement Project	\$3,300,000	Summer 2019 - Spring 2021	Initial funding with \$3.0 million short-term Note supplemented, with Water Fund reserves, then long-term Bond.
Lake Road Bridge	\$4,000,000	Summer 2019 - Summer 2020	Initial funding with \$2.0 million short-term Note supplemented with 80% Federal & State grant funding (funded on reimbursement basis). The Town cost (20% Local Share) will be funded with Town appropriations/reserves.
WWTP Upgrade Project Design	\$3,000,000	June 2019-May 2021	Initial funding with short-term Notes then long-term bond.
WWTP Disinfection System Project	\$3,300,000	June 2020	Initial funding with short-term Notes then long-term bond.
Clarkview Sewer Main Replacement	\$1,600,000	Spring 2021	Initial funding with short-term Notes supplemented with EFC Grant 25% match, then long-term bond.
Sewer Generator Project	\$1,160,000	July 2020-Dec 2020	Funding with \$290k EFC Grant and approximately \$870k Sewer Fund reserves. Do not intend to short or long-term finance this project.

The following is a schedule of anticipated future borrowings, as of June 8, 2020:

	<u>Purpose</u>	<u>Est Amount</u>	<u>Status</u>
Short-Term Note	WWTP Upgrade Prelim Design	\$ 1.5 million	BAN -June 2020 (Note Renewal)
Short-Term Note	Lake Rd Bridge Project	\$ 2.0 million	BAN -June 2020 (Note Renewal)
Short-Term Note	Water Meter Replacement Project	\$ 3.0 million	BAN -June 2020 (Note Renewal)
Short-Term Note	WWTP Upgrade Final Design	\$ 1.5 million	BAN - June 2020 (New Issue)
Short-Term Note	WWTP Disinfection System Project	\$ 3.3 million	BAN - June 2020 (New Issue)
Short-Term Note	Clarkview Sewer Main Replacement	\$ 1.3million	BAN - June 2020 (New Issue)

Authorized but Unissued Indebtedness

As of the date of this Statement, the Town has the following authorizations for borrowing which have not been funded.

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Unissued</u>
12-05-12	STP Improvements	\$ 3,000,000	\$ 0	\$ 3,000,000
08-07-13	Consolidated Water District Improvements	500,000	0	500,000
01-03-18	Water improvement Project – Butter Hill Wells	31,000,000	25,300,000	5,700,000
11-01-17	Jackson Ave. Rehabilitation Project	2,500,000	2,000,000	500,000
05-06-15	Replacement of Lake Road Bridge	4,000,000	2,000,000	2,000,000
05-06-15	Relocation of WWTP Outfall	750,000	0	750,000
06-03-15	Lake Street and Express Drive Interconnect	3,702,000	0	3,702,000
09-05-18	Water Meter Replacement	4,800,000	3,000,000	1,800,000
09-05-18	Sewer Generator Project	1,200,000	0	1,200,000
10-03-18	Public Safety Complex Project	400,000	0	400,000
11-07-18	WWTP Upgrade Project	3,500,000	1,500,000	2,000,000
02-07-18	Oak Hill Dr/Deer Hill Rd Project	600,000	0	600,000
09-11-19	Clarkview Sewer Main Project	1,600,000	0	1,600,000
05-06-20	WWTP Chlor/Dechlor Project	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>
Total		<u>\$63,102,000</u>	<u>\$34,350,000</u>	<u>\$28,752,000</u>

Trend of Outstanding Debt

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$3,025,450	\$2,675,500	\$1,685,550	\$1,616,250	\$1,067,500
Bond Anticipation Notes	2,220,000	85,000	2,550,000	550,000	2,000,000
Capital Notes	=	=	=	=	=
Sub-Total	<u>\$5,245,450</u>	<u>\$2,760,500</u>	<u>\$4,235,550</u>	<u>\$2,166,250</u>	<u>\$3,067,500</u>
Not Subject to Debt Limit:					
Bonds	\$1,132,112	\$732,062	\$495,437	\$10,258,750	\$17,287,500
Bond Anticipation Notes	3,940,000	6,000,000	9,825,000	15,000,000	4,500,000
Capital Notes	=	=	=	=	=
Sub-Total	<u>\$5,072,112</u>	<u>\$6,732,062</u>	<u>\$10,320,437</u>	<u>\$25,258,750</u>	<u>\$21,787,500</u>
Total Debt Outstanding	<u>\$10,317,562</u>	<u>\$9,492,562</u>	<u>\$14,555,987</u>	<u>\$27,425,000</u>	<u>\$24,855,000</u>

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	03/20/2020	6.52	17,402,206	16,299,478
Newburgh City S.D	06/30/2019	35.04	16,784,160	16,784,160
Washingtonville C.S.D	02/04/2020	16.70	10,663,388	10,633,388
Cornwall C.S.D	12/10/2018	11.05	2,243,150	2,243,150
Valley C.S.D	05/16/2019	0.46	124,637	124,637
Fire Districts (Est.)	12/31/2018	Var.	0	0
Totals			<u>\$47,217,541</u>	<u>\$46,084,813</u>

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 Statements.

Debt Ratios (As of June 8, 2020)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value^b</u>
Total Direct Debt	\$24,135,000	\$893	0.941
Net Direct Debt	4,243,750	157	0.165
Total Direct & Applicable Total Overlapping Debt	71,352,541	2,642	2.781
Net Direct & Applicable Net Overlapping Debt	50,328,563	1,863	1.961

a. The estimated population of the Town is 27,012 according to the 2018 U.S. Census.

b. The full valuation of taxable real property in the Town for 2019-2020 is \$2,566,116,802.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2019. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. A copy of the Audited Financial Statements for the fiscal year ended December 31, 2019 is attached as Appendix B.

Fund Structure and Accounts

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

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

The Town presently maintains the following governmental funds: General Fund, Highway Fund, Sanitation Fund, Sewer Funds, Water Fund and the Ambulance Fund. Fiduciary funds consist of an Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sanitary landfill post closure costs, installment purchases, judgments and claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) 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; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town 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. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Town maintains a list of financial institutions and dealers approved for investment purposes and establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Town conducts business must be credit worthy. Banks are required to provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town. Security dealers not affiliated with a bank are required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The chief fiscal officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

The Town Supervisor is authorized to contract for the purpose of investments: (1) directly from an authorized trading partner, (2) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (3) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

Repurchase agreements are authorized subject to the following restrictions: (1) all repurchase agreements must be entered into subject to a Master Repurchase Agreement; (2) trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (3) obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America; (4) no substitution of securities will be allowed; and (5) the custodian shall be a party other than the trading partner.

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before August 15th. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

Budget Summaries for the 2019 and 2020 fiscal years may be found in Appendix A, on pages A-6 and A-7.

Financial Operations

The Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

Town finances are operated primarily through the General and Special Revenue Funds. The General Fund receives most of its revenue from real property tax. Current operating expenditures are paid from these funds subject to available appropriations. The Special Revenue Funds are made up of the Highway, Sewer, Sanitation, Ambulance and Water Funds. The primary source of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 5.0%).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The Town has not been audited in the past five years. Reference to this website implies no warranty of accuracy of information therein.

Revenues

The Town receives a significant portion of its revenues from a real property tax on all non-exempt property situated within the Town. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A. See "Real Property Tax Information", herein.

State Aid

The Town receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, 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 Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

Based on the unaudited financial statements of the Town, the Town received approximately 5.14% of its total General Fund operating revenue from State aid and Federal aid in 2019. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Town cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years, the Town may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid and Federal aid for each of the fiscal years 2015 through 2019 inclusive and budgeted for 2020.

<u>Year Ended December 31:</u>	<u>Total General Fund Town Revenue</u>	<u>State & Federal Aid</u>	<u>State & Federal Aid To Revenues (%)</u>
2015	\$16,025,432	\$920,403	5.74%
2016	16,794,594	821,652	4.89%
2017	16,999,851	853,325	5.02%
2018	22,772,515	1,325,964	5.82%
2019	20,330,135	1,044,019	5.14%
2020 (Budgeted)	21,113,083	866,180	4.10%

Expenditures

The major categories of expenditures for the Town are General Government Support, Public Safety, Transportation, Economic Assistance and Opportunity, Home and Community Services, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five fiscal years ending December 31, 2019 may be found in Appendix A, on pages A-1 through A-5.

Employee Pension System

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and Employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System.

The following table summarizes the retirement system tier levels currently in effect:

<u>Tier</u>	<u>System</u>	<u>Effective Dates (Hire Date)</u>	<u>Vesting (Years of Credited Service)</u>	<u>Employee Contribution Rate (Percent of Salary)</u>
1	ERS	Before July 1, 1973	5	0%
1	PFRS	Before July 31, 1973	5	0% (Non-Contributory)
2	ERS	July 1, 1973 – July 26, 1976	5	0%
2	PFRS	July 31, 1973 – June 30, 2009	5	0% (Non-Contributory)
3	ERS	July 27, 1976 – August 31, 1983	5	3% throughout 10 years of service, then 0%
3	PFRS	July 1, 2009 – January 8, 2010	5	0% (Non-Contributory)
4	ERS	September 1, 1983 – December 31, 2009	5	3% throughout 10 years of service, then 0%
5	ERS	January 1, 2010 – March 31, 2012	10	3% throughout employment
5	PFRS	January 9, 2010 – March 31, 2012	10	0% (Non-Contributory)
6	ERS	April 1, 2012 and After	10	3% - 6% variable based on annual Salary throughout employment
6	PFRS	April 1, 2012 and After	10	0% (Non-Contributory)

On September 1, 2017, the State Comptroller announced for Fiscal Year 2018-2019, the average contribution rates for ERS will decrease from 15.3% to 14.9%, and the average contribution rate for PFRS will decrease from 24.4% to 23.5%. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

The annual pension payment due date is February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contribution in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates (“ARC”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The primary purpose of the SCO plans is to reduce the volatility of future pensions ARC. However, although the pension contribution rates under this program would reduce near-term payments, it will require higher than normal contributions in later years. This Town has not participated in any of the amortization programs and does not intend to do so in the foreseeable future.

Most recently, the Town has changed accounting policies related to pensions by adopting GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, for the year ended December 31, 2015. GASB Statement 68 requires reporting entities to recognize their proportionate share of the net pension liability and operating statement activity related to changes in the collective pension liability. This means that reporting entities that contribute to the state retirement pension plan should now report a liability on their financial statements for their proportionate share of the net pension liability. The new standards change how pension plan liabilities are accounted for and disclosed in financial statements of public pensions and participating employers. The new standards do not affect or alter how public employee pensions are funded or how employer contribution rates are calculated.

Contributions to the Retirement Systems

<u>Fiscal Year Ending Dec 31:</u>	<u>ERS</u>	<u>Policemen's & Firemen's Retirement System</u>	<u>Total</u>
2014	\$1,044,717	\$1,118,710	\$2,163,427
2015	1,008,392	1,176,768	2,185,160
2016	1,015,516	968,329	1,983,845
2017	879,645	1,057,842	1,937,487
2018	879,671	1,093,699	1,973,370
2019	911,271	1,061,998	1,973,269
2020 (Budget)	926,000	1,126,311	2,052,311

Other Post Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. 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 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 75 established new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2019 is as follows:

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years, if there are less than 200 members.

Total OPEB Liability at Dec 31, 2018	\$49,230,207
Charges for the Year:	
Service Cost	1,937,846
Interest	1,215,182
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	
Changes in Assumptions or Other Inputs	11,698,659
Benefit Payments	(855,447)
Net Changes	13,996,240
Total OPEB Liability at Dec 31, 2019	\$63,226,447

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue through a direct real property tax.

Tables presenting the tax levy, by purpose, collection performance and tax rates can be found in Appendix A.

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2015 through 2019 inclusive, and budgeted amounts for fiscal year 2020.

<u>Fiscal Year Ending Dec 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2015	16,025,432	7,049,523	43.99
2016	16,794,594	7,032,997	41.88
2017	16,999,851	7,420,046	43.65
2018	22,772,515	7,874,443	34.58
2019	20,330,135	7,957,588	39.14
2020 (Budgeted)	21,113,083	8,361,357	39.60

Source: Financial statements 2015 through 2019 and adopted budget for fiscal year 2020.

Tax Collection Procedure

Taxes are due January 1, payable without penalty to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. In April the tax roll is returned to the County and taxes are payable to the County Commissioner of Finance. The Town retains the total amount of Town, Highway, Special Districts, Fire Districts and delinquent water and sewer levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales.

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

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after May 31, 2012, continuing through May 31, 2020 as extended, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

The 2014 through 2020 Budgets did not exceed the tax levy limitation.

Selected Listing of Large Taxable Properties
2019 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation^a</u>
Central Hudson Gas & Electric	Utility	\$12,979,346
NY State DEC	Taxable State Owned Lands	6,543,700
DRA Fidelco New Windsor, LLC	Apartment Complex	4,541,200
BHC Big V, LLC	Retail Shopping Center	4,442,000
First Columbia	Office & Manufacturing Park	4,106,300
Knox Village Associates	Apartment Complex	2,614,400
LSI-Lightron	Manufacturing	1,831,300
VGR Associates	Retail Shopping Center	1,544,450
Scenic Properties LLC	Manufacturing	1,520,800
4 Acres LLC	Retail Shopping Center	1,411,700
Southlake Cove, TIC, LLC	Office Park	1,362,100
Squire Village Properties	Apartment-Condos	1,327,055
New Windsor Properties	Apartments	1,324,900
Oakwood Terrace	Co-operative Apartments	1,200,000
Global Companies, LLC	Oil Tank Farm	1,035,000
		<u><u>\$47,784,251</u></u>

a. Assessment Roll established in 2019 for levy and collection of taxes in 2020.

b. Represents 12.03% of the 2020 Taxable Assessed Valuation of the Town of \$397,234,881.

Tax Certiorari Claims

In common with other Municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money.

LITIGATION

In common with other Municipalities, the Town receives Notices of Claim and is party to litigation from time to time. In the opinion of the Town, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending for which the Town has not asserted a substantial and adequate defense,

In July 2019, approximately 102 claimants filed Notices of Claims against the Town, asserting damages for exposure to PFOA and PFOS in the Town's Butterhill Wells (see "Town Water System" herein). No lawsuits have yet been filed as to any of these claims, but the Town does anticipate such filings will occur. If any such lawsuits are filed, a strong defense is anticipated but all litigation carries risk and, in this instance, there is no insurance coverage. Valid disclaimers have already been interposed by the Town's carriers. Any other claims, other than those related to the PFOA/PFOS issue are unlikely to have any adverse material effect on the financial condition of the Town, even if there were an adverse finding against the Town.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the Town (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond and note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond and note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of bond and note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond and note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final respective approving opinions of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Town. Said opinion will be available at the time of delivery of the Notes, and are substantially in the forms set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the Town will provide an executed copy of its Undertaking to Provide Notice of Events substantially in the form set forth in Appendix D.

Prior Compliance History

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

Pursuant to undertakings previously entered into by the Town, the Town is required to file the Statement of Financial and Operating Information within six (6) months of the end of the fiscal year along with audited financial statements, if available. If the audited financial statements are not then available, such financial statements shall be provided within thirty (30) days after they become available and in no case later than 360 days after the close of the fiscal year.

The following table sets forth the annual filings for each of the five preceding fiscal years.

<u>Fiscal Year Ending December 31:</u>	<u>Financial & Operating Information</u>	<u>Audited Financial Statements</u>
2014	06/19/2015	06/01/2015
2015	06/27/2016	05/31/2016
2016	06/29/2017	05/23/2017
2017	06/25/2018	05/29/2018
2018	06/24/2019	05/29/2019

BOND RATING

The Notes are not rated. Moody's has assigned a rating of "Aa3" to the Town's outstanding long-term debt. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Town's bonds or the availability of a secondary market for such bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of John T. Finnegan, Town Comptroller, Town of New Windsor, Town of New Windsor Office Building, 555 Union Avenue, New Windsor, NY 12553, Phone (845) 563-4623, Fax (845) 563-4623 and email: jfinnegan@newwindsor-ny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

The preparation and distribution of this Official Statement has been authorized by the resolutions of the Town which delegate to the Town Supervisor the power to sell and issue the Notes.

TOWN OF NEW WINDSOR, NEW YORK

By: s/s GEORGE J. MEYERS
Town Supervisor and Chief Fiscal Officer
Town of New Windsor
New Windsor, New York

June , 2020

APPENDIX A

FINANCIAL INFORMATION

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Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 7,049,523	\$ 7,032,997	\$ 7,420,046	\$ 7,874,443	\$ 7,957,558
Real Property Tax Items	31,800	26,778	40,223	30,500	372,172
Non-Property Taxes	4,473,227	4,556,390	4,815,498	5,034,893	4,850,271
Departmental Income	908,249	1,330,495	911,662	1,767,169	1,232,984
Intergovernmental Charges					387,997
Use of Money and Property	633,685	758,826	804,999	855,202	944,364
Licenses & Permits	174,948	141,565	16,949	21,347	122,865
Fines & Forfeitures	892,665	940,441	941,095	959,605	998,885
Sale of Property and Compensation for Loss	31,759	181,640	143,655	3,624,462	911,256
Miscellaneous	85,873	210,972	222,799	180,832	118,342
Interfund Revenues	823,300	802,800	829,600	1,098,098	1,389,422
State and Federal Aid	920,403	811,690	853,325	1,325,964	1,044,019
Total Revenues	<u>16,025,432</u>	<u>16,794,594</u>	<u>16,999,851</u>	<u>22,772,515</u>	<u>20,330,135</u>
Expenditures:					
General Government Support	3,886,256	4,709,252	4,494,712	4,869,531	4,958,825
Public Safety	5,997,226	6,254,443	6,478,015	6,864,711	7,585,254
Transportation	299,933	295,627	297,790	374,839	226,864
Economic Assistance	178,691	248,269	658,598	582,107	158,325
Culture and Recreation	474,296	782,567	469,872	1,074,832	883,313
Home and Community Services	272,018	251,776	395,140	886,895	525,682
Employee Benefits	4,371,313	4,585,727	5,109,272	5,604,056	5,945,277
Debt Service					
Total Expenditures	<u>15,479,733</u>	<u>17,127,661</u>	<u>17,903,399</u>	<u>20,256,971</u>	<u>20,283,540</u>
Excess (Deficit) Revenues Over Expenditures	545,699	(333,067)	(903,548)	2,515,544	46,595
Other Sources & Uses:					
Interfund Transfers In	22,282	1,782,677	63,725	7,582	5,951
Interfund Transfers Out	(419,760)	(2,192,784)	(301,024)	(297,488)	(429,988)
Total Other Sources & Uses	<u>(397,478)</u>	<u>(410,107)</u>	<u>(237,299)</u>	<u>(289,906)</u>	<u>(424,037)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	148,221	(743,174)	(1,140,847)	2,225,638	(377,442)
Prior Period Adjustment					5
Fund Balance Beginning of Year	<u>5,359,340</u>	<u>5,507,561</u>	<u>4,764,387</u>	<u>3,623,540</u>	<u>5,849,178</u>
Fund Balance End of Year	<u>\$ 5,507,561</u>	<u>\$ 4,764,387</u>	<u>\$ 3,623,540</u>	<u>\$ 5,849,178</u>	<u>\$ 5,471,741</u>

Source: Audited Annual Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Fund

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 3,684,915	\$ 3,879,414	\$ 3,855,729	\$ 3,696,021	\$ 3,742,769
Intergovernmental Charges	13,959	14,107	14,107	14,107	14,256
Use of Money and Property	2,957	3,663	5,622	9,130	3,635
Fines & Forfeitures					12,000
Sale of Property & Compensation for Loss	64,725	20,898	37,379	98,056	28,063
Miscellaneous	7,851	42,030	243,663	178,175	28,093
Interfund Revenues	85,352	202,178	80,974	39,875	92,911
State Aid and Federal Aid	237,412	247,243	402,822	558,924	284,074
	<u>4,097,171</u>	<u>4,409,533</u>	<u>4,640,296</u>	<u>4,594,288</u>	<u>4,205,801</u>
Total Revenues					
Expenditures:					
Genreal Government Support					
Transportation	2,433,569	2,188,094	2,768,791	2,989,023	2,656,995
Employee Benefits	1,113,596	1,010,994	814,995	845,622	934,442
Home & Community Services				76,024	19,256
	<u>3,547,165</u>	<u>3,199,088</u>	<u>3,583,786</u>	<u>3,910,669</u>	<u>3,610,693</u>
Total Expenditures					
Excess (Deficiency) of					
Revenues over Expenditures	550,006	1,210,445	1,056,510	683,619	595,108
Other Sources & Uses:					
Interfund Transfers In	0	236,039	0	18,103	55
Interfund Transfers Out	(605,761)	(839,268)	(644,235)	(661,041)	(537,371)
Total Other Sources & Uses	<u>(605,761)</u>	<u>(603,229)</u>	<u>(644,235)</u>	<u>(642,938)</u>	<u>(537,316)</u>
Excess (Deficiency) of Revenues & Other					
Sources Over Expenditures & Other Uses	(55,755)	607,216	412,275	40,681	57,792
Prior Period Adjustment					
Fund Balance Beginning of Year	<u>886,884</u>	<u>831,129</u>	<u>1,438,345</u>	<u>1,850,620</u>	<u>1,891,301</u>
Fund Balance End of Year	<u>\$ 831,129</u>	<u>\$ 1,438,345</u>	<u>\$ 1,850,620</u>	<u>\$ 1,891,301</u>	<u>\$ 1,949,093</u>

Source: Audited Annual Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 192,128	\$ 206,867	\$ 166,637	\$ 170,133	\$ 167,071
Departmental Income	2,420,929	2,521,423	2,512,720	2,548,352	2,650,339
Intergovernmental Charges	134,645	60,240	60,983	60,983	82,521
Use of Money and Property	3,496	3,520	3,977	10,262	54,997
Miscellaneous	2,092	20,998	730	1,000	21,561
Sale of Property & Compensation for Loss State and Federal Aid		65,051		600,000	151,707
Total Revenues	<u>2,753,290</u>	<u>2,878,099</u>	<u>2,745,047</u>	<u>3,390,730</u>	<u>3,128,196</u>
Expenditures:					
Home and Community Services	2,283,912	2,432,338	2,337,760	2,410,761	2,594,013
Debt Service					
Total Expenditures	<u>2,283,912</u>	<u>2,432,338</u>	<u>2,337,760</u>	<u>2,410,761</u>	<u>2,594,013</u>
Other Sources & Uses:					
Proceeds of Obligation					
Interfund Transfers In	853,059	136,038	97,760	106,475	95,708
Interfund Transfers Out	(1,415,381)	(437,144)	(371,241)	(293,465)	(280,226)
Total Other Sources & Uses	<u>(562,322)</u>	<u>(301,106)</u>	<u>(273,481)</u>	<u>(186,990)</u>	<u>(184,518)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(92,944)	144,655	133,806	792,979	349,665
Fund Balance Beginning of Year	3,439,508	3,346,564	3,491,219	3,625,025	4,418,004
Prior Period Adjustments					
Fund Balance End of Year	<u>\$ 3,346,564</u>	<u>\$ 3,491,219</u>	<u>\$ 3,625,025</u>	<u>\$ 4,418,004</u>	<u>\$ 4,767,669</u>

Source: Audited Annual Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 1,064,015	\$ 1,045,168	\$ 949,786	\$ 1,034,472	\$ 1,086,704
Departmental Income	5,841,996	6,426,603	5,840,951	6,069,725	5,692,817
Real Property Tax Items					
Non Property Tax Items					
Use of Money and Property	3,337	3,083	3,239	19,132	39,123
Sale of Property & Compensation for Loss	20,309	22,264	9,466	14,931	258
Miscellaneous	6,902	10,874	14,501		
Interfund Transfers					
Total Revenues	<u>6,936,559</u>	<u>7,507,992</u>	<u>6,817,943</u>	<u>7,138,260</u>	<u>6,818,902</u>
Expenditures:					
General Government Support	5,548	5,023	6,827	1,468	358
Home and Community Services	5,037,450	5,558,299	4,649,361	5,544,690	5,520,111
Employee Benefits	431,490	484,489	457,287	426,027	251,369
Capital Outlay					
Debt Service					
Interfund Transfers					
Total Expenditures	<u>5,474,488</u>	<u>6,047,811</u>	<u>5,113,475</u>	<u>5,972,185</u>	<u>5,771,838</u>
Other Sources & Uses:					
Proceeds of Obligations					
Interfund Transfers In	1,089,252	1,067,458	884,485	967,100	1,020,128
Interfund Transfers Out	<u>(2,381,132)</u>	<u>(3,353,129)</u>	<u>(1,749,403)</u>	<u>(1,484,746)</u>	<u>(2,499,043)</u>
Total Other Sources & Uses	<u>(1,291,880)</u>	<u>(2,285,671)</u>	<u>(864,918)</u>	<u>(517,646)</u>	<u>(1,478,915)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	170,191	(825,490)	839,550	648,429	(431,851)
Prior Period Adjustment					
Fund Balance Beginning of Year	<u>5,579,663</u>	<u>5,749,854</u>	<u>4,924,364</u>	<u>5,763,914</u>	<u>6,412,343</u>
Fund Balance End of Year	<u>\$ 5,749,854</u>	<u>\$ 4,924,364</u>	<u>\$ 5,763,914</u>	<u>\$ 6,412,343</u>	<u>\$ 5,980,492</u>

Source: Audited Annual Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Refuse and Garbage District

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 2,255,062	\$ 2,347,093	\$ 2,352,937	\$ 2,390,811	\$ 2,061,648
Departmental Income	232,218	254,999	263,835	274,121	287,294
Use of Money and Property	1,987	3,938	1,761	5,842	6,905
Sale of Property & Compensation for Loss					171
Miscellaneous	11,057	16,583	16,167	2,653	10,000
State and Federal Aid					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>2,500,324</u>	<u>2,622,613</u>	<u>2,634,700</u>	<u>2,673,427</u>	<u>2,366,018</u>
Expenditures:					
General Government Support					
Health	389,241	429,066	437,165	483,947	
Home and Community Services	1,377,261	1,358,499	1,472,724	1,525,114	1,790,890
Employee Benefits	585,134	597,653	601,100	666,040	767,130
Debt Service					
Operating Transfers	44,433	44,279	43,687	61,416	42,028
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>2,396,069</u>	<u>2,429,497</u>	<u>2,554,676</u>	<u>2,736,517</u>	<u>2,600,048</u>
Excess (Deficiency) of					
Revenues over Expenditures	104,255	193,116	80,024	(63,090)	(234,030)
Prior Period Adjustment					(211,615)
Fund Balance Beginning of Year	<u>899,253</u>	<u>1,003,508</u>	<u>1,196,624</u>	<u>1,276,648</u>	<u>1,213,558</u>
Fund Balance End of Year	<u>\$ 1,003,508</u>	<u>\$ 1,196,624</u>	<u>\$ 1,276,648</u>	<u>\$ 1,213,558</u>	<u>\$ 767,913</u>

Source: Audited Annual Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

Budget Summaries

Fiscal Year Ending December 31, 2019

	<u>Appropriations</u>	<u>Less Estimated Revenues</u>	<u>Less Unexpected Balance</u>	<u>Amount To Be Raised By Tax</u>
General Fund	\$ 20,211,338	\$ 11,608,780	\$ 645,000	\$ 7,957,558
Highway Fund	4,153,954	336,185	75,000	3,742,769
Water Fund	7,269,271	6,969,271	300,000	0
Sewer Fund	2,817,282	2,817,282	0	0
Ambulance	530,350	2,300	0	528,050
Garbage Fund	2,427,268	265,620	100,000	2,061,648
Sewer Special District	184,525	16,933	521	167,071
Water Special Districts	1,086,742	(1)	39	1,086,704
Totals	<u>\$ 38,680,730</u>	<u>\$ 22,016,370</u>	<u>\$ 1,120,560</u>	<u>\$ 15,543,800</u>

Budget Summaries

Fiscal Year Ending December 31, 2020

	<u>Appropriations</u>	<u>Less Estimated Revenues</u>	<u>Less Unexpected Balance</u>	<u>Amount To Be Raised By Tax</u>
General Fund	\$ 21,113,083	\$ 11,751,726	\$ 1,000,000	\$ 8,361,357
Highway Fund	4,110,395	401,940	50,000	3,658,455
Water Fund	7,785,608	7,435,608	350,000	0
Sewer Fund	3,125,811	2,910,811	215,000	0
Ambulance	552,006	2,330	0	549,676
Garbage Fund	2,569,694	330,700	75,000	2,163,994
Sewer Special District	164,951	87,847	464	76,640
Water Special Districts	1,138,518	3,998	33	1,134,487
Totals	<u>\$ 40,560,066</u>	<u>\$ 22,924,960</u>	<u>\$ 1,690,497</u>	<u>\$ 15,944,609</u>

Source: Adopted Budgets of the Town

Tax Levy and Collection Record

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Town Tax	\$ 7,025,933	\$ 7,416,720	\$ 7,866,507	\$ 7,947,472	\$ 8,342,928
Highway Tax	3,875,729	3,853,901	3,691,865	3,737,976	3,649,795
Special Districts:					
Water Districts	1,045,191	949,802	950,283	1,086,718	1,134,505
Sewer Districts	206,883	166,651	170,159	167,079	76,646
Ambulance and BDL Districts	740,217	765,858	817,419	693,963	696,305
Garbage Districts	1,913,798	1,913,950	1,931,411	2,061,661	2,163,997
Fire Districts	2,206,171	2,284,942	2,339,623	2,584,014	2,647,864
County and State Taxes	7,913,124	7,810,094	8,075,329	8,595,255	9,282,015
Reassessed					
School District Taxes	866,653	1,116,434	832,355	948,665	1,062,623
Relevied Items	895,630	943,159	919,807	900,371	856,737
Omitted Tax Total	19,085	10,291	21,342	(27,364)	50,492
Total Tax Levy	26,708,414	27,231,802	27,616,100	28,695,810	29,963,907
Adjustments			(6,578)	(5,204)	(5,204)
Net Tax Levy	\$ 26,708,414	\$ 27,231,802	\$ 27,609,522	\$ 28,690,606	\$ 29,958,703
Amount Collected:	\$ 25,252,705	\$ 25,744,666	26,214,194	27,296,929	28,163,541
Retained by Town	\$ 17,622,847	\$ 17,980,802	\$ 18,433,474	\$ 19,028,165	\$ 19,449,182
Balance to County	\$ 7,602,406	\$ 6,682,595	6,593,869	7,015,581	7,412,994

Tax Rates Per \$1,000 of Assessed Valuation (\$)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County and State	21.14	20.70	21.25	22.49	24.07
General Town and Highway	28.42	29.20	29.73	29.71	30.19
Water Districts	Var	Var	Var	Var	Var
Sewer Districts	Var	Var	Var	Var	Var
New Windsor Garbage	12.77	12.71	12.91	13.80	14.49
Quassaick Fire District	11.86	11.94	12.32	12.62	12.89
Rural Fire District	N/A	N/A	N/A	N/A	N/A
Salisbury Mills Fire District	7.61	7.55	7.78	8.08	8.41
Vails Gate Fire District	3.67	3.85	3.87	4.50	4.56
New Windsor Ambulance	1.05	1.06	1.09	1.25	1.29

TOWN OF NEW WINDSOR
APPENDIX B
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
DECEMBER 31, 2019
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**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
DECEMBER 31, 2019
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Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members
of the Town Board
Town of New Windsor
New Windsor, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Windsor, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Windsor, as of December 31, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's total OPEB liability and related ratios, schedule of town's proportionate share of the net pension liability, and the schedule of town contributions on pages 4 through 16 and 62 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Windsor's basic financial statements. The other supplemental information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Town of New Windsor's internal control over financial reporting and compliance.

Mugant + Haussler, P.C.

Montgomery, New York
May 29, 2020

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

The following is a discussion and analysis of the Town of New Windsor's financial performance for the year ended December 31, 2019. The Town of New Windsor discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

HIGHLIGHTS

Financial Highlights:

- The assets of the Town of New Windsor exceeded its liabilities at the close of the 2019 year by \$4,529,613.
- As of the close of the current year, the Town of New Windsor's governmental funds reported combined ending fund balances of \$21,703,985 an increase of \$4,816,187 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the General Fund was \$4,471,739 at 22.05% of the total General Fund expenditures.
- The Town of New Windsor's total outstanding debt decreased by \$2,109,503 (7.36%) during the current year.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD & A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Town's most significant funds.
- The *government fund statements* tell how basic services such as water and sewer were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of MD & A highlights the structure and contents of each of the statements.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Figure A-1 Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as highway water and sewer	Instances in which the Town administrators resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits.
Required financial statements	- Statement of net position - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it changed. Net position, the difference between the Town's assets and liabilities, is one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Town's activities are shown as governmental activities. Most of the Town's basic services are included here, such as water and sewer services (home and community services), road maintenance (transportation), and administration (general governmental support). Property taxes and charges for services finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The Town establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

The Town has two kinds of funds:

- **Governmental Funds:** Most of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (Statement 4 and Statement 6) have been added to explain the relationship (or differences) between them.
- **Fiduciary Funds-Agency Funds:** The Town acts in an agency capacity for assets that are ultimately transferred to others, such as payroll withholdings. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at the year end is \$4,529,613. This is a \$17,557,175 decrease over last year's net position (as restated) of \$22,086,788. The following table provides a summary of the Town's net position:

Figure A-2

<i>Condensed Statement of Net Position</i>		As Restated	Total Dollar Change
	2019	2018	2019 -2018
Current Assets	\$ 35,937,987	\$ 35,113,387	\$ 824,600
Long-Term Assets	66,174,059	71,018,698	(4,844,639)
Deferred Outflows	3,870,796	5,840,620	(1,969,824)
Total Assets and Deferred Outflows	105,982,842	111,972,705	(5,989,863)
Long-Term Debt Outstanding	26,568,226	13,127,729	13,440,497
Other Liabilities	73,559,943	72,259,141	1,300,802
Deferred Inflows	1,325,060	4,499,048	(3,173,988)
Total Liabilities and Deferred Inflows	101,453,229	89,885,918	14,741,298
Total Net Position	\$ 4,529,613	\$ 22,086,788	\$ (17,557,175)

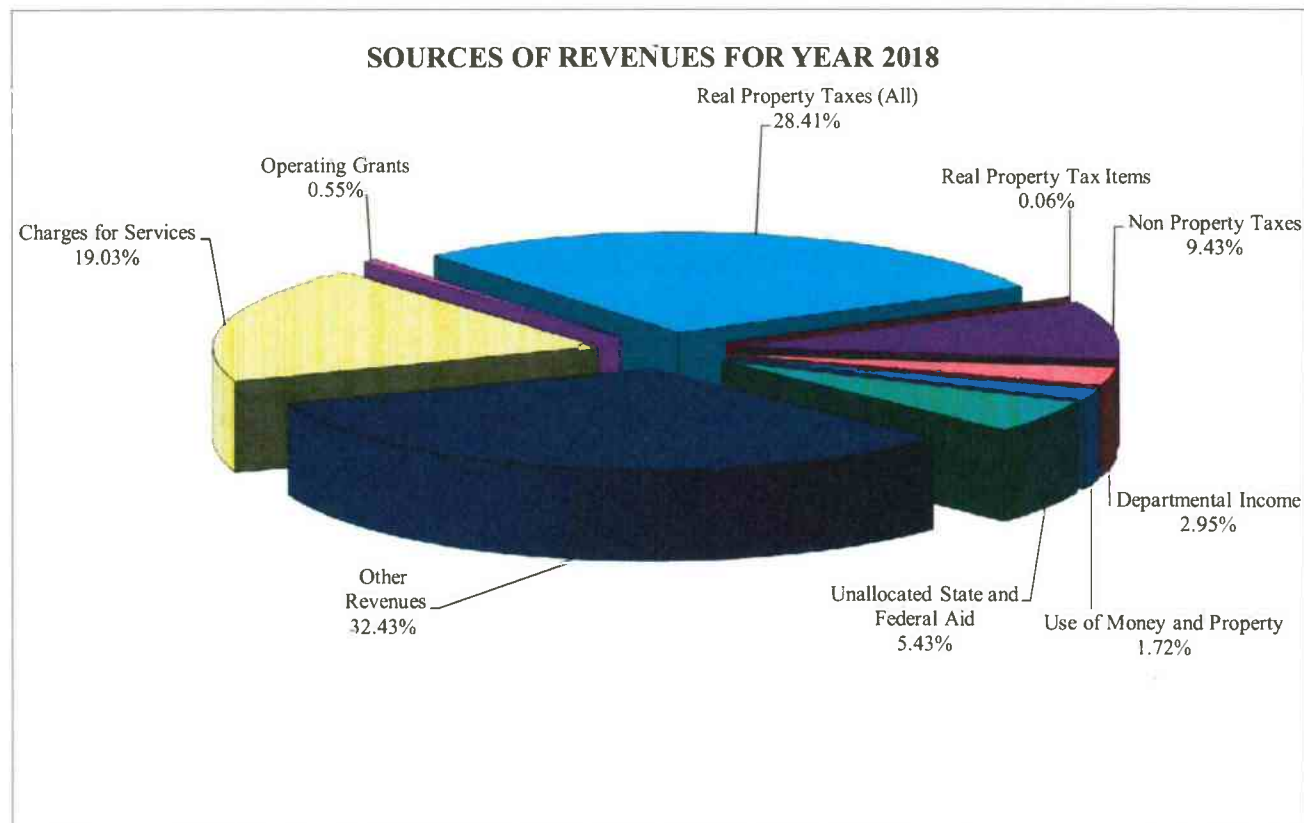
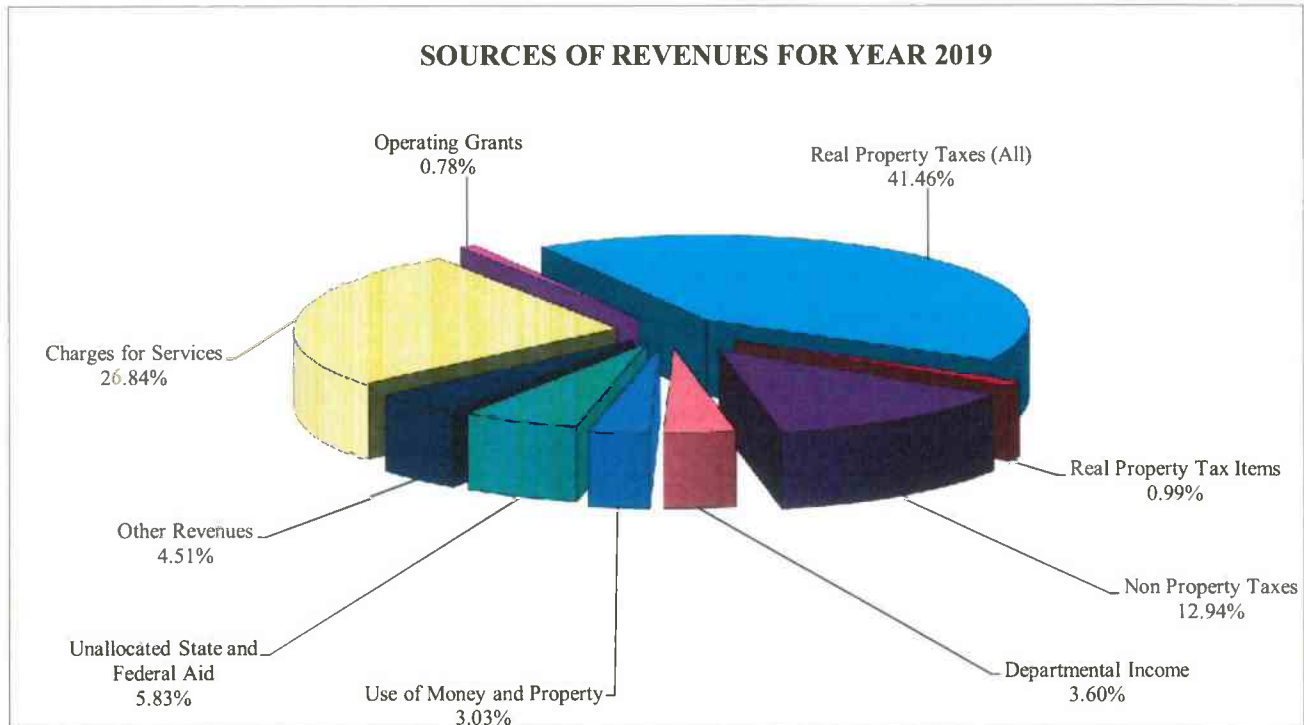
**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FIGURE A-3

	2019		2018		\$ Change	% Change
	Amount	%	Amount	%		
REVENUES (Chart Figure A-4)						
PROGRAM REVENUES						
Charges for Services	\$ 10,063,637	26.84%	\$ 10,159,089	19.03%	\$ (95,452)	-0.94%
Operating Grants	293,098	0.78%	294,086	0.55%	(988)	-0.34%
GENERAL REVENUES						
Real Property Taxes	15,543,800	41.46%	15,165,880	28.41%	377,920	2.49%
Real Property Tax Items	372,172	0.99%	30,500	0.06%	341,672	1120.24%
Non Property Taxes	4,850,272	12.94%	5,034,893	9.43%	(184,621)	-3.67%
Departmental Income	1,348,895	3.60%	1,573,348	2.95%	(224,453)	-14.27%
Use of Money and Property	1,135,833	3.03%	918,319	1.72%	217,514	23.69%
Unallocated State and Federal Aid	2,187,110	5.83%	2,896,464	5.43%	(709,354)	-24.49%
Other Revenues	1,692,325	4.51%	17,311,370	32.43%	(15,619,045)	-90.22%
TOTAL REVENUES	37,487,142	100.00%	53,383,949	100.00%	(15,896,807)	-29.78%
EXPENDITURES (Chart Figure A-5)						
General Government	3,327,645	6.06%	4,033,788	9.40%	(706,143)	-17.51%
Public Safety	7,126,523	12.95%	6,968,726	16.23%	157,797	2.26%
Health	544,485	0.99%	483,947	1.13%	60,538	12.51%
Transportation	2,795,782	5.08%	3,291,561	7.67%	(495,779)	-15.06%
Economic Assistance and Opportunity	158,325	0.29%	582,107	1.36%	(423,782)	-72.80%
Culture and Recreation	613,357	1.11%	1,078,670	2.51%	(465,313)	-43.14%
Home and Community Services	10,996,989	19.98%	10,450,605	24.35%	546,384	5.23%
Interest on Debt	842,098	1.53%	628,053	1.46%	214,045	34.08%
Employee Benefits	22,622,697	41.10%	9,865,338	22.98%	12,757,359	129.31%
Depreciation	6,016,416	10.93%	5,541,399	12.91%	475,017	8.57%
TOTAL EXPENDITURES	55,044,317	100.00%	42,924,194	100.00%	12,120,123	28.24%
CHANGE IN NET POSITION	\$ (17,557,175)		\$ 10,459,755		\$ (28,016,930)	

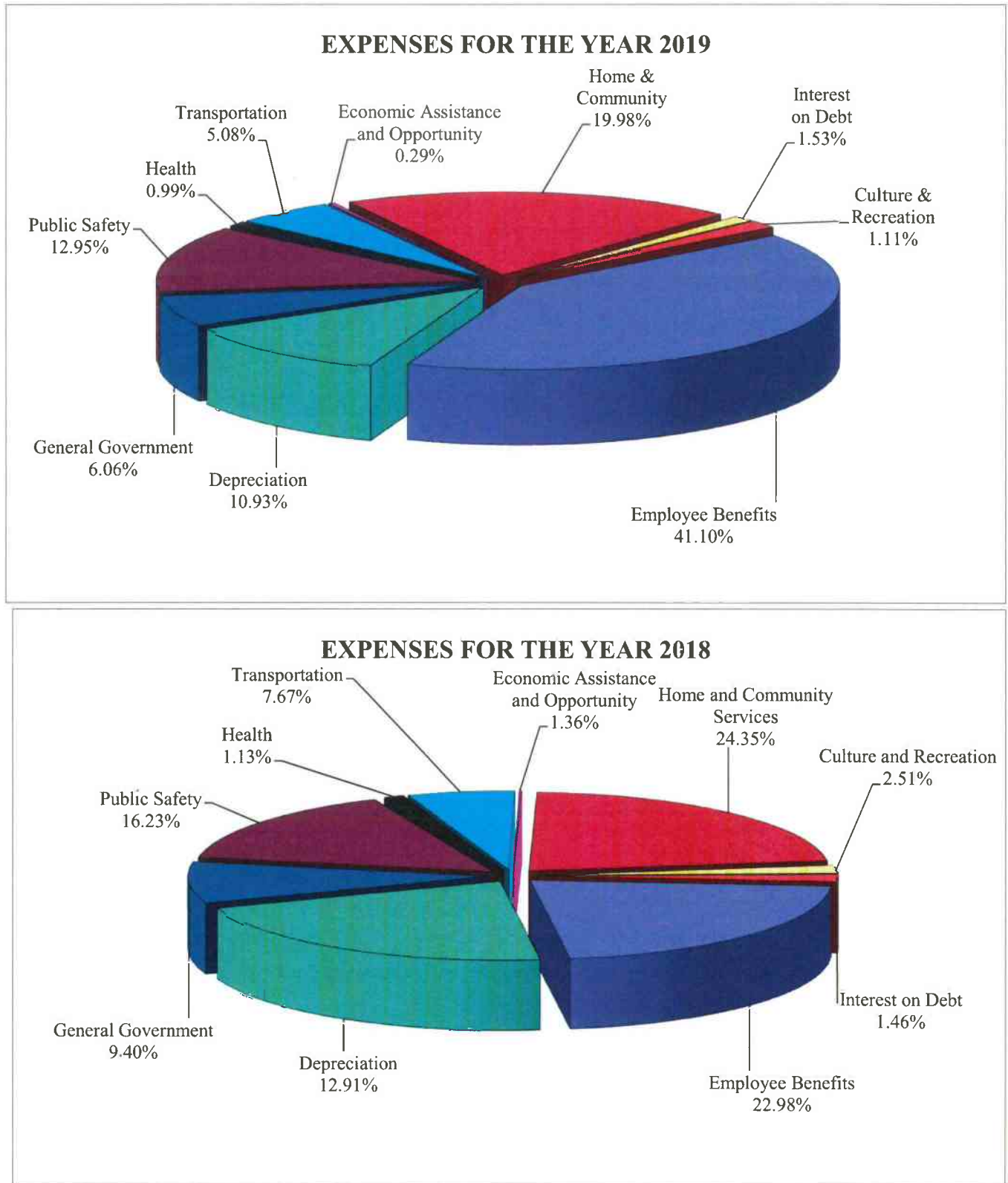
**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Figure A-4



**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Figure A-5

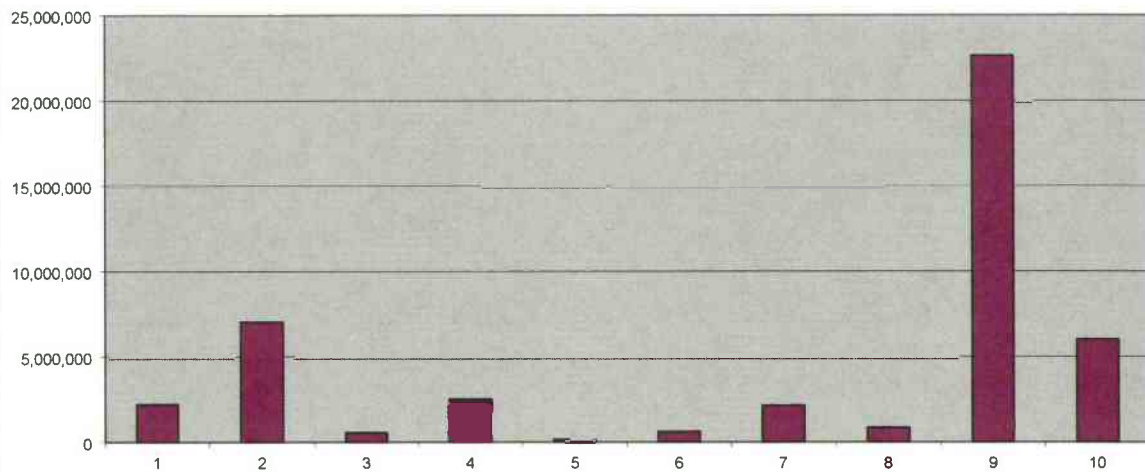


**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

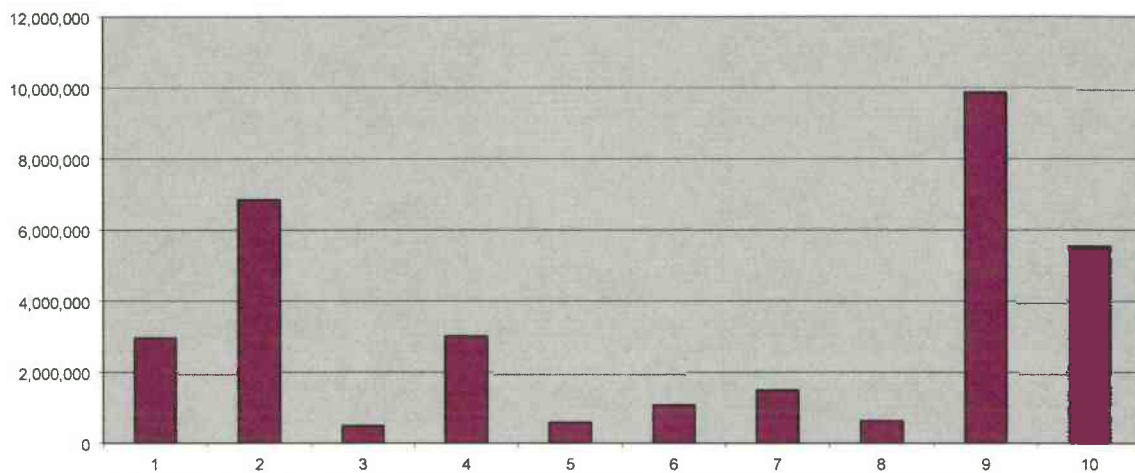
Figure A-6

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
1 General Government	\$ 3,327,645	\$ 2,201,184	\$ 4,033,788	\$ 2,958,419
2 Public Safety	7,126,523	7,031,691	6,968,726	6,847,229
3 Health	544,485	544,485	483,947	483,947
4 Transportation	2,795,782	2,511,708	3,291,561	3,006,875
5 Economic Assistance and Opportunity	158,325	158,325	582,107	582,107
6 Culture and Recreation	613,357	604,333	1,078,670	1,069,270
7 Home and Community Services	10,996,989	2,154,645	10,450,605	1,488,382
8 Interest on Debt	842,098	842,098	628,053	628,053
9 Employee Benefits	22,622,697	22,622,697	9,865,338	9,865,338
10 Depreciation	6,016,416	6,016,416	5,541,399	5,541,399
Total Costs	\$ 55,044,317	\$ 44,687,582	\$ 42,924,194	\$ 32,471,019

NET COSTS 2019



NET COSTS 2018



**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Figure A-6 (Continued)

Total costs of services provided by the Town (Figure A-6) for the years ended December 31, 2019 and 2018 were \$55,044,317 and \$42,924,194, respectively. These charges in 2019 were offset by grants and contributions of \$293,098 and charges for services of \$10,063,637, resulting in net cost of services of \$44,687,582. This is a \$12,216,563 increase over last year's net costs of \$32,471,019.

The Town's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Town consist of the General Fund, Highway Fund, Water Fund, Sewer Fund, Capital Fund and Debt Service Fund. The total fund balances allocated between restricted and unassigned is as follows:

Figure A-7

	December 31, 2019		
	Restricted	Assigned	Unassigned
General Fund	\$ 0	\$ 1,000,000	\$ 4,471,739
Highway Fund	1,899,093	50,000	0
Water Fund	5,630,459	350,033	0
Sewer Fund	4,552,205	215,464	0
Capital Fund	0	0	(670,697)
Debt Service Fund	3,240,284	0	0
Non-Major Funds	890,405	75,000	0
Total	<u>\$ 16,212,446</u>	<u>\$ 1,690,497</u>	<u>\$ 3,801,042</u>

	December 31, 2018		
	Restricted	Assigned	Unassigned
General Fund	\$ 0	\$ 0	\$ 5,849,178
Highway Fund	1,891,301	0	0
Water Fund	6,412,343	0	0
Sewer Fund	4,418,004	0	0
Capital Fund	0	0	(6,161,074)
Debt Service Fund	3,264,485	0	0
Non-Major Funds	1,213,558	0	0
Total	<u>\$ 17,199,691</u>	<u>\$ 0</u>	<u>\$ (311,896)</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town revised the General Fund budgets to reflect additional changes in budgeted revenues and expenditures. Actual revenues were more than revised budget estimates by \$1,606 and actual expenditures were more than budgeted expenditures by \$39,951. Figure A-8 summarizes the General Funds original and revised budgets, actual revenues and expenditures and the variances for the year ended December 31, 2019.

Figure A-8

Condensed Budgetary Comparison General Fund	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 7,957,558	\$ 7,957,558	\$ 7,957,558	\$ 0
Non Property Taxes	4,764,700	4,887,843	5,222,444	334,601
State and Federal Aid	877,370	877,370	1,044,019	166,649
All Other	6,605,759	6,605,759	6,106,115	(499,644)
Total Revenues	20,205,387	20,328,530	20,330,136	1,606
OTHER SOURCES				
Operating Transfers In	5,951	5,951	5,951	
Appropriated and Other Sources	0	287,767	0	
Total Revenues and Other Sources	\$ 20,211,338	\$ 20,622,248	\$ 20,336,087	
EXPENDITURES				
General Government Support	\$ 4,943,254	\$ 4,943,254	\$ 5,196,785	\$ (253,531)
Public Safety	7,129,629	7,540,539	7,585,254	(44,715)
Transportation	299,800	299,800	226,864	72,936
Economic Assistance and Opportunity	76,000	76,000	158,325	(82,325)
Culture & Recreation	890,700	890,700	609,154	281,546
Home & Community Service	443,760	443,760	525,682	(81,922)
Employee Benefits	6,049,534	6,049,534	5,981,474	68,060
Total Expenditures	\$ 19,832,677	\$ 20,243,587	\$ 20,283,538	\$ (39,951)
OTHER USES				
Operating Transfers Out	378,661	378,661	429,988	
Total Expenditures and Other Uses	\$ 20,211,338	\$ 20,622,248	\$ 20,713,526	

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

CAPITAL ASSETS

The Town records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Town's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in the current year's Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Town is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Town has maintained detailed, separate records of infrastructure additions since 2003. The Town has elected to include infrastructure additions since 2003 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Town's investment in capital resources.

In 2019, the Town expended \$5,130,577 on capital additions. Figure A-9 reflects the changes in net capital assets.

Figure A-9

Changes in Net Capital Assets	Governmental Activities		Total Dollar Change
	2019	2018	2019 - 2018
Land/Construction in Progress	\$ 5,455,364	\$ 5,831,501	\$ (376,137)
Buildings	5,048,675	5,679,633	(630,958)
Machinery and Equipment	3,169,317	2,582,578	586,739
Infrastructure	52,500,703	52,966,186	(465,483)
Totals	\$ 66,174,059	\$ 67,059,898	\$ (885,839)

Major Additions included in 2019:

Construction in Progress	\$ 1,213,763
Buildings	99,856
Machinery and Equipment	1,603,749
Infrastructure	2,213,209
Total	\$ 5,130,577

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

DEBT ADMINISTRATION

Long Term Debt, increased by \$6,940,497 during 2019. The Town's long term debt at the end of the year was \$20,068,226 as compared to \$13,127,729 at the end of last year.

Detailed information regarding the Town's long-term liabilities is presented in more detail in the current year's notes to the financial statements. Figure A-10 reflects the changes for 2019.

Figure A-10

	Governmental Activities		Total Dollar Change
	2019	2018	2019 - 2018
Serial Bonds	\$ 18,355,000	\$ 11,875,000	\$ 6,480,000
Installment Loans	1,713,226	1,252,729	460,497
Totals	\$ 20,068,226	\$ 13,127,729	\$ 6,940,497

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact Jack Finnegan Town Comptroller, Town of New Windsor, 555 Union Avenue, New Windsor, New York, 12553.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

ASSETS

Cash and Cash Equivalents	\$ 28,663,268
Accounts Receivable	2,245,228
State and Federal Aid Receivable	859,276
Mortgage Receivable	4,170,215
Non Depreciable Capital Assets	5,455,364
Capital Assets, Net	<u>60,718,695</u>
 Total Assets	 <u>102,112,046</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>3,870,796</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	2,071,881
Bond Anticipation Notes Payable	6,500,000
Due to Employees' Retirement System	1,491,905
Accrued Interest Payable	321,843

Long-Term Liabilities:

Due and Payable Within One Year:

Bonds Payable	1,095,000
Installment Loans	404,718

Due and Payable More Than One Year:

Bonds Payable	17,260,000
Installment Loans	1,308,508
Net Pension Liability - Proportionate Share	3,750,542
Other Postemployment Benefits	63,226,447
Compensated Absences	<u>2,697,325</u>

Total Liabilities	<u>100,128,169</u>
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DEFERRED INFLOWS OF RESOURCES

Pensions	<u>1,325,060</u>
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NET POSITION

Net Investment in Capital Assets	39,605,833
Restricted	16,212,446
Unassigned	<u>(51,288,667)</u>
 Total Net Position	 <u><u>\$ 4,529,613</u></u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

		Program Revenue		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ (8,551,489)	\$ 1,126,461	\$ 0	\$ (7,425,028)
Public Safety	(21,765,305)	94,832	0	(21,670,473)
Health	(544,485)	0	0	(544,485)
Transportation	(6,473,548)	0	284,074	(6,189,474)
Economic Assistance and Opportunity	(158,325)	0	0	(158,325)
Culture and Recreation	(1,160,603)	0	9,024	(1,151,579)
Home and Community Services	(15,548,464)	8,842,344	0	(6,706,120)
Interest on Debt	(842,098)	0	0	(842,098)
Total Primary Government	<u>\$ (55,044,317)</u>	<u>\$ 10,063,637</u>	<u>\$ 293,098</u>	<u>(44,687,582)</u>
GENERAL REVENUES				
Real Property Taxes				15,543,800
Real Property Tax Items				372,172
Non Property Taxes				4,850,272
Departmental Income				1,348,895
Use of Money and Property				1,135,833
Intergovernmental Charges				96,777
Licenses and Permits				10,798
Unallocated State and Federal Aid				2,187,110
Sale of Property and Compensation for Loss				1,309,996
Miscellaneous				274,754
Total General Revenues				<u>27,130,407</u>
Change in Net Position				(17,557,175)
Net Position - Beginning (As Restated)				<u>22,086,788</u>
Net Position - Ending		See notes to financial statements		<u>\$ 4,529,613</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 5,379,298	\$ 2,111,764	\$ 7,220,246	\$ 4,675,790	\$ 8,214,091	\$ 103	\$ 1,061,976	\$ 28,663,268
Accounts Receivable, Net	1,469,465	40,893	408,534	263,179	0	0	63,157	2,245,228
Due from Other Funds	3,883	0	50	0	1,340,869	4,581,050	0	5,925,852
State and Federal Aid Receivable	0	0	0	0	859,276	0	0	859,276
Total Assets	<u>\$ 6,852,646</u>	<u>\$ 2,152,657</u>	<u>\$ 7,628,830</u>	<u>\$ 4,938,969</u>	<u>\$ 10,414,236</u>	<u>\$ 4,581,153</u>	<u>\$ 1,125,133</u>	<u>\$ 37,693,624</u>
LIABILITIES								
Accounts Payable	\$ 152,828	\$ 87,295	\$ 1,595,688	\$ 171,300	\$ 0	\$ 0	\$ 64,770	\$ 2,071,881
Due to Other Funds	0	0	0	0	4,584,933	1,340,869	50	5,925,852
Due to Employees' Retirement System	1,228,078	116,269	52,650	0	0	0	94,908	1,491,905
Bond Anticipation Notes Payable	0	0	0	0	6,500,000	0	0	6,500,000
Total Liabilities	<u>1,380,906</u>	<u>203,564</u>	<u>1,648,338</u>	<u>171,300</u>	<u>11,084,933</u>	<u>1,340,869</u>	<u>159,728</u>	<u>15,989,638</u>
FUND BALANCES								
Restricted	0	1,899,093	5,630,459	4,552,205	0	3,240,284	890,405	16,212,446
Assigned	1,000,000	50,000	350,033	215,464	0	0	75,000	1,690,497
Unassigned	4,471,739	0	0	0	(670,697)	0	0	3,801,042
Total Fund Balances	<u>5,471,739</u>	<u>1,949,093</u>	<u>5,980,492</u>	<u>4,767,669</u>	<u>(670,697)</u>	<u>3,240,284</u>	<u>965,405</u>	<u>21,703,985</u>
Total Liabilities and Fund Balances	<u>\$ 6,852,646</u>	<u>\$ 2,152,657</u>	<u>\$ 7,628,830</u>	<u>\$ 4,938,969</u>	<u>\$ 10,414,236</u>	<u>\$ 4,581,153</u>	<u>\$ 1,125,133</u>	<u>\$ 37,693,624</u>

See notes to financial statements

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEETS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 28,663,268	\$ 0	\$ 0	\$ 28,663,268
State & Federal Aid Receivable	859,276	0	0	859,276
Due from Other Funds	5,925,852	0	(5,925,852)	0
Accounts Receivable, Net	2,245,228	0	0	2,245,228
Mortgage Receivable	0	4,170,215	0	4,170,215
Capital Assets, Net	0	66,174,059	0	66,174,059
Total Assets	37,693,624	70,344,274	(5,925,852)	102,112,046
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	0	3,870,796	0	3,870,796
Total Assets and Deferred Outflows of Resources	\$ 37,693,624	\$ 74,215,070	\$ (5,925,852)	\$ 105,982,842
LIABILITIES				
Accounts Payable	\$ 2,071,881	\$ 0	\$ 0	\$ 2,071,881
Accrued Liabilities	0	321,843	0	321,843
Bond Anticipation Notes Payable	6,500,000	0	0	6,500,000
Bonds Payable	0	18,355,000	0	18,355,000
Installment Loans Payable	0	1,713,226	0	1,713,226
Due to Other Funds	5,925,852	0	(5,925,852)	0
Due to Employees' Retirement System	1,491,905	0	0	1,491,905
Net Pension Liability - Proportionate Share	0	3,750,542	0	3,750,542
Other Postemployment Benefits	0	63,226,447	0	63,226,447
Compensated Absences	0	2,697,325	0	2,697,325
Total Liabilities	15,989,638	90,064,383	(5,925,852)	100,128,169
DEFERRED INFLOWS OF RESOURCES				
Pensions	0	1,325,060	0	1,325,060
Total Fund Balances/Net Position	21,703,986	(17,174,373)	0	4,529,613
Total Liabilities, Deferred Inflows from Resources and Fund Balances	\$ 37,693,624	\$ 74,215,070	\$ (5,925,852)	\$ 105,982,842

See notes to financial statements

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Real Property Taxes	\$ 7,957,558	\$ 3,742,769	\$ 1,086,704	\$ 167,071	\$ 0	\$ 0	\$ 2,589,698	\$ 15,543,800
Real Property Tax Items	372,172	0	0	0	0	0	0	372,172
Non Property Tax Items	4,850,272	0	0	0	0	0	0	4,850,272
Departmental Income	1,660,331	0	5,692,817	2,650,339	0	0	287,294	10,290,781
Intergovernmental Charges	0	14,256	0	82,521	0	0	0	96,777
Use of Money and Property	1,010,174	8,509	39,123	54,997	68	15,664	7,298	1,135,833
Licenses and Permits	17,705	0	0	0	0	0	0	17,705
Fines and Forfeitures	998,886	0	0	0	0	0	0	998,886
Sale of Property and Compensation for Loss	911,256	35,189	258	151,707	0	0	171	1,098,581
Miscellaneous	118,341	28,093	0	21,561	79,074	131,724	11,919	390,712
Interfund Revenues	1,389,422	92,911	0	0	0	0	0	1,482,333
State and Federal Aid	1,044,019	284,074	0	0	1,152,115	0	0	2,480,208
Total Revenues	20,330,136	4,205,801	6,818,902	3,128,196	1,231,257	147,388	2,896,380	38,758,060
EXPENDITURES								
General Government Support	5,196,785	0	358	0	0	0	0	5,197,143
Public Safety	7,585,254	0	0	0	0	0	0	7,585,254
Health	0	0	0	0	0	0	544,485	544,485
Transportation	226,864	2,656,995	0	0	1,230,930	0	0	4,114,789
Economic Assistance and Opportunity	158,325	0	0	0	0	0	0	158,325
Culture and Recreation	609,154	0	0	0	0	0	0	609,154
Home and Community Service	525,682	19,256	5,520,111	2,594,013	3,294,198	0	1,790,890	13,744,150
Employee Benefits	5,981,474	934,442	251,369	0	0	0	767,130	7,934,415
Debt Service	0	0	0	0	0	2,838,403	0	2,838,403
Total Expenditures	20,283,538	3,610,693	5,771,838	2,594,013	4,525,128	2,838,403	3,102,505	42,726,118
OTHER FINANCING SOURCES (USES)								
BANS Redeemed from Appropriations	0	0	0	0	400,000	0	0	400,000
Proceeds from Obligations	0	0	0	0	8,384,245	0	0	8,384,245
Operating Transfers In	5,951	55	1,020,128	95,708	0	2,838,403	0	3,960,245
Operating Transfers Out	(429,988)	(537,371)	(2,499,043)	(280,226)	0	(171,589)	(42,028)	(3,960,245)
Total Financing Sources and (Uses)	(424,037)	(537,316)	(1,478,915)	(184,518)	8,784,245	2,666,814	(42,028)	8,784,245
Net Change in Fund Balances	(377,439)	57,792	(431,851)	349,665	5,490,374	(24,201)	(248,153)	4,816,187
Fund Balances-Beginning (As Restated)	5,849,178	1,891,301	6,412,343	4,418,004	(6,161,071)	3,264,485	1,213,558	16,887,798
Fund Balances-Ending	\$ 5,471,739	\$ 1,949,093	\$ 5,980,492	\$ 4,767,669	\$ (670,697)	\$ 3,240,284	\$ 965,405	\$ 21,703,985

See notes to financial statements

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES						
Real Property Taxes	\$ 15,543,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,543,800
Real Property Tax Items	372,172	0	0	0	0	372,172
Non Property Tax Items	4,850,272	0	0	0	0	4,850,272
Departmental Income	10,290,781	0	0	0	0	10,290,781
Intergovernmental Charges	96,777	0	0	0	0	96,777
Use of Money and Property	1,135,833	0	0	0	0	1,135,833
Licenses and Permits	17,705	0	0	0	0	17,705
Fines and Forfeitures	998,886	0	0	0	0	998,886
Sale of Property and Compensation for Loss	1,098,581	211,415	0	0	0	1,309,996
Miscellaneous	390,712	0	0	0	0	390,712
Interfund Revenues	1,482,333	0	0	0	(1,482,333)	0
State and Federal Aid	2,480,208	0	0	0	0	2,480,208
Total Revenues	38,758,060	211,415	0	0	(1,482,333)	37,487,142
EXPENDITURES						
General Government Support	5,197,143	40,767	1,082,955	0	2,230,624	8,551,489
Public Safety	7,585,254	113,908	3,068,372	0	10,997,771	21,765,305
Health	544,485	0	0	0	0	544,485
Transportation	4,114,789	28,507	782,134	0	1,548,118	6,473,548
Economic Assistance and Opportunity	158,325	0	0	0	0	158,325
Culture and Recreation	609,154	4,203	120,328	0	426,918	1,160,603
Home and Community Service	13,744,150	35,331	962,627	0	806,356	15,548,464
Employee Benefits	7,934,415	14,688,282	0	0	(22,622,697)	0
Capital Outlay	0	0	(5,130,577)	0	5,130,577	0
Debt Service	2,838,403	(152,556)	0	(1,843,748)	0	842,099
Total Expenditures	42,726,118	14,758,442	885,839	(1,843,748)	(1,482,333)	55,044,317
Excess (Deficiency) of Revenues Over Expenditures	(3,968,058)	(14,547,027)	(885,839)	1,843,748	0	(17,557,175)
OTHER SOURCES AND USES:						
Operating Transfers In	3,960,245	0	0	0	(3,960,245)	0
Operating Transfers Out	(3,960,245)	0	0	0	3,960,245	0
Proceeds of Obligations	8,384,245	0	0	(8,384,245)	0	0
Bond Anticipation Notes Redeemed from Appropriations	400,000	0	0	(400,000)	0	0
Total Other Sources	8,784,245	0	0	(8,784,245)	0	0
Net Changes for the Year	\$ 4,816,187	\$ (14,547,027)	\$ (885,839)	\$ (6,940,497)	\$ 0	\$ (17,557,175)

See notes to financial statements

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019**

	Agency Funds
ASSETS	
Cash	\$ 2,427,977
Total Assets	<u>\$ 2,427,977</u>
LIABILITIES	
Guaranty and Bid Deposits	\$ 448,728
Road Opening Deposits	23,000
Planning Escrow	195,639
Other Agency Liabilities	<u>1,760,610</u>
Total Liabilities	<u>\$ 2,427,977</u>

See notes to financial statements

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of New Windsor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities.
- Fund financial statements that focus on the major funds.

A. Financial Reporting Entity

The Town of New Windsor was established in 1763, is governed by the Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for the overall operation, the Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following principal services: police protection, transportation (streets and highways), recreation, planning and zoning, general administration, public improvements, water and sewer and other home and community services.

All governmental activities and functions performed for the Town of New Windsor are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Town of New Windsor.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entities general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

B. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Government activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

Governmental funds are identified as general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

The Town of New Windsor reports the following Governmental Funds:

Major Funds

1. General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Debt Service Fund, which accounts for the Town's resources accumulated and payments made for principal and interest on long-term debt.
3. Capital Fund, which accounts for proceeds from long-term borrowing and other resources to be used for capital projects.
4. Special Revenue Funds
Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

- a. Highway Fund, used to record the transactions to maintain Town roadways.
- b. Water Fund, used to record the transactions for the operation of the water system.
- c. Sewer Fund, used to record the transactions for the operation of the sewer plant.

Non-Major Funds

1. Garbage Fund, used to account for the operation of the Town's garbage service.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Ambulance Fund, used to account for the operation of the Town's ambulance service.

The Town reports the following fiduciary funds:

1. Agency Fund: Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

C. Measurement Focus and Basis of Accounting

The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property Taxes

Real property taxes are levied annually no later than January 1, and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for Town and special Town purposes as a single bill. The towns and special Towns receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the towns.

E. Budgetary Data

1. Budget Policies - The budget policies are as follows:

- a. No later than October 5, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from prior year.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

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

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

I. Inventories and Prepaid Items

Purchases of inventorable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

J. Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to January 2003, governmental funds' capital assets were accounted for in the general fixed assets account group. Currently, governmental units are required to account for all capital assets, including infrastructure in the government wide statements prospectively from the date of implementation of GASB 34.

Retroactive reporting of all major general infrastructure assets is encouraged but not required. Effective January 1, 2003, the Town elected to report all major general infrastructure assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Capitalization Threshold</u>	<u>Useful Life</u>
Building	5,000	20-50 years
Machinery and Equipment	5,000	5-50 years
Infrastructure	5,000	15-40 years

K. Compensatory Absences

Employees covered by the CSEA union contract accrue sick leave at the rate of 15 days per year and may accumulate such time up to a total of 185 days. Employees who terminate with fewer than 5 years of service are not paid for any accumulated sick leave. Employees with from 5-9 years of service are paid for 50% of their accumulated sick time. Employees with 10 or more years of service are paid for 100% of their time. Employees hired prior to December 15, 1982 receive any of the previously described compensatory time at their current rate of pay.

Those employees hired subsequent to December 14, 1982 are paid at the rate at which the sick time was earned. Sick time is used on the F.I.F.O. basis.

Employees covered by the P.B.A. contract accrue sick leave at the rate of 15 days per year may accumulate such time up to a total of 200 days. Employees who terminate with fewer than 10 full years of service receive no pay for accumulated sick time. Employees with 10 years or more of service receive 100% of their sick time at their current rate of pay.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Insurance

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

M. Health Care Post Retirement

The Town has a health care post retirement policy for police officers and C.S. employees. The Town shall pay 100% of the premium cost for individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town shall pay 100% of the cost for individual health insurance cost plus 75% of the difference in premium cost between individual and dependent family coverage.

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. This item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. This item is related to pensions reported in the town – wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (ERS and PFRS System) and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures.

P. Equity Classification

1. Government-wide Statements

In the government-wide statements there are three classes of net position:

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

2. Funds Statements

In the fund basis statements there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Equity Classification (Continued)

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

Assigned: Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. Assigned fund balances in the General, Highway, Water, Sewer, and Refuse Funds, include \$1,000,000, \$50,000, \$350,033, \$215,464 and \$75,000 respectively assigned to be used to reduce the tax levy for the year ending December 31, 2020. This assignment is made when the tax levy is set by the Board of Trustees pursuant to the Town's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Q. Restricted Resources

When expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

R. Interfund Transfers

The operations of the Town gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for inter-fund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives on long-lived assets.

T. New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2019, the Town implemented the following new standards issued by GASB:

- GASB Statement 84, *Fiduciary Activities*, effective for the year ending December 31, 2019.
- GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019.
- GASB Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019.

GASB has issued Statement 84, *Fiduciary Activities*, which will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Town has implemented Statement 84, as required.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Town has implemented Statement 88, as required.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. New Accounting Standards (Continued)

GASB has issued Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information of certain component units. The Town has implemented Statement 84, as required.

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Government Funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Town's Governmental Funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position. The differences are as follows:

- (1) The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 236,649,094
Accumulated Depreciation	<u>(170,475,035)</u>
Capital Assets, Net	<u><u>\$ 66,174,059</u></u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:
(continued)

- (2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2019	\$ <u>321,843</u>
---------------------------------------	-------------------

- (3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	\$ 18,355,000
Installment Loans Payable	1,713,226
Other Postemployment Benefits	63,226,447
Compensated Absences	<u>2,697,325</u>
	<u>\$ 85,991,998</u>

- (4) In the Statement of Net Position, a liability is recognized for the Town's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the Town participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the Town's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at December 31, 2019 were as follows:

Deferred Outflows of Resources – Pensions	\$ 3,870,796
Net Pension Liability, Proportionate Share (ERS & PFRS)	(3,750,542)
Deferred Inflows of Resources – Pensions	<u>(1,325,060)</u>
	<u>\$ (1,204,806)</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

**B. Explanation of Difference between Governmental Funds Operating Statement and the
Statement of Activities:**

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent these differences as follows:

- Long-term revenue differences arise because Governmental Funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- Pension Plan transaction differences occur as a result of changes in the Town’s proportion of the collective net pension asset/liability and differences between the Town’s contributions and its proportionate share of the total contributions to the pension systems.
- OPEB differences occur as a result of changes in the Town’s total OPEB liability and differences between the Town’s contributions and OPEB expense.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Government Fund Statements and the change in net position reported in the Statement of Activities.

Explanation of Differences between Governmental Funds Operating Statement
And the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources:

Total revenues reported in governmental funds \$ 38,758,060

In the governmental funds, only the amounts received during the year for the mortgage receivable were recognized as revenue. However, for the entity wide statements, the full amount of the mortgage receivable has been recognized during the year. 1,164,482

In the governmental funds, only the amounts received during the year for the mortgage receivable were recognized as revenue. However, for the entity wide statements, the full amount of the mortgage receivable has been recognized previously. Therefore, the principal payments received during the year have not been recognized during the year on the entity wide statements. (953,067)

In the governmental funds, intergovernmental charges and interfund revenues are recorded. However, for the entity wide statements, these revenues have been eliminated to minimize the double counting of internal transactions. (1,482,333)

Total revenues of governmental activities in the Statement of Activities \$ 37,487,142

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (continued)

Explanation of Differences between Governmental Funds Operating Statement
And the Statement of Activities and Changes in Net Position (continued)

Total Expenditures/Expenses:

Total expenditures reported in governmental funds \$ 42,726,118

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated absences increased during the year by \$222,715 222,715

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.

13,996,240

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$5,130,577 were less than depreciation of \$6,016,416.

885,839

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year.

(152,556)

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (continued)

Explanation of Differences between Governmental Funds Operating Statement
And the Statement of Activities and Changes in Net Position (continued)

Total Expenditures/Expenses: (Continued)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not affect the Statement of Activities. (1,843,748)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (PFRS of \$482,548 and ERS of \$209,494 (Schedule 6). 692,042

In the governmental funds, intergovernmental charges and interfund revenues are recorded. However, for the entity wide statements, these revenues have been eliminated to minimize the double counting of internal transactions. (1,482,333)

Total Expenses of Governmental Activities \$ 55,044,317

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

A. CASH

The Town of New Windsor's investment policies are governed by State statutes, as previously described in these Notes. The depository bank places approved pledged securities for safekeeping and trust with the Town's agent bank in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized.

Total financial institution (bank) balances at December 31, 2019, per the bank, are categorized as follows:

	<u>1</u>	<u>2</u>	<u>3</u>
Governmental & Agency Funds	\$31,042,542	\$ 0	\$ 0

B. INTERFUND ACTIVITY

Interfund balances and activity for the year ended December 31, 2019, were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,883	\$ 0	\$ 5,951	\$ 429,988
Highway Fund	0	0	55	537,371
Water Fund	50	0	1,020,128	2,499,043
Sewer Fund	0	0	95,708	280,226
Capital Fund	1,340,869	4,584,933	0	0
Debt Service	4,581,050	1,340,869	2,838,403	171,589
Refuse Fund	0	50	0	42,028
Ambulance Fund	0	0	0	0
	<u>\$5,925,852</u>	<u>\$ 5,925,852</u>	<u>\$3,960,245</u>	<u>\$ 3,960,245</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2019, were as follows:

	Beginning Balance	Additions	Disposals and Reclassi- fications	Ending Balance
<u>Governmental Activities</u>				
Capital Assets that are not Depreciated:				
Land	\$ 4,012,728	\$ 0	\$ 0	\$ 4,012,728
Construction in Progress	1,818,773	1,213,763	(1,589,900)	1,442,636
Total Not Depreciated	5,831,501	1,213,763	(1,589,900)	5,455,364
Capital Assets that are being Depreciated:				
Buildings	34,257,561	99,856	0	34,357,417
Machinery and Equipment	14,534,398	1,603,749	0	16,138,147
Infrastructure	176,895,057	2,213,209	1,589,900	180,698,166
Total Depreciated	225,687,016	3,916,814	1,589,900	231,193,730
Less Accumulated Depreciation:				
Buildings	28,577,928	730,814	0	29,308,742
Machinery and Equipment	11,951,820	1,017,010	0	12,968,830
Infrastructure	123,928,871	4,268,592	0	128,197,463
Total Accumulated Depreciation	164,458,619	6,016,416	0	170,475,035
Total Historical Cost, Net	\$ 67,059,898	\$ (885,839)	\$ 0	\$ 66,174,059

Depreciation was charged to governmental functions as follows:

General Government Support	\$ 1,082,955
Public Safety	3,068,372
Transportation	782,134
Culture and Recreation	120,328
Home and Community Services	962,627
Total Depreciation Expense	<u>\$ 6,016,416</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES

1. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12-month period thereafter. For short-term financing, the Town of New Windsor redeems (pays down) one-fifth (1/5) of the original BAN borrowing.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of December 31, 2019 there was one outstanding BAN for \$6,500,000.

Interest on short-term debt for the year was composed of:

Interest paid	\$ 427,625
Less interest accrued - prior year	(322,183)
Plus interest accrued - current year	<u>110,188</u>
Total Interest Expense	<u>\$ 215,630</u>

2. Long-Term Debt

Bonds and Installment Loans:

The Town of New Windsor borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers.

At December 31, 2019, the total principal indebtedness outstanding of the Town of New Windsor aggregated \$20,068,226.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 567,029
Less interest accrued - prior year	(152,215)
Plus interest accrued - current year	<u>211,654</u>
Total Interest Expense	<u>\$ 626,468</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

2. Long-Term Debt (continued)

Long-term liability balances and activity for the year are summarized below:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid/ Redeemed</u>	<u>Ending Balance</u>
Serial bonds	\$11,875,000	\$ 7,500,000	\$ 1,020,000	\$18,355,000
Installment Loans	1,252,729	884,245	423,748	1,713,226
Other liabilities:				
Other postemployment Benefits	49,230,207	14,851,687	855,447	63,226,447
Net Pension Liability – Proportionate Share	1,854,336	1,896,206	0	3,750,542
Compensated absences	<u>2,474,610</u>	<u>222,715</u>	<u>0</u>	<u>2,697,325</u>
Total long-term liabilities	<u>\$66,686,882</u>	<u>\$25,354,853</u>	<u>\$ 2,299,195</u>	<u>\$ 89,742,540</u>

Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,499,718	\$ 714,798
2021	1,472,483	558,517
2022	1,095,634	507,984
2023	1,100,671	475,680
2024	928,896	443,962
2025-2029	4,540,824	1,806,531
2030-2034	4,945,000	1,090,556
2035-2039	<u>4,485,000</u>	<u>319,513</u>
	<u>\$ 20,068,226</u>	<u>\$ 5,917,541</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

3. Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description – The Town’s defined benefit OPEB plan (“the Town’s OPEB plan”), provides OPEB for all permanent full-time general and public safety employees of the Town. The Town’s OPEB plan is a single-employer defined benefit OPEB plan administered by the Town.

Benefits Provided – The Town’s OPEB plan provides healthcare, dental, and vision benefits for retirees and their dependents.

Medical Benefits: Post-employment medical benefits are provided to eligible retired employees and their spouses. Once Medicare age is attained by either the retired employee or the spouse in the case of spousal coverage, Medicare is primary, and the Town provides supplementary medical insurance.

Dental and Vision Benefits: Effective January 1, 2016, for retirees with at least ten years of service with the Town, post-employment dental and vision insurance is provided for retirees and their dependents.

Minimum eligibility requirements for postemployment benefits are as follows:

- The retiree meets the follow service requirements:
 - 17 years of service for employees with a pension from the NYSPFRS, the Town pays 71.50% of family coverage and 100% of premium cost of individual coverage.
 - 20 years of service for employees with a pension from the NYSERS, the Town pays 100% of the premium cost of individual coverage.

Funding Policy: The contribution requirements of Plan members and the Town are established by the Town. The required contribution is based on projected pay-as-you-go financing requirements. For the 2019 year, the Town contributed \$855,447 to the plan, the total amount for current premiums.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

3. Other Postemployment Benefits (continued)

General Information about the OPEB Plan (Continued)

Employees Covered by Benefit Terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	86
Active employees	<u>119</u>
Total Employees Covered by Benefit Terms	<u><u>205</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$63,226,447 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	12/31/2019
Discount Rate	2.49% (1.49% and 3.49% are illustrated for sensitivity)
Turnover	Age 20, 40, and 50 Terminating at 70.4%, 15.9%, and 0.0% respectively for reasons other than death or retirement
Mortality	RP-2000 Combined Mortality Table
Age at Retirement	Active participants, on average, will receive when eligible no earlier than age 55
Spousal Coverage	Married employees will remain married through Medicare age
Health Care Cost Inflation	7.0% for Pre-Medicare medical benefits and 5% for Post-Medicare medical benefits
Administrative Expenses	Annual cost to administer the retiree claims included in the annual health care costs

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

3. Other Postemployment Benefits (continued)

Total OPEB Liability (Continued)

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years as of December 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2019 - December 31, 2019.

Current Per Capita Claim Costs

An annual average claims cost of approximately \$30,186 per covered retiree family coverage and \$14,190 for single coverage for pre-Medicare claims. For post-Medicare claims costs, an annual average claims cost of approximately \$16,507 per covered retiree for family coverage and \$7,523 for single coverage.

Changes in the Total OPEB Liability

Balance at December 31, 2018	<u>\$ 49,230,207</u>
<u>Changes for the Year:</u>	
Service cost	1,937,846
Interest	1,215,182
Changes in assumptions or other inputs	11,698,659
Benefit payments	<u>(855,447)</u>
Net Changes	<u>13,996,240</u>
Balance at December 31, 2019	<u><u>\$ 63,226,447</u></u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

3. Other Postemployment Benefits (continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.49 percent) or 1 percentage point higher (3.49 percent) than the current discount rate:

	1% Decrease 1.49%	Current Discount Rate 2.49%	1% Increase 3.49%
Total OPEB Liability	\$ 75,890,704	\$ 63,226,447	\$ 53,334,037

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Trend Rate Less 1%	Current Health Care Cost Trend Rates	Trend Rate Plus 1%
Total OPEB Liability	\$ 54,159,775	\$ 63,226,447	\$ 74,638,821

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB

For the year ended December 31, 2019, the Town recognized OPEB expense of \$13,996,240. At December 31, 2019, the Town reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS.

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS and PFRS Benefits Provided

The ERS and PFRS Systems provide retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Tiers 1 and 2 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Funding Policy

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. The Town's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	ERS	PFRS
2019	\$ 911,978	\$ 998,890
2018	911,627	1,061,998
2017	879,671	1,093,699

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Town contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on December 15, 2005) over a 10 year period, with an 8.00% interest factor added. Local governments were given the option to prepay this liability. The Town elected to prepay this liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Town reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2019 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Town.

	ERS	PFRS
	3/31/2019	3/31/2019
Actuarial Valuation Date		
Net Pension Asset/(Liability)	\$ (1,630,879)	\$ (2,119,663)
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0230178%	0.1263910%

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

For the year ended December 31, 2019, the Town's recognized pension expense of \$1,132,522 for ERS and the actuarial value \$1,482,340 for PFRS. At December 31, 2019 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 321,154	\$ 514,925	\$ 836,079
Changes of Assumptions	409,936	770,130	1,180,066
Changes in proportion and difference between the District's contributions and proportionate share of contributions	145,114	217,635	362,749
District's contributions subsequent to the measurement date	<u>694,500</u>	<u>797,402</u>	<u>1,491,902</u>
Total	<u>\$ 1,570,704</u>	<u>\$ 2,300,092</u>	<u>\$ 3,870,796</u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

	Deferred Inflows or Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 109,478	\$ 226,309	\$ 335,787
Net difference between projected and actual earnings on pension plan investments	418,574	424,517	843,091
Changes in proportion and difference between the District's contributions and proportionate share of contributions	<u>8,631</u>	<u>137,551</u>	<u>146,182</u>
Total	<u>\$ 536,683</u>	<u>\$ 788,377</u>	<u>\$ 1,325,060</u>

Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2020	\$ 397,625	\$ 517,615
2021	(287,433)	(90,754)
2022	(8,817)	(1,988)
2023	238,146	237,472
2024	0	51,969

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Inflation Rate	2.5%	2.5%
Projected Salary Increases	3.80%	4.50%
Projected Cost of Living Adjustments	1.3%	1.3%
Investment Rate of Return	7% compounded annually, net of investment expenses	7% compounded annually, net of investment expenses
Decrements	Actuarial experience study for the period April 1, 2010 to March 31, 2015	Actuarial experience study for the period April 1, 2010 to March 31, 2015
Mortality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS & PFRS	
	March 31, 2019	
	Target	Long-term
	Allocation	expected real rate of return
<u>Asset Class:</u>		
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Absolute Return Strategies	2%	3.75%
Opportunistic Portfolio	3%	5.68%
Real Assets	3%	5.29%
Bonds and Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.25%
Total	100%	

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and PFRS, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6% for ERS and PFRS) or 1-percentage-point higher (8% for ERS and PFRS) than the current rate:

	1% Decrease 6.00%	Current Assumption 7.00%	1% Increase 8.00%
ERS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (7,130,463)	\$ (1,630,879)	\$ 2,989,162
PFRS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (7,660,145)	\$ (2,119,663)	\$ 2,507,283

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. PENSION PLANS. (continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurements dates were as follows:

Measurement Date	(Dollars in Thousands)	
	ERS	PFRS
	March 31, 2019	March 31, 2019
Employers' total pension asset/(liability)	\$ (189,803,429)	\$ (34,128,100)
Plan net position	182,718,124	32,451,037
Employer's net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ (1,677,063)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	96.27%	95.09%

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2019 represent the projected employer contributions for the period of April 1, 2019 through December 31, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2019 amounted to \$1,491,905.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE IV. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; Workers' Compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that in prior years.

B. CONTINGENCIES

Compliance with Grant Programs

The Town has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Town administration believes disallowances, if any, will be immaterial.

NOTE V. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 29, 2020, the date these financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

NOTE VI. TAX ABATEMENTS

The Town negotiates property tax abatement agreements on an individual basis. The Town has tax abatement agreements with fourteen entities as of December 31, 2019. For the year ended December 31, 2019, the Town abated property taxes totaling \$739,339, under these property tax abatement agreements and received \$340,971 from local businesses in PILOTs.

Each agreement was negotiated under New York State law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. The New York State law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The Town has not made any commitments as part of the agreements other than to reduce property taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE VII. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to write-off an uncollectable receivable in the Capital Fund that was recorded at December 31, 2018. The effect on the Capital Fund fund balance and the net position of the Town are as follows:

Capital Fund fund Balance Beginning of Year, as Previously Stated	\$ (6,109,036)
Uncollectable Receivable at December 31, 2018	<u>(52,035)</u>
Capital Fund fund Balance Beginning of Year, as Restated	<u><u>\$ (6,161,071)</u></u>
Net Position Beginning of Year, as Previously Stated	\$ 22,138,823
Uncollectable Receivable at December 31, 2018	<u>(52,035)</u>
Net Position Beginning of Year, as Restated	<u><u>\$ 22,086,788</u></u>

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 7,957,558	\$ 7,957,558	\$ 7,957,558	\$ 0
Real Property Tax Items	384,300	384,300	372,172	(12,128)
Non-Property Tax Items	4,380,400	4,503,543	4,850,272	346,729
Departmental Income	1,317,850	1,317,850	1,660,331	342,481
Use of Money and Property	912,218	912,218	1,010,174	97,956
Licenses and Permits	147,800	147,800	17,705	(130,095)
Fines and Forfeitures	1,000,000	1,000,000	998,886	(1,114)
Sale of Property and Compensation for Loss	352,921	352,921	911,256	558,335
Miscellaneous	752,170	752,170	118,341	(633,829)
Interfund Revenues	2,122,800	2,122,800	1,389,422	(733,378)
State Aid	859,370	859,370	1,010,689	151,319
Federal Aid	18,000	18,000	33,330	15,330
Total Revenues	20,205,387	20,328,530	20,330,136	\$ 1,606
OTHER SOURCES				
Operating Transfers In	5,951	5,951	5,951	
Appropriated Fund Balance	0	287,767	0	
Total Revenues and Other Sources	\$ 20,211,338	\$ 20,622,248	\$ 20,336,087	
EXPENDITURES				
General Government Support	\$ 4,943,254	\$ 4,943,254	\$ 5,196,785	\$ (253,531)
Public Safety	7,129,629	7,540,539	7,585,254	(44,715)
Transportation	299,800	299,800	226,864	72,936
Economic Assistance and Opportunity	76,000	76,000	158,325	(82,325)
Culture and Recreation	890,700	890,700	609,154	281,546
Home and Community Services	443,760	443,760	525,682	(81,922)
Employee Benefits	6,049,534	6,049,534	5,981,474	68,060
Total Expenditures	19,832,677	20,243,587	20,283,538	\$ (39,951)
OTHER USES				
Operating Transfers Out	378,661	378,661	429,988	
Total Expenditures and Other Uses	\$ 20,211,338	\$ 20,622,248	\$ 20,713,526	

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Adjusting Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 3,742,769	\$ 3,742,769	\$ 3,742,769	\$ 0
Intergovernmental Charges	14,000	14,000	14,256	256
Use of Money and Property	3,000	3,000	8,509	5,509
Sale of Property and Compensation for Loss	11,400	11,400	35,189	23,789
Interfund Revenues	59,730	59,730	92,911	33,181
Miscellaneous	83,000	83,000	28,093	(54,907)
State and Federal Aid	240,000	240,000	284,074	44,074
Total Revenues	4,153,899	4,153,899	4,205,801	<u>\$ 51,902</u>
OTHER SOURCES				
Operating Transfers In	55	55	55	
Total Revenues and Other Sources	<u>\$ 4,153,954</u>	<u>\$ 4,153,954</u>	<u>\$ 4,205,856</u>	
EXPENDITURES				
Transportation	\$ 2,569,520	\$ 2,701,902	\$ 2,656,995	\$ 44,907
Home and Community Service	60,000	19,256	19,256	0
Employee Benefits	1,022,056	930,418	934,442	(4,024)
Total Expenditures	3,651,576	3,651,576	3,610,693	<u>\$ 40,883</u>
OTHER USES				
Operating Transfers Out	502,378	502,378	537,371	
Total Expenditures and Other Uses	<u>\$ 4,153,954</u>	<u>\$ 4,153,954</u>	<u>\$ 4,148,064</u>	

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 1,086,704	\$ 1,086,704	\$ 1,086,704	\$ 0
Departmental Income	5,762,558	5,762,558	5,692,817	(69,741)
Use of Money and Property	16,000	16,000	39,123	23,123
Sale of Property and Compensation for Loss	0	0	258	258
Miscellaneous	305,038	305,038	0	(305,038)
Total Revenues	7,170,300	7,170,300	6,818,902	<u>\$ (351,398)</u>
OTHER SOURCES				
Operating Transfers In	1,185,713	1,185,713	1,020,128	
Appropriated Fund Balance	0	106,549	0	
Total Revenues and Other Sources	<u>\$ 8,356,013</u>	<u>\$ 8,462,562</u>	<u>\$ 7,839,030</u>	
EXPENDITURES				
General Governmental Support	\$ 84,900	\$ 84,900	\$ 358	\$ 84,542
Home and Community Services	5,292,445	5,398,994	5,520,111	(121,117)
Employee Benefits	314,040	314,040	251,369	62,671
Total Expenditures	5,691,385	5,797,934	5,771,838	<u>\$ 26,096</u>
OTHER USES				
Operating Transfers Out	2,664,628	2,664,628	2,499,043	
Total Expenditures and Other Uses	<u>\$ 8,356,013</u>	<u>\$ 8,462,562</u>	<u>\$ 8,270,881</u>	

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 167,071	\$ 167,071	\$ 167,071	\$ 0
Departmental Income	2,581,437	2,581,437	2,650,339	68,902
Intergovernmental Charges	77,600	77,600	82,521	4,921
Use of Money and Property	3,700	3,700	54,997	51,297
Sale of Property and Compensation for Loss	0	0	151,707	151,707
Miscellaneous	3,321	3,321	21,561	18,240
Total Revenues	2,833,129	2,833,129	3,128,196	<u>\$ 295,067</u>
OTHER SOURCES				
Operating Transfers In	168,678	168,678	95,708	
Total Revenues and Other Sources	<u>\$ 3,001,807</u>	<u>\$ 3,001,807</u>	<u>\$ 3,223,904</u>	
EXPENDITURES				
Home and Community Services	\$ 2,721,580	\$ 2,721,580	\$ 2,594,013	<u>\$ 127,567</u>
OTHER USES				
Operating Transfers Out	280,227	280,227	280,226	
Total Expenditures and Other Uses	<u>\$ 3,001,807</u>	<u>\$ 3,001,807</u>	<u>\$ 2,874,239</u>	

See paragraph on supplementary schedules included in auditor's report.

TOWN OF NEW WINDSOR
 NEW WINDSOR, NEW YORK, NEW YORK
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
<u>Total OPEB Liability</u>			
Service cost	\$ 1,937,846	\$ 1,951,759	\$ 0
Interest	1,215,182	1,699,197	0
Changes of benefit terms	0	0	0
Differences between expected and actual experience	0	(702,231)	0
Changes in assumptions or other inputs	11,698,659	0	47,080,965
Benefit payments	<u>(855,447)</u>	<u>(799,483)</u>	<u>0</u>
Net change in total OPEB liability	13,996,240	2,149,242	47,080,965
Total OPEB liability-beginning	<u>49,230,207</u>	<u>47,080,965</u>	<u>0</u>
Total OPEB liability-ending	<u><u>\$ 63,226,447</u></u>	<u><u>\$ 49,230,207</u></u>	<u><u>\$ 47,080,965</u></u>
Covered-employee payroll	\$ 12,358,036	\$ 12,115,722	\$ 11,336,875
Total OPEB liability as a percentage of covered-employee payroll	511.62%	406.33%	415.29%

Notes to Schedule:

No Assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement 75 to related benefits.

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended December 31, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019**

NYSERS Pension Plan Last 10 Fiscal Years*						
	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Town's proportion of the net pension asset/(liability)	0.0230178%	0.0215267%	0.0217882%	0.0208090%	0.0201632%	0.0201632%
Town's proportionate share of the net pension asset/(liability)	\$ (1,630,879)	\$ (694,763)	\$ (2,047,270)	\$ (3,339,898)	\$ (681,163)	\$ (911,148)
Town's covered-employee payroll	\$ 6,468,719	\$ 6,203,859	\$ 5,860,538	\$ 5,744,969	\$ 5,232,355	\$ 4,969,006
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-25.21%	-11.20%	-34.93%	-58.14%	-13.02%	-18.34%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%	97.15%

NYSPFRS Pension Plan Last 10 Fiscal Years*						
	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Town's proportion of the net pension asset/(liability)	0.126391%	0.114723%	0.122315%	0.119428%	0.110528%	0.110528%
Town's proportionate share of the net pension asset/(liability)	\$ (2,119,663)	\$ (1,159,573)	\$ (2,535,160)	\$ (3,536,022)	\$ (304,239)	\$ (460,139)
Town's covered-employee payroll	\$ 4,758,365	\$ 4,366,885	\$ 4,374,477	\$ 4,184,759	\$ 3,798,909	\$ 3,992,250
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-44.55%	-26.55%	-57.95%	-84.50%	-8.01%	-11.53%
Plan fiduciary net position as a percentage of the total pension liability	95.09%	96.93%	93.50%	90.20%	99.00%	98.50%

* GASB 68 requires that the past 10 years of information be presented. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF TOWN CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NYSERS Pension Plan Last 10 Fiscal Years*						
	<u>3/31/2019</u>	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 911,978	\$ 879,671	\$ 879,645	\$ 1,015,516	\$ 1,008,391	\$ 1,044,717
Contributions in relation to the contractually required contribution	<u>911,978</u>	<u>879,671</u>	<u>879,645</u>	<u>1,015,516</u>	<u>1,008,391</u>	<u>1,044,717</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 6,468,719	\$ 6,203,859	\$ 5,860,538	\$ 5,744,969	\$ 5,232,355	\$ 4,969,006
Contributions as a percentage of its covered-employee payroll	14.10%	14.18%	15.01%	17.68%	19.27%	21.02%

NYSPFRS Pension Plan Last 10 Fiscal Years*						
	<u>3/31/2019</u>	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 998,890	\$ 1,030,591	\$ 994,734	\$ 905,221	\$ 947,205	\$ 1,085,992
Contributions in relation to the contractually required contribution	<u>998,890</u>	<u>1,030,591</u>	<u>994,734</u>	<u>905,221</u>	<u>947,205</u>	<u>1,085,992</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 4,758,365	\$ 4,366,885	\$ 4,374,477	\$ 4,184,759	\$ 3,798,909	\$ 3,992,250
Contributions as a percentage of its covered-employee payroll	20.99%	23.60%	22.74%	21.63%	24.93%	27.20%

* GASB 68 requires that the past 10 years of information be presented. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NON- MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2019**

	Refuse and Garbage	Ambulance	Total Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 862,025	\$ 199,951	\$ 1,061,976
Accounts Receivable, Net	63,157	0	63,157
Total Assets	<u>\$ 925,182</u>	<u>\$ 199,951</u>	<u>\$ 1,125,133</u>
LIABILITIES			
Accounts Payable	\$ 62,361	\$ 2,409	\$ 64,770
Due to Other Funds	0	50	50
Due to Employees' Retirement System	94,908	0	94,908
Total Liabilities	<u>157,269</u>	<u>2,459</u>	<u>159,728</u>
FUND BALANCES			
Restricted	692,913	197,492	890,405
Assigned	75,000	0	75,000
Total Fund Balances	<u>767,913</u>	<u>197,492</u>	<u>965,405</u>
Total Liabilities and Fund Balances	<u>\$ 925,182</u>	<u>\$ 199,951</u>	<u>\$ 1,125,133</u>

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Refuse and Garbage	Ambulance	Total Non-Major Governmental Funds
REVENUES			
Real Property Taxes	\$ 2,061,648	\$ 528,050	\$ 2,589,698
Departmental Income	287,294	0	287,294
Use of Money and Property	6,905	393	7,298
Miscellaneous	10,000	1,919	11,919
Total Revenues	<u>2,366,018</u>	<u>530,362</u>	<u>2,896,380</u>
EXPENDITURES			
Home and Community Service	1,790,890	0	1,790,890
Health	0	544,485	544,485
Employee Benefits	<u>767,130</u>	<u>0</u>	<u>767,130</u>
Total Expenditures	<u>2,558,020</u>	<u>544,485</u>	<u>3,102,505</u>
OTHER USES			
Operating Transfers Out	<u>42,028</u>	<u>0</u>	<u>42,028</u>
TOTAL EXPENDITURES AND OTHER USES	<u>2,600,048</u>	<u>544,485</u>	<u>3,144,533</u>
Net Change in Fund Balances	(234,030)	(14,123)	(248,153)
Fund Balances-Beginning	<u>1,001,943</u>	<u>211,615</u>	<u>1,213,558</u>
Fund Balances-Ending	<u>\$ 767,913</u>	<u>\$ 197,492</u>	<u>\$ 965,405</u>

See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Capital Assets, Net	\$ 66,174,059
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DEDUCTIONS:

Bond Anticipation Notes Payable	\$ 6,500,000	
Short-Term Portion of Installment Loans	404,718	
Long-Term Portion of Installment Loans	1,308,508	
Short-Term Portion of Bonds Payable	1,095,000	
Long-Term Portion of Bonds Payable	<u>17,260,000</u>	
		<u>26,568,226</u>

NET INVESTMENT IN CAPITAL ASSETS	<u>\$ 39,605,833</u>
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See paragraph on supplementary schedules included in auditor's report.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Date of Original Issue	Maturity	Interest Rate	Outstanding Beginning of Year	Issued During Year	Paid During Year	Outstanding End of Year	Amount of Interest Paid During The Year	Amount of Interest Accrued at 12/31/2019
BOND ANTICIPATION									
NOTES PAYABLE									
Various Purpose 2019	06/27/19	06/26/20	2.25%	\$ 15,550,000	\$ 6,500,000	\$ 15,550,000	\$ 6,500,000	\$ 427,625	\$ 110,188
				<u>15,550,000</u>	<u>6,500,000</u>	<u>15,550,000</u>	<u>6,500,000</u>	<u>427,625</u>	<u>110,188</u>
SERIAL BONDS									
Special Revenue Funds									
Public Improvements	2001	2021	4.54%	1,125,000	0	375,000	750,000	55,313	9,982
Public Improvements	2004	2019	3.75%	225,000	0	225,000	0	8,550	0
Public Improvements	2018	2038	3.00%	10,525,000	0	420,000	10,105,000	470,470	111,293
Public Improvements	2019	2039	3.00%	0	7,500,000	0	7,500,000	0	64,200
Total Serial Bonds				<u>11,875,000</u>	<u>7,500,000</u>	<u>1,020,000</u>	<u>18,355,000</u>	<u>534,333</u>	<u>185,475</u>
INSTALLMENT LOANS									
Heavy Duty Vehicles	2013	2020	1.81%	92,981	0	46,073	46,908	1,684	423
2016 Highway Heavy Duty	2016	2023	1.72%	300,931	0	58,151	242,780	5,176	2,586
2016 Telecommunications Lease	2016	2020	5.24%	27,613	0	13,454	14,159	1,446	459
2017 Highway Vehicles	2017	2025	2.54%	386,660	0	51,121	335,539	9,940	3,222
2018 Town Vehicles	2018	2025	3.50%	369,050	0	62,988	306,062	12,917	7,278
2019 Town Vehicles	2019	2023	2.87%	0	555,000	121,300	433,700	0	9,276
2019 Town Vehicles	2019	2026	2.30%	0	329,245	46,000	283,245	0	2,445
Total Installment Loans				<u>1,252,729</u>	<u>884,245</u>	<u>423,748</u>	<u>1,713,226</u>	<u>32,696</u>	<u>26,179</u>
Total Long-Term Debt				<u>\$ 28,677,729</u>	<u>\$ 14,884,245</u>	<u>\$ 16,993,748</u>	<u>\$ 26,568,226</u>	<u>\$ 994,654</u>	<u>\$ 321,843</u>

See paragraph on supplementary schedules included in auditor's report.



Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

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

To the Supervisor and Members
of the Town Board
Town of New Windsor
New Windsor, New York

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund information of Town of New Windsor, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise Town of New Windsor's basic financial statements and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

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

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

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

To the Supervisor and Members
of the Town Board
Town of New Windsor

Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Jugent + Haussler, P.C.

Montgomery, New York
May 29, 2020



Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Supervisor and Members
of the Town Board
Town of New Windsor
New Windsor, New York

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
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Jennifer A. Traverse, CPA

Report on Compliance for Each Major Federal Program

We have audited Town of New Windsor's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of New Windsor's major federal programs for the year ended December 31, 2019. Town of New Windsor's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of New Windsor's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of New Windsor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of New Windsor's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of New Windsor, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Town of New Windsor is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of New Windsor's internal control over compliance with types of the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of New Windsor's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mugent & Haussler, P.C.

Montgomery, New York
May 29, 2020

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed-through New York State:			
Community Development Block Grant/Entitlement Grants	14.218	N/A	<u>150,096</u>
Total Passed-through New York State			<u>150,096</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>150,096</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed-through New York State:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>33,330</u>
Total Passed-through New York State			<u>33,330</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>33,330</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed-through New York State:			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	D032410, PIN #8759.87	<u>966,833</u>
Total Passed-through New York State			<u>966,833</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>966,833</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 1,116,929</u>

The accompanying notes are an integral part of the schedule.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Town, which is described in Note 1 to the Town's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The Town's policy is not to charge federal award programs with indirect costs.

Matching costs (the Town's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Town's financial reporting system.

NOTE 2. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the Town's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Report the Auditor Issued on Whether the Financial Statements
Audited Were Presented in Accordance with GAAP: Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of Auditor's Opinion Issued on Compliance for
Major Federal Programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Section 2 CFR-200.516(a)? _____ Yes X No

IDENTIFICATION OF MAJOR FEDERAL PROGRAMS:

CFDA NUMBERS

20.205

NAME OF FEDERAL PROGRAM OR CLUSTER

Highway Planning and Construction (Federal-Aid Highway Program)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

**TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR 200.516(a).

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR 200.516(a).

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

June 25, 2020

The Town Board of the
Town of New Windsor, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of New Windsor (the “Town”), in the County of Orange, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$12,600,000 Bond Anticipation Notes – 2020 (the “Notes”) of the Town dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the Town will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's certifications, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the Town with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Town of New Windsor, in the County of Orange, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Town Supervisor as of June 25, 2020.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$12,600,000 Bond Anticipation Note-2020**, dated June 25 2020, maturing June 25, 2021, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

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

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

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

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

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 25, 2020**.

TOWN OF NEW WINDSOR, NEW YORK

By: _____
Town of Supervisor