

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 18, 2022

NEW AND RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

The Village will designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

VILLAGE OF NEW PALTZ ULSTER COUNTY, NEW YORK (the "Village")

\$5,655,000

BOND ANTICIPATION NOTES, 2022 SERIES B (the "Notes")

Dated Date: September 14, 2022

Maturity Date: September 14, 2023

Security and Sources of Payment: The Notes are general obligations of the Village of New Paltz, Ulster County, New York (the "Village"), and will contain a pledge of the faith and credit of the Village 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 Village, 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 (i) registered in the name of the purchaser or (ii) registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. If the Notes are registered in the name of 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. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey, which will act as the Securities Depository for the Notes. 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. Holders of book-entry Notes will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "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 Village, 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 Village Clerk. (See "Book-Entry System" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on August 30, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Squire Patton Boggs (US) 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 September 14, 2022 in New York, New York, or as otherwise agreed to by the Village and the purchaser.

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

**VILLAGE OF NEW PALTZ
ULSTER COUNTY, NEW YORK**

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* * *

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* * *

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No dealer, broker, salesman or other person has been authorized by the Village 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 Village. 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 Village 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 Village since the date hereof.

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OFFICIAL STATEMENT

Relating to

VILLAGE OF NEW PALTZ ULSTER COUNTY, NEW YORK

\$5,655,000 BOND ANTICIPATION NOTES, 2022 SERIES B (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Village of New Paltz (the “Village”) and presents certain information relating to the Village's \$5,655,000 Bond Anticipation Notes, 2022 Series B (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 Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Village's overall economic situation and outlook (and all of the specific Village-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “*RISK FACTORS*” and “*IMPACT OF COVID-19*” herein.

THE NOTES

Description of the Notes

The Notes are general obligations of the Village. The Village 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 Village, 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.

The Village 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 Village's contact information is as follows: Nancy Branco, Village Treasurer, Village of New Paltz, 25 Plattekill Avenue, New Paltz, New York 12561, Phone (845) 255-0130 and email: treasurer@villageofnewpaltz.org.

Optional Redemption

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

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”). 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 Village 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 Village, 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 Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Village. 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 Village 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 Village takes no responsibility for the accuracy thereof. In addition, the Village 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.

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

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and various bond resolutions duly adopted by the Board of Trustees of the Village as follows:

Date of Authorization	Purpose	Amount Outstanding	Amount to be Paid	Additional Amount to be Issued	Total Amount to be Issued
04/15/2013	Water Tank	\$ 477,000	\$27,000	\$ 0	\$ 450,000
05/14/2014	Water Filtration Plant Improvements	145,000	15,000	0	130,000
09/25/2019	Acquisition of Fire Truck	200,000	100,000	0	100,000
09/25/2019	Construction and Installation of Improvements to Water Supply System	1,020,000	20,000	0	1,000,000
09/25/2019	Construction and Installation of Improvements to Water Supply System	280,000	10,000	0	270,000
08/26/2020	Construction of the East of Wallkill Emergency Operations Center	750,000	200,000	0	550,000
04/01/2021	NYC DEP Alternate Water Source Project	250,000	60,000	0	190,000
04/01/2021	Construction and Installation of Improvements to Water Supply System	150,000	35,000	0	115,000
08/26/2020	Construction of the East of Wallkill Emergency Operations Center	950,000	200,000	0	750,000
06/14/2017 & 10/28/2020	Replacement of Water Distribution Mains	500,000	0	1,600,000	2,100,000
		<u>\$ 4,722,000</u>	<u>\$667,000</u>	<u>\$1,600,000</u>	<u>\$5,655,000</u>

Disclosure Undertaking for the Notes

This Official Statement is in a form "deemed final" by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Village will provide an executed copy of its "Undertaking to Provide Notices of Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Village for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(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 Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Village; (xiii) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if

material, (xv) incurrence of a “financial obligation” of the Village, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Village, if any, such event reflects financial difficulties.

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

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

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

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

The Village’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Village, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Village to comply with the Undertaking will not constitute a default with respect to the Notes.

The Village 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.

Disclosure Compliance History

The Village is in compliance with all previous undertakings made pursuant to the Note for the past five years.

Security and Source of Payment

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

The Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, 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 Village is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village’s power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*,” herein).

RISK FACTORS

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 Village's credit rating could be affected by circumstances beyond the Village'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 Village 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 Village'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 Village 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 Village 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 Village can be paid only if the State has such monies available therefor. Should the Village 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, the Village 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 Village 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 Village, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Village, 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 Village, could impair the financial condition of such entities, including the Village, and the ability of such entities, including the Village, to pay debt service on the Notes.

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 Village'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, 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 affecting 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 which has since been terminated and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and nonessential businesses for extended periods. On June 24, 2021, the State of Emergency declared by the Governor, 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 Village'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 spread or resurgence of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*Revenues - 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 Village 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 Village and the owners for which the faith and credit of the Village are pledged and while remedies for enforcement of payment are not expressly included in the Village'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 Village. 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 Village 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 Village 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 Village to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Village subject to taxation by the Village, 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 Village, 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 Village.

Pursuant to Article VIII, Section 2 of the State Constitution, the Village 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 and 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 Village 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 Village 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 Village 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 Village, 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 Village in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the Village 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 Village 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 Village 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 Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and/or interest on any indebtedness.

THE VILLAGE OF NEW PALTZ

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

THE VILLAGE

Description

The Village is situated wholly within in the Town of New Paltz (the “Town”), which lies approximately 90 miles north of New York City. The Village was founded in 1677 by French Huguenots and then incorporated in 1887 with a land area of approximately 1.7 miles. According to interim data obtained from the US Census Bureau (the American Community Survey – 5 Year estimate), the 2020 population of the Village was 7,169 persons, which represents an increase of approximately 5.1% since the last official Census taken in 2010 (see “Economic and Demographic Info,” herein). Higher education has been one of the main concerns of the community since the 1830’s. The State University of New York at New Paltz, one of the largest employers in the County, is located in the Village.

Government

The Village was established as a municipal government by the State and is vested with such powers and has the responsibilities inherent in the operation of municipal government, including the adoption of rules and regulations to govern its affairs. In addition, the Village may tax real property situated in its boundaries and incur debt subject to the provisions of the State's Local Finance Law. There is one independent public school district situated in the Village that possesses the same powers with respect to taxation and debt issuance. Village residents also pay real property taxes to the Town and County to support programs conducted by these two governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution and various statutes affecting village governments including the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law. The Village is responsible for the collection of Village taxes. Other taxes levied in the Village are collected by the Town or School District, and enforced by the County.

The Board of Trustees or "the Board" is the legislative, appropriating, governing and policy determining body of the Village and consists of four trustees, elected at large to serve a four-year term, plus the Mayor. Trustees may serve an unlimited number of terms. It is the responsibility of the Board of Trustees to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Village must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board. The original issuance of all Village indebtedness is subject to approval by the Board.

The Mayor is the Chief Executive Officer of the Village and is elected for a four-year term of office with the right to succeed himself. In addition, the Mayor is a full member and presiding officer of the Board. The Mayor is responsible for administering the daily activities of the Village and appoints department managers, subject to Board confirmation.

The Village Clerk and Treasurer are appointed by the Mayor, subject to confirmation by the Board of Trustees to serve a two-year term.

Services

The Village provides its residents with many of the services traditionally provided by village government. A list of these services provided by the Village are as follows: water supply; sewer collection and treatment; highway and public facilities maintenance; cultural and recreational activities (Village and Town operate a pool facility under a joint cooperative agreement); building code enforcement; planning and zoning administration; and, fire protection.

The Town and County furnish certain other services, including police protection which is furnished by the Town Police Department and the County Sheriff's Department. Pursuant to State law, the County is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs. The County also operates a two-year community college, which offers associate degrees in various fields of study.

Employees

The Village employs 17 full-time employees and 8 part-time employees. As shown in the below table, 10 full-time and 3 part-time employees are members of the CSEA union.

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association	13	05/31/2023

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

<u>Year</u>	<u>Village of New Paltz</u>	<u>Town of New Paltz</u>	<u>Ulster County</u>	<u>New York State</u>
1990	NA	NA	165,304	17,990,455
2000	NA	NA	177,749	18,976,457
2010	6,818	13,909	182,493	19,378,102
2020	7,169	14,117	178,371	19,514,849

Selected Wealth and Income Indicators

The information set forth below with respect to the Village, Town, County and the State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the Village is necessarily representative of the Town, County or the State.

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Village of New Paltz	\$ NA	\$ NA	\$15,857	\$21,564
Town of New Paltz	NA	NA	26,846	33,732
County of Ulster	14,921	20,842	28,532	35,816
State of New York	16,501	23,389	30,948	40,898

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Village of New Paltz	\$ NA	\$ NA	\$41,722	\$46,528
Town of New Paltz	NA	NA	63,217	75,455
County of Ulster	34,033	42,551	56,434	65,306
State of New York	39,741	51,691	67,405	71,117

Source: U.S. Bureau of the Census.

a. Based on American Community Survey 5-Year estimates (2016-2020).

Unemployment Rate Statistics

Unemployment statistics are not available for the Village. 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 Statement that the Village is necessarily representative of the County or the State.

<u>Annual Averages:</u>	<u>Ulster County (%)</u>	<u>New York State (%)</u>
2017	4.6	4.7
2018	3.9	4.1
2019	3.8	4.0
2020	4.9	7.2
2021	3.5	4.8
2022 (4 months)		

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers within the County of Ulster

Non-Retail Employers

<u>Name</u>	<u>Employees</u>	<u>Product</u>	<u>Location</u>
County of Ulster	A	Government	Kingston
Health Alliance of the Hudson Valley	A	Health Services	Kingston/New Paltz
State Correctional Facilities	A	Correctional Services	Wallkill/Napanoch
SUNY New Paltz	A	Educational Services	New Paltz
Bank of America, N.A.	B	Finance	Kingston
Mohonk Mountain House	B	Resort/Hotel	New Paltz
SUNY Ulster	B	Educational Services	Stone Ridge
BOCES	C	Educational Services	New Paltz/Port Ewen
City of Kingston	C	Government	Kingston
Hudson Valley Resort & Spa	C	Resort/Hotel	Kerhonkson
Kingston Consolidated School District	C	Educational Services	Kingston
Northeast Center for Special Care	C	Health Services	Lake Katrine
Ten Broeck Commons	C	Health Services	Lake Katrine
Honor's Haven	C	Resort/Hotel	Ellenville
Ulster Savings	C	Finance/Insurance	Kingston
Ametek Rotron	D	Electrical Manufacturing	Woodstock
Brooklyn Bottling Company	D	Food Manufacturing	Milton
CH Energy Group	D	Utility	Kingston
Ellenville Central School District	D	Educational Services	Ellenville
Ellenville Regional Hospital	D	Health Services	Ellenville
Elna Magnetics	D	Electrical Manufacturing	Saugerties
Fair Rite Products	D	Electronic Manufacturing	Wallkill
Fala Technologies	D	Electronic Manufacturing	Kingston
Full Moon Resort	D	Resort/Hotel	Shandaken
Gateway Community Industries	D	Miscellaneous Manufacturing	Kingston
GHI Insurance	D	Insurance	Lake Katrine
HUCK International	D	Metal Manufacturing	Kingston

Retail Businesses

<u>Name</u>	<u>Employees</u>	<u>Product</u>	<u>Location</u>
Wal-Mart	B	Retail – All	Kingston
Hannaford	C	Retail - Grocery	Kingston (2)/Highland/Plattekill
Adams Fairacre Farms	D	Retail – Grocery/Garden	Kingston
Home Depot	D	Retail – Home Supply	Kingston
Kohl's	D	Retail – Department Store	Kingston
Lowes	D	Retail – Home Supply	Kingston/Highland
Price Chopper	D	Retail – Grocery	Saugerties
Sam's Club	D	Retail – All	Kingston
Shop Rite	D	Retail – Grocery	Kingston/New Paltz
Target	D	Retail – Department Store	Kingston

Key:

A Greater than 1,000 employees

B 500-999 employees

C 250-499 employees

D 100-249 employees

Source: Ulster County Official Statement dated November 17, 2021.

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

The New York State Constitution limits the power of the Village (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 Village and the Notes.

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid 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 periods of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose 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 Village has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The Village 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 Village 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 Village 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 Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village 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 Village 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 Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village 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 Village 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 with a statutory form of notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the village complies with this estoppel procedure.

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 Village Treasurer, the chief fiscal officer of the Village.

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

Debt Limit. The Village has the power to contract indebtedness for any Village 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 Village and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional 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 Village 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 Village 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).

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

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of August 18, 2022)

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2018	\$301,441,113	100.00	\$ 301,441,113
2019	302,823,088	100.00	302,823,088
2020	305,585,330	95.00	321,668,768
2021	308,561,622	90.00	342,846,247
2022	314,132,641	86.00	<u>365,270,513</u>
Total Five Year Full Valuation			\$1,634,049,729
Average Five Year Full Valuation			326,809,946
Debt Limit - 7% of Average Full Valuation			22,876,696
Inclusions:			
Outstanding Bonds:			
Serial Bonds			4,205,000
Bond Anticipation Notes			5,922,000
Total Inclusions			<u>10,127,000</u>
Exclusions:			
Water Debt			6,842,000
Bond Appropriations			<u>305,000</u>
Total Exclusions			7,147,000
Total Net Indebtedness			<u>2,980,000</u>
Net Debt Contracting Margin			<u><u>\$19,896,696</u></u>
Percent of Debt Limit Exhausted			13.03%

a. Water debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending May 31:	Principal	Interest	Total
2023	\$ 305,000	\$ 125,875	\$ 430,875
2024	310,000	116,825	426,825
2025	315,000	107,525	422,525
2026	325,000	97,950	422,950
2027	330,000	88,125	418,125
2028	180,000	78,600	258,600
2029	185,000	73,200	258,200
2030	190,000	67,650	257,650
2031	200,000	61,950	261,950
2032	205,000	55,950	260,950
2033	215,000	49,800	264,800
2034	220,000	43,350	263,350
2035	230,000	36,750	266,750
2036	235,000	29,850	264,850
2037	245,000	22,800	267,800
2038	255,000	15,450	270,450
2039	260,000	7,800	267,800
Totals:	<u>\$4,205,000</u>	<u>\$1,079,450</u>	<u>\$5,284,450</u>

a. Does not include payments made to date.

Details of Short-Term Indebtedness Outstanding

As of the date of this Statement, the Village has \$4,722,000 in bond anticipation notes outstanding that mature on September 15, 2022 and \$1,200,000 in bond anticipation notes outstanding that mature on February 3, 2023. The \$4,722,000 bond anticipation notes due September 15, 2022 will be redeemed in full by the issuance of the Notes.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Village has authorized but unissued debt outstanding in the amount of \$50,000 for the installation of storm sewers and \$1,233,386 for the construction of the East of Wallkill Emergency Operations Center.

Capital Project Plans

The Village is generally responsible for providing services as required to the residents on a Village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and sidewalk improvements and the acquisition of machinery and equipment from time to time. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. In general, needs for capital funding for the above described projects for which the Village has the responsibility are anticipated to continue and to be in approximately the same amounts as have prevailed in the past. With respect to new financing by the Village, bond authorizations are not anticipated to be substantially different than have generally prevailed in the past.

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Outstanding End of Year:					
Bonds	\$1,260,000	\$4,990,000	\$4,725,000	\$4,460,000	\$4,205,000
BANs	<u>6,675,680</u>	<u>1,407,680</u>	<u>2,817,000</u>	<u>4,817,000</u>	<u>5,922,000</u>
Total Debt Outstanding	<u>\$7,935,680</u>	<u>\$6,397,680</u>	<u>\$7,542,000</u>	<u>\$9,277,000</u>	<u>\$10,127,000</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 Ulster	06/29/2022	2.09	\$ 2,581,234	\$2,373,695
Town of New Paltz	06/21/2022	24.01	4,497,551	2,114,563
New Paltz CSD	12/29/2021	14.10	<u>6,090,495</u>	<u>2,436,198</u>
Totals			<u>\$13,169,280</u>	<u>\$6,924,456</u>

Debt Ratios (As of August 18, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$10,127,000	\$1,413	2.77
Net Direct Debt	2,980,000	416	0.82
Total Direct & Applicable Total Overlapping Debt	23,296,280	3,250	6.38
Net Direct & Applicable Net Overlapping Debt	9,904,456	1,382	2.71

a. The current estimated population of the village is 7,169.

b. The full valuation of taxable real property in the Village for 2021-22 is \$365,270,513

FINANCES OF THE VILLAGE

Independent Audit

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an audited financial statement is available is the fiscal year ended May 31, 2021. Such statement for fiscal year ending 2021 is attached as Appendix B. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village also prepares an Annual Financial Report Update Document for submission to the State Comptroller. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

There are two basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (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 Village presently maintains the following governmental funds: General Fund, Water Fund, Sewer Fund and the Capital Projects Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

Expenditures are generally recognized under the modified accrual basis of accounting that is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the General Long-Term Debt Account Group and recognized as an expenditure when due, and, (2) unmatured interest on general long-term debt which is recognized when due.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the Village has an investment policy applicable to the investment of all moneys and financial resources of the Village. The responsibility for the investment program has been delegated by the Board to the Chief Financial Officer who was required to establish written operating procedures consistent with the Village's investment policy guidelines. According to the investment policy of the Village, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments

The Village has designated nine banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Village is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Village is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the Village include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the Village (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the Village, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Village may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a part other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Village, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State. Reverse redemption agreements are not allowed under State law.

Budgetary Procedures

The Village Treasurer is responsible for the preparation and submission of the tentative annual budget to the Board no later than April 1. The Village Board reviews the tentative budget and prepares a preliminary budget and a public hearing is held thereon no later than April 15. Subsequent to the public hearing, revisions (if any) are made. The budget is then adopted by the Village Board by May 1 as final for the year beginning June 1. The budget is not subject to referendum. Municipal law provides that no expenditures may exceed budgeted appropriations. Any revisions to the annual budget proposed to accommodate changes in departments or other programs must be adopted by resolution of the Village Board. The annual budget is subject to the provisions of the Tax Levy Limit Law. (See "Tax Levy Limit Law" herein).

Financial Operations

The Village Treasurer functions as the chief fiscal officer as provided in Section 2.00 of the Local Finance Law; in this role, the Village Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Mayor is also the Village's budget officer and prepares the annual tentative budget for submission to the Board of Trustees. Budgetary control during the year is the responsibility of the Village Treasurer. Pursuant to Section 30.00 of the Local Finance Law, the Village Treasurer has been authorized to issue or renew certain specific types of notes. As required by law, the Village Treasurer must execute an authorizing certificate which then becomes a matter of public record.

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

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a June 1 - May 31 fiscal year for operating and reporting purposes.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village, non-property taxes, departmental income and state aid. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

State Aid

The Village 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 Village, 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 Village, in this year or future years, the Village 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.

No assurance can be given that present State aid levels will be maintained in the future. Currently, due to the outbreak of COVID-19, the State has declared a state of emergency which has since been terminated 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. (See also "Risk Factors" herein.)

Based on the audited results of the Village, the Village received approximately 13.99% of its total General Fund operating revenue in the form of State aid during the fiscal year ending May 31, 2021. 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 Village 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 Village 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 following table sets forth the percentage of the Village's General Fund revenue comprised of State Aid for each of the fiscal years 2017 through 2021, inclusive, and the amounts budgeted for 2022 and 2023.

<u>Fiscal Year Ending December 31:</u>	<u>General Fund Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2017	\$2,739,450	\$246,161	8.99
2018	3,178,632	508,440	16.00
2019	3,168,414	412,420	13.02
2020	3,109,865	285,987	9.20
2021	3,158,300	441,919	13.99
2022 (Budgeted)	2,963,405	283,716	9.57
2023 (Budgeted)	3,520,397	333,380	9.47

Source: Audited Financial Statements of the Village (2017-2021) and Adopted Budgets of the Village (2022-2023).

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

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts 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 ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). 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 OSC designates the Village as "No Designation" (Fiscal Score: 11.7%, Environmental Score: 23.3%. More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC 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 most recent report was released on December 15, 2017. The purpose of such audit was to determine whether Village Officials had adequate internal controls over building department operations. The complete report may be found on the State Comptroller's official website.

Employee Pension System

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS" or the "Retirement System"). The Retirement System is a cost-sharing multiple public employee 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. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired after on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

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

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Village generally opts to make its pension payments in December in order to take advantage of the discounted rate.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contributions for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the state pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Village does not currently amortize any pension payments.

Payments to the Retirement Systems

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Employees'</u> <u>Retirement</u> <u>System</u>
2018	\$142,895
2019	139,167
2020	137,305
2021	140,378
2022	159,445
2023 (Budgeted)	166,455

Expenditures

The major categories of expenditure for the Village are General Government Support, Public Safety, Culture and Recreation, Home & Community Services and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A.

Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 75 ("GASB 75") described below requires such accounting.

GASB Statement No. 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.

Beginning after June 15, 2017, the Village adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, 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 establishes 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.

The Village's total OPEB liability at May 31, 2021 is as follows:

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending May 31, 2021:</u>
Total OPEB liability as of May 31, 2020	\$8,337,214
Changes for the year:	
Service Cost	412,724
Interest	217,334
Changes in Benefit Terms	
Differences between actual and expected experience	(1,470,686)
Changes in Assumptions and Other Inputs	1,261,730
Benefit payments	(147,125)
Total Changes	<u>\$273,977</u>
Total OPEB liability as of May 31, 2021	<u><u>\$8,611,191</u></u>

In some recent years, OSC has proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The Village cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Village has decided to continue funding the expenditure on a pay-as-you-go basis.

TAX INFORMATION

Real Property Taxes

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, is limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village. See "*Tax Limit*" herein. The State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations.

The following table sets forth the percentage of the Village's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, and, as budgeted, for the years ending 2022 and 2023.

Fiscal Year <u>Ending May 31:</u>	Total <u>Revenue</u>	Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2017	\$2,739,450	\$1,490,299	54.40
2018	3,178,632	1,483,122	46.66
2019	3,168,414	1,479,037	46.68
2020	3,109,865	1,488,252	47.86
2021	3,158,300	1,500,884	47.52
2022 (Budgeted)	2,963,405	1,515,659	51.15
2023 (Budgeted)	3,520,397	1,543,145	43.83

Source: Audited financials of the Village (2017 through 2021) and Adopted Budget of the Village (2022-2023).

Tax Collection Procedure

The collection and enforcement of real property taxes is governed by the Real Property Tax Law of the State.

The Village is responsible for levying, collecting and enforcing its own real property taxes. Village taxes are payable on June 1 and, if not paid on or before July 1, a 5% interest penalty is charged for the first month and a 1% per month (or any portion thereof) penalty is added thereafter. Tax liens are issued each year for all taxes remaining unpaid as of March.

Town and County taxes levied against real property in the Village are collected by the Town. Town and County taxes may be paid in two installments; however, any tax paid after January 31 is subject to penalty. School district taxes are collected by a school district tax collector and are payable on September 1. Such taxes may be paid without penalty on or before September 30. All delinquent taxes are returned to the County for enforcement. By law, the County must remit the full amount of unpaid taxes to both the Town and School District.

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limitation Law imposes a tax levy limitation on the Village for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the Village under the Local Finance Law. Accordingly, the power of the Village to levy real property taxes on all taxable real property within the Village without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limitation Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote by the Board of Trustees subject to referenda requirements, if any, set forth in the Municipal Home Rule Law. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, and (ii) retirement systems growth in the average actuarial contribution rate in excess of 2%. The Village is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the Office of the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by the Village under the Local Finance Law. A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution.

In the opinion of bond counsel, under current law, the limitations imposed by TLLL on real property tax levies do not diminish the prior lien on the first revenues of the Village set forth in the New York State Constitution and established by the aforesaid pledge of the Village's faith and credit requiring the Village to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Notes. Bond counsel expresses no opinion on the validity of Chapter 97 of the Laws of 2011 under the applicable provisions of Article VIII of the New York Constitution.

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2022-2023 fiscal year is as follows:

Five-year Average Full Valuation	\$326,809,946
Tax Limit - 2% thereof	6,536,199
Tax Levy	1,543,145
Less: Exclusions	<u>1,329,815</u>
Tax Levy Subject to Tax Limit	\$213,330
 Constitutional Tax Margin	 <u><u>\$6,322,869</u></u>

Tax Levies, Collection Records and Rates

Fiscal Year Ended May 31:	Taxes Levied for Year ^a	Amount Collected	% Current Taxes to Levy
		Current Taxes Collected	
2017	\$1,494,188	\$1,493,204	99.93
2018	1,487,055	1,487,055	100.00
2019	1,480,800	1,480,800	100.00
2020	1,501,152	1,501,152	100.00
2021	1,515,659	1,515,659	100.00
2022 to date	1,543,145	1,452,675	94.14

a. Inclusive of relieved water and sewer charges.

Selected Listing of Large Taxable Properties
2021-2022 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
New Paltz Estates LP	Apartments	\$ 8,075,000
Victorian Square LLC	Apartments	5,872,000
Net-Zero Development LLC	Multi Use Bldg	5,656,630
Southside Associates LP	Apartments	5,440,000
New Paltz Investors LLC	Apartments	3,589,100
Windor Court Associates	Apartments	2,500,000
Paltz Commons Associates	Apartments	1,936,100
Turtle Rock Apts, LLC	Apartments	1,753,700
Interzone Inc.	Apartments/Restaurant	1,398,100
Water Street Market LLC	Shopping Center	1,300,000
Total ^a		<u><u>\$37,520,630</u></u>

a. Represents 11.94% of the total taxable assessed valuation for 2021-22.

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 Village 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. There are no significant claims filed by the larger taxpayers at this time.

CYBERSECURITY

The Village, 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 Village 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 Village 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. To mitigate such risk the Village has contracted with an outside technology firm to assist in the prevention detection and remediation of any such attacks. In addition, the Village maintains an insurance policy covering cyber liability. The results of any such attack could impact business operations and/or damage Village 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 Village'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 COVID-19 outbreak 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 continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency which has since been terminated and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and there have been recent efforts to relax some of the restrictions put in place following the

initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Village's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village.

The American Rescue Plan Act ("ARPA") is a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The Village is expected to receive approximately \$728,305.50 in direct aid through the ARPA which was signed into law on March 11, 2021. The Village received 50% of its allocation in 2021 and received the remaining 50% in 2022. According to the ARPA, the Village must obligate the funds by December 31, 2024 and expend them by December 31, 2026. It is the intent of the Village, to the extent allowable under the ARPA, to use these funds for expenditures incurred as a well as lost revenue related to COVID-19. The intended use of the remaining funds is still under discussion, but investment in the Village's infrastructure is under consideration (pending further guidance under the ARPA).

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules. The Village will continue to monitor closely the 2022 economic environment and the global COVID-19 pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Village.

LITIGATION

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

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax and the Notes are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Village contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Village's representations and certifications or the continuing compliance with the Village's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Village may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The Village has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Interest on the Notes may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) for tax years beginning after December 31, 2022, to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Village or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt Notes and tax-advantaged Notes, among other things. Additionally, investors in the Notes should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of holders to sell their Notes in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Notes (“Discount Notes”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Notes (“Premium Notes”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, 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 that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Notes should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

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

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Squire Patton Boggs (US) LLP, Bond Counsel to the Village with respect to the Notes, which will be available at the time of delivery of the Notes. Such opinion will be to the effect that the Notes are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to the limitations imposed by the Tax Levy Limit Law. The opinion shall also discuss the treatment of interest on the Notes under applicable tax laws, as further described in the section entitled "Tax Matters" and shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm gives no assurances and expresses no opinion as to the adequacy, sufficiency or completeness of the Official Statement of the Village relating to the Notes, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Notes which have been or may be furnished or disclosed to purchasers of the Notes.

Closing Certificates

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

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 Village 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 Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village 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 Nancy Branco, Village Treasurer, Village of New Paltz, 25 Plattekill Avenue, New Paltz, New York 12561, Phone (845) 255-0130 and email: treasurer@villageofnewpaltz.org, 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 Village nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Village disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Squire Patton Boggs (US) LLP, expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Notes, including this Official Statement.

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 Village and the original purchasers or owners of any of the Notes.

The preparation and distribution of this Official Statement has been authorized by various resolutions of the Village which delegates to the Village Treasurer the power to sell and issue the Notes.

VILLAGE OF NEW PALTZ, NEW YORK

By: NANCY BRANCO
Village Treasurer
Village of New Paltz
New Paltz, New York

Dated: August , 2022

APPENDIX A

FINANCIAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND

	Fiscal Years Ending May 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 1,490,299	\$ 1,483,122	\$ 1,479,037	\$ 1,488,252	\$ 1,500,884
Other Property Tax Items	83,026	93,444	99,305	102,784	106,992
Non-Property Taxes	82,643	84,888	89,871	88,228	76,724
Departmental Income	615,537	671,461	748,712	628,949	716,976
Net Change in Fair Value of Investments					59,221
Use of Money and Property	38,907	114,770	46,851	35,152	18,267
Licenses and Permits	12,918	14,121	14,690	13,335	7,450
Fines and Forfeitures	141,755	148,463	236,568	254,122	110,300
Sale of Property and Compensation For Loss	1,013	14,316	32,476	131,588	28,335
State Aid	246,161	508,440	412,420	285,987	441,919
Federal Aid		15,268			
Miscellaneous	27,191	30,339	8,484	81,468	91,232
Total Revenues	<u>2,739,450</u>	<u>3,178,632</u>	<u>3,168,414</u>	<u>3,109,865</u>	<u>3,158,300</u>
Expenditures:					
General Government Support	821,229	867,858	889,146	941,784	786,369
Public Safety	499,211	622,503	641,447	706,081	493,866
Transportation	335,799	350,359	262,875	233,498	362,748
Economic Opportunity And Development	11,975	4,875	4,700	900	
Culture and Recreation	24,239	28,430	34,656	68,854	37,616
Home & Community Services	233,384	495,547	138,988	133,610	183,392
Employee Benefits	582,517	525,608	516,961	534,083	506,519
Debt Service	26,159	30,034	40,072	41,511	102,793
Total Expenditures	<u>2,534,513</u>	<u>2,925,214</u>	<u>2,528,845</u>	<u>2,660,321</u>	<u>2,473,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	204,937	253,418	639,569	449,544	684,997
Other Financing Sources (Uses):					
Sale of Real Property					
Transfers In	80,000	90,000	154,404	158,257	150,328
Transfers Out	(287,000)	(363,000)	(393,000)	(630,602)	(615,680)
Total Other Financing Sources (Uses)	<u>(207,000)</u>	<u>(273,000)</u>	<u>(238,596)</u>	<u>(472,345)</u>	<u>(465,352)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Net Change In Fund Balances	(2,063)	(19,582)	400,973	(22,801)	219,645
Fund Balance, Beginning of Year	<u>1,053,517</u>	<u>\$ 1,379,188</u>	<u>\$ 1,359,606</u>	<u>\$ 1,760,579</u>	<u>\$ 1,737,778</u>
Adjustment to Fund Balance Due to Accounting Changes	<u>327,734</u>				
Fund Balance, Beginning of Year, as Restated	<u>1,381,251</u>	<u>1,379,188</u>	<u>1,359,606</u>	<u>1,760,579</u>	<u>1,737,778</u>
Fund Balance, End of Year	<u>\$ 1,379,188</u>	<u>\$ 1,359,606</u>	<u>\$ 1,760,579</u>	<u>\$ 1,737,778</u>	<u>\$ 1,957,423</u>

Sources: Audited Financial Reports of the Village (2017-2021)

NOTE: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WATER FUND

	Fiscal Years Ending May 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Departmental Income	\$ 1,296,591	\$ 1,317,670	\$ 1,384,222	\$ 1,330,861	\$ 1,120,450
Use of Money and Property	1,118		9,691	5,416	761
Licenses and Permits		2,962			
Sale of Property and Compensation For Loss		313			325
State Aid		<u>75,000</u>			
Total Revenues	<u>1,297,709</u>	<u>1,395,945</u>	<u>1,393,913</u>	<u>1,336,277</u>	<u>1,121,536</u>
Expenditures:					
General Government Support	70,441	63,135	67,827	41,891	60,855
Home & Community Services	773,887	922,604	808,209	690,636	405,799
Employee Benefits	80,190	129,144	136,107	132,841	126,050
Debt Service	<u>190,454</u>	<u>187,984</u>	<u>312,034</u>	<u>486,371</u>	<u>482,388</u>
Total Expenditures	<u>1,114,972</u>	<u>1,302,867</u>	<u>1,324,177</u>	<u>1,351,739</u>	<u>1,075,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	182,737	93,078	69,736	-15,462	46,444
Other Financing Sources (Uses):					
Sale of Real Property				63,652	
Transfers In					
Transfers Out	<u>(192,000)</u>	<u>(197,000)</u>	<u>(202,000)</u>	<u>(202,000)</u>	<u>(200,000)</u>
Total Other Financing Sources (Uses)	<u>(192,000)</u>	<u>(197,000)</u>	<u>(202,000)</u>	<u>(138,348)</u>	<u>(200,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Net Change In Fund Balances	(9,263)	(103,922)	(132,264)	(153,810)	(153,556)
Fund Balance, Beginning of Year	Fund Balance, E	924,002	820,080	687,816	534,006
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>933,265</u>	<u>924,002</u>	<u>820,080</u>	<u>687,816</u>	<u>534,006</u>
Fund Balance, End of Year	<u>\$ 924,002</u>	<u>\$ 820,080</u>	<u>\$ 687,816</u>	<u>\$ 534,006</u>	<u>\$ 380,450</u>

Sources: Audited Financial Reports of the Village (2017-2021)

NOTE: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEWER FUND

	Fiscal Years Ending May 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Departmental Income	\$ 1,074,652	\$ 1,077,438	\$ 1,021,535	\$ 1,119,922	\$ 942,803
Use of Money and Property	3,353	3,270	3,227	2,207	
Sale of Property and Compensation For Loss		8,011	10,000	728	147
State Aid	50,000	80,420	2,819		
Federal Aid	599,150	48,640	701,360	57,000	693,000
Miscellaneous		460			
Total Revenues	<u>1,727,155</u>	<u>1,218,239</u>	<u>1,738,941</u>	<u>1,179,857</u>	<u>1,635,950</u>
Expenditures:					
General Government Support	99,600	185,590	113,058	107,918	105,973
Home & Community Services	1,286,286	837,246	1,286,051	538,309	1,413,984
Employee Benefits	89,938	125,238	129,654	132,408	137,238
Debt Service	1,000	11,239	26,827	25,327	1,125
Total Expenditures	<u>1,476,824</u>	<u>1,159,313</u>	<u>1,555,590</u>	<u>803,962</u>	<u>1,658,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,331	58,926	183,351	375,895	-22,370
Other Financing Sources (Uses):					
Sale of Real Property					
Transfers In			17,756	5,975	
Transfers Out	(88,000)	(143,000)	(363,000)	(373,000)	(75,000)
Total Other Financing Sources (Uses)	<u>(88,000)</u>	<u>(143,000)</u>	<u>(345,244)</u>	<u>(367,025)</u>	<u>(75,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)					
Net Change In Fund Balances	162,331	(84,074)	(161,893)	8,870	(97,370)
Fund Balance, Beginning of Year	538,098	700,429	616,355	454,462	463,332
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>538,098</u>	<u>700,429</u>	<u>616,355</u>	<u>454,462</u>	<u>463,332</u>
Fund Balance, End of Year	<u>\$ 700,429</u>	<u>\$ 616,355</u>	<u>\$ 454,462</u>	<u>\$ 463,332</u>	<u>\$ 365,962</u>

Sources: Audited Financial Reports of the Village (2017-2021)

NOTE: This Schedule is NOT audited.

BALANCE SHEETS
FISCAL YEAR ENDING MAY 31, 2021

	Select Governmental Funds		
	General	Water	Sewer
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Assets:			
Cash & Cash Equivalents	\$ 232,531	\$ 2,510	\$ 118,447
Investments	1,705,080	135,482	61,844
Taxes Receivable	4,400		
Other Receivables Accounts	28,989		
Water rents		134,837	
Sewer Rents			121,821
Due From Other Governments	2,355	112,843	84,289
State And Federal Aid	36,712		
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,010,067</u>	<u>385,672</u>	<u>386,401</u>
Liabilities:			
Accounts Payable	\$ 22,469	\$ 5,222	\$ 20,439
Accrued Liabilities	16,713		
Deposits Payable	6,313		
Bond Interest And Matured Bonds Payable	2,749		
Bond Anticipation Notes Payable			
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>48,244</u>	<u>5,222</u>	<u>20,439</u>
Deferred Inflows of Resources	4,400		
Total Liabilities & Deferred Inflows Of Resources	<u>52,644</u>	<u>5,222</u>	<u>20,439</u>
Fund Balance:			
Restricted	1,310,410	113,984	34,626
Assigned		266,466	331,336
Unassigned	647,013		
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>1,957,423</u>	<u>380,450</u>	<u>365,962</u>
Total Liabilities and Fund Balances	<u>\$ 2,010,067</u>	<u>\$ 385,672</u>	<u>\$ 386,401</u>

Sources: Audited Financial Reports of the Village (2021)

NOTE: This Schedule is NOT audited.

BALANCE SHEETS

FISCAL YEAR ENDING MAY 31, 2020

	Select Governmental Funds		
	General <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
<u>Assets</u>			
Cash & Cash Equivalents	\$ 430,400	\$ 7,525	\$ 40,005
Investments	1,399,243	152,233	101,751
Taxes Receivable	3,679		
Other Receivables Accounts	13,844		2,376
Water rents		128,512	
Sewer Rents			112,358
Due From Other Governments		257,649	225,135
State And Federal Aid	38,576		
Total Assets	<u>\$ 1,885,742</u>	<u>545,919</u>	<u>481,625</u>
<u>Liabilities</u>			
Accounts Payable	\$ 127,108	\$ 11,913	\$ 18,293
Accrued Liabilities	14,428		
Bond Interest And Matured Bonds Payable	2,749		
Total Liabilities	<u>144,285</u>	<u>11,913</u>	<u>18,293</u>
Deferred Inflows of Resources	3,679		
Total Liabilities And Deferred Inflows Of Resources	147,964	11,913	18,293
Fund Balance			
Restricted	1,004,968	113,889	74,595
Assigned	160,000	420,117	388,737
Unassigned	<u>572,810</u>		
Total Fund Balance	<u>1,737,778</u>	<u>534,006</u>	<u>463,332</u>
Total Liabilities and Fund Balances	<u>\$ 1,885,742</u>	<u>\$ 545,919</u>	<u>\$ 481,625</u>

Sources: Audited Financial Reports of the Village (2020)

NOTE: This Schedule is NOT audited.

VILLAGE OF NEW PALTZ

FISCAL YEAR ENDING MAY 31, 2022

BUDGET BY FUNDS

<u>Fund</u>	<u>Appropriations</u>	Less: <u>Estimated</u> <u>Revenues</u>	Less: <u>Unexpended</u> <u>Balance</u>	Less: <u>Appropriated</u> <u>Reserves</u>	Amount to be Raised by <u>Property Taxes</u>
General	\$2,963,405	\$1,447,746	\$0	\$0	\$1,515,659
Water	1,671,121	1,559,093	112,028	0	0
Sewer	1,029,191	1,029,191	0	0	0
Capital	3,417,000	3,417,000	0	0	0
Total	\$9,080,717	\$7,453,030	\$112,028	\$0	\$1,515,659

FISCAL YEAR ENDING MAY 31, 2023

BUDGET BY FUNDS

<u>Fund</u>	<u>Appropriations</u>	Less: <u>Estimated</u> <u>Revenues</u>	Less: <u>Unexpended</u> <u>Balance</u>	Less: <u>Appropriated</u> <u>Reserves</u>	Amount to be Raised by <u>Property Taxes</u>
General	\$3,520,397	\$1,791,952	\$185,300	\$0	\$1,543,145
Water	1,900,014	1,749,911	150,103	0	0
Sewer	1,134,873	1,134,873	0	0	0
Capital	5,922,000	5,922,000	0	0	0
Total	\$12,477,284	\$10,598,736	\$335,403	\$0	\$1,543,145

VILLAGE OF NEW PALTZ

APPENDIX B

**AUDITED FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED MAY 31, 2021**

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

Village of New Paltz, New York

Financial Statements and
Uniform Guidance Schedules Together
With Independent Auditors' Reports

Year Ended May 31, 2021

Village of New Paltz, New York

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Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of New Paltz, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of New Paltz, New York ("Village") as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Village'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that 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 auditors' 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 Village'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 Village'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 Village, as of May 31, 2021 and the respective changes in financial position and the respective budgetary comparison for the General, Water and Sewer funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 2D in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, *"Fiduciary Activities"*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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.

Supplementary and Other Information

Our audit for the year ended May 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations*, Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules 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 for the year ended May 31, 2021.

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village as of and for the year ended May 31, 2020 (not presented herein) and have issued our report thereon dated October 21, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended May 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2020 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in the relation to the basic financial statements as a whole for the year ended May 31, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the Village'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 28, 2021

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Village of New Paltz, New York

Management's Discussion and Analysis (MD&A) May 31, 2021

Introduction

The management of the Village of New Paltz, New York ("Village"), offers readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2021. This document should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance the understanding of the Village's financial performance.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Highlights

- On the government-wide financial statements, the assets and deferred outflows of resources of the Village exceeded the liabilities and deferred inflows of resources at the close of 2020-2021 by \$4,780,864.
- The General Fund completed fiscal year 2021 with a fund balance totaling \$1,957,423 an increase of \$219,465. Of the total fund balance of the General Fund, the unassigned fund balance totaled \$647,013. The assigned classification included \$160,000 for subsequent year's expenditures. \$9,327 was restricted for the purchase and development of property for recreational purposes, \$74,258 for sidewalk repairs, \$712,148 for the purchase of fire apparatus, \$23,617 for the purchase of highway equipment and \$242 for debt service. In addition, \$490,818 is restricted for pension benefits for the LOSAP.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of (\$346,865). Exclusive of the Capital Projects Fund deficit of \$3,715,146, the combined ending governmental fund balance was \$4,062,011.
- The Capital Projects Fund deficit of \$3,715,146 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable in the amount of \$4,817,000 are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.
- At the end of the fiscal years 2021 and 2020, unassigned fund balance for the General Fund was \$647,013 or 26% and \$572,810 or 17%, respectively, of total General Fund expenditures and other financing uses.

- Subsequent to year end, the Village, on September 15, 2021, issued a \$4,722,000 bond anticipation note. The proceeds of the note along with \$595,000 in available funds, will be used to redeem \$4,817,000 of outstanding bond anticipation notes. The note is due on September 15, 2022 with an interest rate of 1.0%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The governmental-wide financial statements distinguish the functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities).

The governmental activities of the Village include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

The Village maintains six major governmental funds: the General Fund, Community Development, Water Fund, Sewer Fund, Special Purpose and the Capital Projects Fund. Major funds have their information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

Budgetary comparison statements have been provided for the General Fund, Water Fund and Sewer Fund within the basic financial statements to demonstrate compliance with the respective budgets. In the Capital Projects Fund, budgets are established on an individual project basis.

Adoption of Accounting Standard

For the year ended May 31, 2021, the Village implemented the provisions of GASB Statement No. 84, "Fiduciary Activities". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

Fiduciary Fund

This fund is used to account for assets held by the Village on behalf of others. The fiduciary fund is *not* reflected in the government-wide financial statements because the assets of these funds are *not* available to support the activities of the Village. The Village maintains one type of fiduciary fund, the Custodial Fund.

The financial statement for the Fiduciary Fund can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the Village's Service Award Program, other post employment benefit obligations, the New York State Local Employees and Local Police and Fire Retirement Systems, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Uniform Guidance Schedules Together With Independent Auditors Reports

The Village expended \$1,199,687 during the year ended May 31, 2021 (\$750,000 or more in federal awards in a given fiscal year) and therefore was required to obtain an audit under Uniform Guidance ("Single Audit"). Single audits cover the entire Village's financial operations, and are substantially more detailed than a regular independent audit. A single audit requires higher levels of testing by the independent auditor to establish that: The financial statements are presented fairly and accurately; and in accordance with federal cost principles; The Village has an adequate internal control structure, and that; the Village is in compliance with any special government regulations/laws that apply to the specific federal funding stream. The Schedule of Expenditures of Federal Awards ("SEFA") included in these financial statements is a schedule recapping expenditures of federal awards during the Village's fiscal year by federal agency and program.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,780,864 at the close of the fiscal year 2020-2021. The largest portion of the Village's net position is its investment in capital assets (land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure), less any related debt outstanding that was used to acquire or develop those assets. The Village uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its' capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The following table reflects the condensed Statement of Net Position:

Net Position		
May 31,		
	<u>2021</u>	<u>2020</u>
Current Assets	\$ 4,862,420	\$ 4,070,965
Capital Assets, net	<u>19,644,495</u>	<u>18,434,214</u>
Total Assets	<u>24,506,915</u>	<u>22,505,179</u>
Deferred Outflows or Resources	<u>2,402,899</u>	<u>1,107,060</u>
Current Liabilities	5,257,174	3,754,627
Long-term Liabilities	<u>13,462,588</u>	<u>14,513,633</u>
Total Liabilities	<u>18,719,762</u>	<u>18,268,260</u>
Deferred Inflows or Resources	<u>3,409,188</u>	<u>1,086,846</u>
Net Position		
Net Investment in Capital Assets	11,225,472	10,346,636
Restricted	2,123,466	1,849,685
Unrestricted	<u>(8,568,074)</u>	<u>(7,939,188)</u>
Total Net Position	<u>\$ 4,780,864</u>	<u>\$ 4,257,133</u>

**Change in Net Position
Fiscal Year Ended May 31,**

	<u>2021</u>	<u>2020</u>
REVENUES		
Program Revenues		
Charges for Services	\$ 2,979,276	\$ 3,376,728
Operating Grants and Contributions	1,058,945	354,537
Capital Grants and Contributions	<u>519,137</u>	<u>623,081</u>
Total Program Revenues	<u>4,557,358</u>	<u>4,354,346</u>
General Revenues		
Real Property Taxes	1,501,605	1,488,252
Other Tax Items	106,992	102,784
Non-Property Taxes	76,724	88,228
Unrestricted Use of Money and Property	7,790	20,956
Unrestricted State Aid	97,195	71,029
Miscellaneous	86,132	72,751
Sale of Property and Compensation for loss	<u>28,335</u>	<u>131,588</u>
Total General Revenues	<u>1,904,773</u>	<u>1,975,588</u>
Total Revenues	<u>6,462,131</u>	<u>6,329,934</u>
PROGRAM EXPENSES		
General Government Support	1,377,133	1,652,400
Public Safety	779,178	1,274,040
Transportation	459,869	515,051
Economic Opportunity and Development	-	900
Culture and Recreation	91,571	366,219
Home and Community Services	2,978,395	2,338,664
Interest	<u>252,254</u>	<u>225,599</u>
Total Expenses	<u>5,938,400</u>	<u>6,372,873</u>
Change in Net Position	523,731	(42,939)
Net Position - Beginning	<u>4,257,133</u>	<u>4,300,072</u>
Net Position - Ending	<u><u>\$ 4,780,864</u></u>	<u><u>\$ 4,257,133</u></u>

Governmental Activities

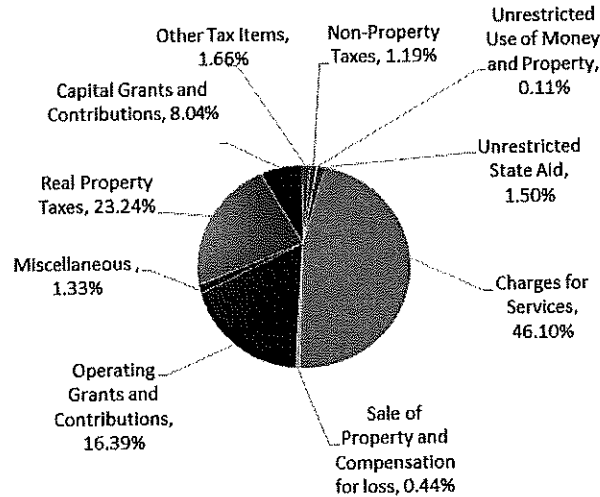
Governmental activities increased the Village's net position by \$523,371 in 2021 and decreased by \$42,939 in 2020.

For the fiscal years ended May 31, 2021 and 2020, revenues from governmental activities totaled \$6,462,131 and \$6,329,934 respectively. Tax revenues (\$1,685,321 in 2021 and \$1,679,264 in 2020), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (26% in 2021 and 27 in 2020).

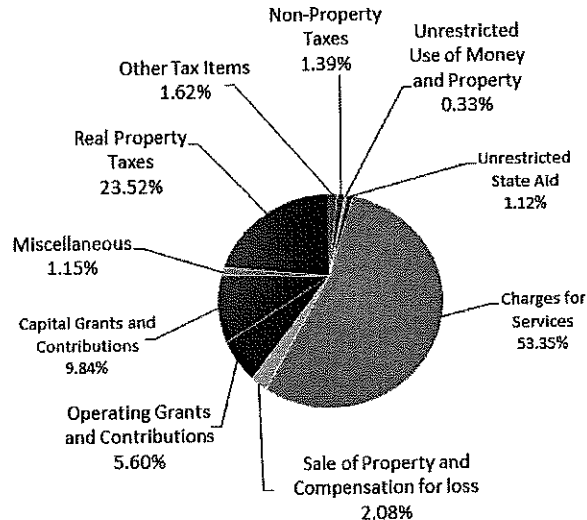
The largest components of governmental activities' expenses are general government support (23% in 2021 and 25% in 2020), public safety (13% in 2021 and 20% in 2020), transportation (8% in 2021 and

8% in 2020), and home and community services (50% in 2021 and 38% in 2020). General Government Support includes the following: Board of Trustees, Mayor, Village Treasurer, Village Clerk, Law, Engineer, Elections, Records Management, Central Garage, Central Data Processing, Unallocated Insurance, Municipal Association Dues and Judgments and Claims. Public Safety includes the following: Traffic control, On-street parking, Fire department, safety inspection and other public safety. Home and Community Services includes the following: Zoning Board, Planning Board, Storm Sewers, Refuse and Garbage, Street Cleaning and Shade Trees.

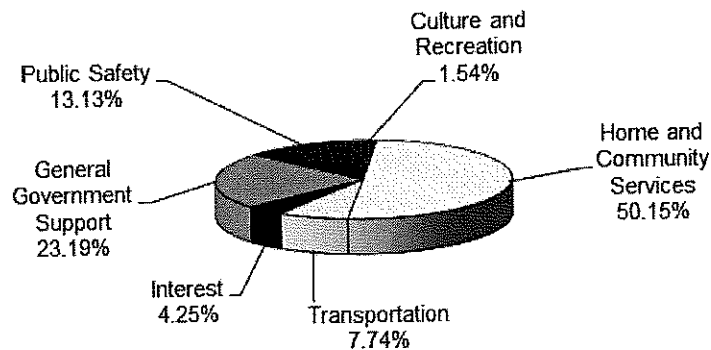
Sources of Revenue for Fiscal Year 2021
Governmental Activities



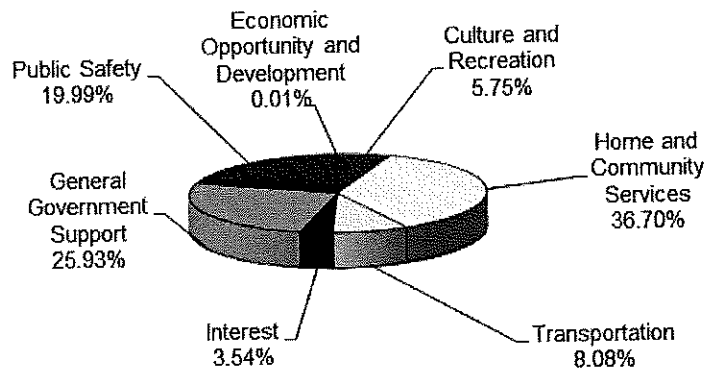
Sources of Revenue for Fiscal Year 2020
Governmental Activities



Sources of Expenses for Fiscal Year 2021 Governmental Activities



Sources of Expenses for Fiscal Year 2020 Governmental Activities



Financial Analysis of the Village's Funds

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources, current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Village's Board of Trustees.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of (\$346,865) (inclusive of the Capital Project Fund deficit of \$3,715,146. Of this amount, \$647,013 of the total ending fund balance constitutes unassigned fund balance in the General Fund. The Village has not assigned any funds for the subsequent year's expenditures in the General Fund.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$647,013 representing 33% of the total General Fund balance of \$1,957,423. When the fiscal year 2020-2021 General Fund budget was adopted, it anticipated the use of \$160,000 of fund balance. Actual results of operations resulted in an increase of the fund balance in the amount of \$152,797. Revenues were \$3,238,930 which were \$165,055 less than the final budget. Expenditures were \$3,086,133, which were \$739,830 less than the final budget. The major areas where spending was less than budgeted was Transportation of \$201,393 and Public Safety \$167,694.

The Community Development, which provides assistance to businesses in the community. Payments for this assistance ended its fiscal year with a fund balance of \$583,032 an increase of \$946,000 from the prior year fund balance of \$582,086.

The fund balance of the Water Fund at May 31, 2021 was \$380,450 a decrease of \$153,556 from the prior year. Revenues of \$1,121,536 were \$405,399 less than budgeted, and expenditures of \$1,275,092 (including an operating transfer out of \$200,000) were \$462,879 less than budgeted.

The fund balance of the Sewer Fund at May 31, 2021 was \$365,962 a decrease of \$97,370 from the prior year. Revenues of \$1,635,950 were \$384,025 less than budgeted and expenditures of \$1,733,320 (including operating transfer out of \$75,000) were \$126,655 less than budgeted.

The Capital Projects Fund has an unassigned fund deficit of \$3,715,146 at May 31, 2021, an increase of \$683,536 from the 2020 deficit of \$1,804,731. The majority of the capital projects are financed by short-term debt as of year end. Bond anticipation notes payable were \$4,817,000 at May 31, 2021.

The Special Purpose Fund balance at May 31, 2021 was \$81,414, an increase of \$7,267 from the prior year. Revenues were \$14,267 and expenditures \$7,000.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2021 net of accumulated depreciation was \$19,644,495. This investment in capital assets includes land, buildings and improvements, land improvements, infrastructure and machinery and equipment.

Major capital asset activity during the current fiscal year included the following:

Capital Assets, Net May 31,

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,003,324	\$ 1,003,324
Construction in progress	5,603,377	5,338,576
Building and improvements	4,301,276	3,080,183
Land improvements	515,925	590,950
Infrastructure	5,567,642	5,618,585
Machinery and equipment	2,652,951	2,802,596
	<u>\$ 19,644,495</u>	<u>\$ 18,434,214</u>

Construction in progress represents the ongoing USDA Water Filtration upgrades project.

Long-term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$4,460,000 and bond anticipation notes (BAN's) of \$4,817,000. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

During the year ended May 31, 2021, bond principal of \$265,000 and bond anticipation notes principal of \$890,680 was redeemed.

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the Village must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At May 31, 2021, the Village five year average full valuation was \$305,170,139 thereby establishing a constitutional debt limit of \$21,361,910.

Economic Factors and Next Year's Budgets and Rates

Village management was aware there would most likely be significant increases in insurance and employee benefits (particularly medical insurance and retirement contributions). All of these factors were taken into consideration in developing the FY 2021-2022 budget.

The Village has not assigned any funds of the unassigned fund balance of the General Fund to reduce the tax levy in the 2021-2022 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Village of New Paltz's finances. Questions and comments concerning any of the information provided in this report should be addressed to Nancy Branco, Village Treasurer, Village of New Paltz, 25 Plattekill Avenue, New Paltz, New York 12561.

Village of New Paltz, New YorkStatement of Net Position
May 31, 2021

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 2,124,798
Investments	1,902,406
Receivables	
Taxes	4,400
Accounts	28,989
Water rents	134,837
Sewer rents	121,821
Due from other governments	199,487
State and Federal aid	345,682
Capital assets	6,606,701
Not being depreciated	13,037,794
Being depreciated, net	
Total Assets	24,506,915
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	784,903
OPEB related	1,617,996
Total Deferred Outflows of Resources	2,402,899
LIABILITIES	
Accounts payable	362,110
Accrued liabilities	16,713
Deposits payable	6,313
Bond interest and matured bonds payable	2,749
Bond anticipation notes payable	4,817,000
Accrued interest payable	52,289
Non-current liabilities	
Due within one year	371,386
Due in more than one year	13,091,202
Total Liabilities	18,719,762
DEFERRED INFLOWS OF RESOURCES	
Pension related	1,142,782
OPEB related	2,266,406
Total Deferred Inflows of Resources	3,409,188
NET POSITION	
Net investment in capital assets	11,225,472
Restricted	
Purchase and development of property for recreational purposes	9,327
Sidewalk repairs	74,258
Fire apparatus purchase	712,148
Highway equipment purchases	23,617
Water supply system improvements	94,186
Sanitary sewage treatment plant	403
Service awards	490,818
Debt service	54,263
Special Revenue Funds	
Community Development	583,032
Special Purpose	81,414
Unrestricted	(8,568,074)
Total Net Position	\$ 4,780,864

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

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Village of New Paltz, New York

Statement of Activities
Year Ended May 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government support	\$ 1,377,133	\$ 191,279	\$ 21,046	\$ -	\$ (1,164,808)
Public safety	779,178	724,419	190,000	519,137	654,378
Transportation	459,869	-	139,724	-	(320,145)
Economic opportunity and development	-	-	-	-	-
Culture and recreation	91,571	-	14,267	-	(77,304)
Home and community services	2,978,395	2,063,578	693,908	-	(220,909)
Interest	252,254	-	-	-	(252,254)
Total Governmental Activities	\$ 5,938,400	\$ 2,979,276	\$ 1,058,945	\$ 519,137	(1,381,042)
General revenues					
Real property taxes					1,501,605
Other tax items					
Payments in lieu of taxes					98,317
Interest and penalties on real property taxes					8,675
Non-property taxes					
Franchise fees					32,482
Utilities gross receipts taxes					44,242
Unrestricted use of money and property					7,790
Unrestricted State aid					97,195
Sale of property and compensation for loss					28,335
Miscellaneous					86,132
Total General Revenues					1,904,773
Change in Net Position					523,731
Net Position - Beginning					4,257,133
Net Position - Ending					\$ 4,780,864

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

Village of New Paltz, New York

Balance Sheet
Governmental Funds
May 31, 2021

	General	Community Development	Water
ASSETS			
Cash and equivalents	\$ 232,531	\$ 583,032	\$ 2,510
Investments	1,705,080	-	135,482
Taxes receivable	4,400	-	-
Other receivables			
Accounts	28,989	-	-
Water rents	-	-	134,837
Sewer rents	-	-	-
Due from other governments	2,355	-	112,843
State and Federal aid	36,712	-	-
	68,056	-	247,680
Total Assets	<u>\$ 2,010,067</u>	<u>\$ 583,032</u>	<u>\$ 385,672</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 22,469	\$ -	\$ 5,222
Accrued liabilities	16,713	-	-
Deposits payable	6,313	-	-
Bond interest and matured bonds payable	2,749	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	48,244	-	5,222
Deferred inflows of resources			
Deferred tax revenues	4,400	-	-
Total Liabilities and Deferred Inflows of Resources	<u>52,644</u>	<u>-</u>	<u>5,222</u>
Fund balances (deficits)			
Restricted	1,310,410	583,032	113,984
Assigned	-	-	266,466
Unassigned	647,013	-	-
Total Fund Balances (Deficits)	<u>1,957,423</u>	<u>583,032</u>	<u>380,450</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 2,010,067</u>	<u>\$ 583,032</u>	<u>\$ 385,672</u>

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

Sewer	Special Purpose	Capital Projects	Total Governmental Funds
\$ 118,447	\$ 81,414	\$ 1,106,864	\$ 2,124,798
61,844	-	-	1,902,406
-	-	-	4,400
-	-	-	28,989
-	-	-	134,837
121,821	-	-	121,821
84,289	-	-	199,487
-	-	308,970	345,682
206,110	-	308,970	830,816
<u>\$ 386,401</u>	<u>\$ 81,414</u>	<u>\$ 1,415,834</u>	<u>\$ 4,862,420</u>
\$ 20,439	\$ -	\$ 313,980	\$ 362,110
-	-	-	16,713
-	-	-	6,313
-	-	-	2,749
-	-	4,817,000	4,817,000
20,439	-	5,130,980	5,204,885
-	-	-	4,400
20,439	-	5,130,980	5,209,285
34,626	81,414	-	2,123,466
331,336	-	-	597,802
-	-	(3,715,146)	(3,068,133)
365,962	81,414	(3,715,146)	(346,865)
<u>\$ 386,401</u>	<u>\$ 81,414</u>	<u>\$ 1,415,834</u>	<u>\$ 4,862,420</u>

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Village of New Paltz, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
May 31, 2021

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances - Governmental Fund	\$ (346,865)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	6,606,701
Capital assets - depreciable	30,557,367
Accumulated depreciation	(17,519,573)
	<u>19,644,495</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	784,903
Deferred outflows - OPEB related	1,617,996
Deferred inflows - pension related	(1,142,782)
Deferred inflows - OPEB related	(2,266,406)
	<u>(1,006,289)</u>
Other long-term assets that are not available to pay for current-period expenditures and, therefore, are either deferred or not reported in the funds.	
Real property taxes	<u>4,400</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(52,289)
General obligation bonds payable	(4,460,000)
Installment purchase debt payable	(243,877)
Judgments and claims	(12,174)
Compensated absences	(131,564)
Net pension liability	(3,782)
Total OPEB liability	(8,611,191)
	<u>(13,514,877)</u>
Net Position of Governmental Activities	<u>\$ 4,780,864</u>

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

Village of New Paltz, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended May 31, 2021

	General	Community Development	Water
REVENUES			
Real property taxes	\$ 1,500,884	\$ -	\$ -
Other tax items	106,992	-	-
Non-property taxes	76,724	-	-
Departmental income	716,976	-	1,120,450
Net change in fair value of investments	59,221	-	-
Use of money and property	18,267	946	761
Licenses and permits	7,450	-	-
Fines and forfeitures	110,300	-	-
Sale of property and compensation for loss	28,335	-	325
State aid	441,919	-	-
Federal aid	-	-	-
Miscellaneous	91,232	-	-
Total Revenues	3,158,300	946	1,121,536
EXPENDITURES			
Current			
General government support	786,369	-	60,855
Public safety	493,866	-	-
Transportation	362,748	-	-
Culture and recreation	37,616	-	-
Home and community services	183,392	-	405,799
Employee benefits	506,519	-	126,050
Debt service			
Principal	74,261	-	265,000
Interest	28,532	-	217,388
Capital outlay	-	-	-
Total Expenditures	2,473,303	-	1,075,092
Excess (Deficiency) of Revenues Over Expenditures	684,997	946	46,444
OTHER FINANCING SOURCES (USES)			
Transfers in	150,328	-	-
Transfers out	(615,680)	-	(200,000)
Total Other Financing Sources (Uses)	(465,352)	-	(200,000)
Net Change in Fund Balances	219,645	946	(153,556)
FUND BALANCES (DEFICITS)			
Beginning of Year	1,737,778	582,086	534,006
End of Year	\$ 1,957,423	\$ 583,032	\$ 380,450

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

Sewer	Special Purpose	Capital Projects	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,500,884
-	-	-	106,992
-	-	-	76,724
942,803	-	-	2,780,229
-	-	-	59,221
147	17	-	20,138
-	-	-	7,450
-	-	-	110,300
-	-	-	28,660
-	-	-	441,919
693,000	-	519,137	1,212,137
-	14,250	-	105,482
<u>1,635,950</u>	<u>14,267</u>	<u>519,137</u>	<u>6,450,136</u>
105,973	-	-	953,197
-	-	-	493,866
-	-	-	362,748
-	7,000	-	44,616
1,413,984	-	-	2,003,175
137,238	-	-	769,807
-	-	-	339,261
1,125	-	-	247,045
-	-	1,943,025	1,943,025
<u>1,658,320</u>	<u>7,000</u>	<u>1,943,025</u>	<u>7,156,740</u>
<u>(22,370)</u>	<u>7,267</u>	<u>(1,423,888)</u>	<u>(706,604)</u>
-	-	890,680	1,041,008
<u>(75,000)</u>	<u>-</u>	<u>(150,328)</u>	<u>(1,041,008)</u>
<u>(75,000)</u>	<u>-</u>	<u>740,352</u>	<u>-</u>
<u>(97,370)</u>	<u>7,267</u>	<u>(683,536)</u>	<u>(706,604)</u>
<u>463,332</u>	<u>74,147</u>	<u>(3,031,610)</u>	<u>359,739</u>
<u>\$ 365,962</u>	<u>\$ 81,414</u>	<u>\$ (3,715,146)</u>	<u>\$ (346,865)</u>

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Village of New Paltz, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended May 31, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ (706,604)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	2,518,191
Depreciation expense	<u>(1,307,910)</u>
	<u>1,210,281</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	<u>721</u>
---------------------	------------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal paid on general obligation bonds	265,000
Principal paid on installment purchase debt	<u>74,261</u>
	<u>339,261</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(5,209)
Judgments and claims payable	40,081
Compensated absences	(15,364)
Changes in pension liabilities and related deferred outflows and inflows of resources	75,704
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(415,140)</u>
	<u>(319,928)</u>

Change in Net Position of Governmental Activities	<u>\$ 523,731</u>
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The notes to the financial statements are an integral part of this statement.

Village of New Paltz, New York

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General, Water and Sewer Funds
Year Ended May 31, 2021

	General Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
REVENUES				
Real property taxes	\$ 1,501,152	\$ 1,501,152	\$ 1,500,884	\$ (268)
Other tax items	112,400	112,400	106,992	(5,408)
Non-property taxes	92,500	92,500	76,724	(15,776)
Departmental income	764,692	764,692	716,976	(47,716)
Net change in fair value of investments	-	-	59,221	59,221
Use of money and property	24,000	24,000	18,267	(5,733)
Licenses and permits	16,000	16,000	7,450	(8,550)
Fines and forfeitures	275,000	275,000	110,300	(164,700)
Sale of property and compensation for loss	11,000	11,000	28,335	17,335
State aid	370,517	415,517	441,919	26,402
Federal aid	-	-	-	-
Miscellaneous	81,724	81,724	91,232	9,508
Total Revenues	3,248,985	3,293,985	3,158,300	(135,685)
EXPENDITURES				
Current				
General government support	872,743	878,834	786,369	92,465
Public safety	669,710	658,710	493,866	164,844
Health	120	120	-	120
Transportation	631,371	564,141	362,748	201,393
Economic opportunity and development	5,000	-	-	-
Culture and recreation	45,645	45,645	37,616	8,029
Home and community services	281,847	219,847	183,392	36,455
Employee benefits	621,082	560,221	506,519	53,702
Debt service	-	-	74,261	(74,261)
Principal	-	-	28,532	(28,532)
Interest	20,787	20,787	-	20,787
Total Expenditures	3,148,305	2,948,305	2,473,303	475,002
Excess (Deficiency) of Revenues Over Expenditures	100,680	345,680	684,997	339,317
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	110,000	150,328	40,328
Transfers out	(370,680)	(877,658)	(615,680)	261,978
Total Other Financing Uses	(260,680)	(767,658)	(465,352)	302,306
Net Change in Fund Balances	(160,000)	(421,978)	219,645	641,623
FUND BALANCES				
Beginning of Year	160,000	421,978	1,737,778	1,315,800
End of Year	\$ -	\$ -	\$ 1,957,423	\$ 1,957,423

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

Water Fund				Sewer Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,511,935	1,511,935	1,120,450	(391,485)	1,321,975	1,321,975	942,803	(379,172)
-	-	-	-	-	-	-	-
10,000	10,000	761	(9,239)	4,000	4,000	147	(3,853)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	325	(4,675)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	693,000	693,000	-
-	-	-	-	1,000	1,000	-	(1,000)
1,526,935	1,526,935	1,121,536	(405,399)	1,326,975	2,019,975	1,635,950	(384,025)
53,000	91,000	60,855	30,145	87,000	136,682	105,973	30,709
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
836,680	798,680	405,799	392,881	842,286	1,485,604	1,413,984	71,620
161,079	161,079	126,050	35,029	161,079	161,079	137,238	23,841
-	-	-	-	-	-	-	-
265,000	265,000	265,000	-	-	-	-	-
222,212	222,212	217,388	4,824	1,610	1,610	1,125	485
1,537,971	1,537,971	1,075,092	462,879	1,091,975	1,784,975	1,658,320	126,655
(11,036)	(11,036)	46,444	57,480	235,000	235,000	(22,370)	(257,370)
200,000	200,000	-	(200,000)	-	-	-	-
(407,000)	(407,000)	(200,000)	207,000	(235,000)	(235,000)	(75,000)	160,000
(207,000)	(207,000)	(200,000)	7,000	(235,000)	(235,000)	(75,000)	160,000
(218,036)	(218,036)	(153,556)	64,480	-	-	(97,370)	(97,370)
218,036	218,036	534,006	315,970	-	-	463,332	463,332
\$ -	\$ -	\$ 380,450	\$ 380,450	\$ -	\$ -	\$ 365,962	\$ 365,962

Village of New Paltz, New York

Statement of Fiduciary Net Position

Fiduciary Fund

May 31, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 27,941</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	4,330
Fund balance	
Restricted	<u>23,611</u>
Total Liabilities and Fund Balance	<u>\$ 27,941</u>

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

Village of New Paltz, New York

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended May 31, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Miscellaneous	\$ 41,558
DEDUCTIONS	
Payments to third parties	<u>27,460</u>
Net increase in fiduciary net position	<u>14,098</u>
NET POSITION	
Beginning of Year, as reported	-
Cumulative Effect of Change in Accounting Principle	<u>9,513</u>
Beginning of Year, as restated	<u>9,513</u>
End of Year	<u><u>\$ 23,611</u></u>

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

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Village of New Paltz, New York

Notes to Financial Statements
May 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Village of New Paltz, New York ("Village") was established in 1887 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Mayor serves as the chief executive officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village's significant accounting policies are described below:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Village, b) organizations for which the Village is financially accountable and c) other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Village as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Village and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the Village are as follows:

Community Development Fund - The Community Development Fund is used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development. The major revenue of this fund is departmental income.

Water and Sewer Funds - The Water and Sewer Funds are used to record the water and sewer utility operations of the Village, which render services on a user charge basis to the general public. The major revenue of these funds is departmental income.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Village in accordance with the terms of a trust agreement.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for

Note 1 - Summary of Significant Accounting Policies (Continued)

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

- b. Fiduciary Fund (Not Included in Government-Wide Statements) - The Fiduciary Fund is used to account for assets held by the Village on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

D. Measurement Focus, Basis of Accounting and Financial Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Fiduciary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, other post-employment benefit liability and certain judgments and claims are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

The Village's deposits and investment policies are governed by State statutes. The Village has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments (except Fire Service Awards Sub-Fund, which are discussed in Note 3A)
Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Village's policy provides for no credit risk on investments.

The Village follows the provisions of Government Accounting Standards Board ("GASB") Statement No. 72, *"Fair Value Measurements and Application"*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Village participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. At May 31, 2021 the Village had \$1,411,588 in CLASS investments. CLASS issues separately available audited financial statements with a year end of June 30th.

The Village's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAM by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Village does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2021.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Village does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Village's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in one installment due in July. The Village has the responsibility for the billing and collection of its own taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Village. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or

Village of New Paltz, New York

Notes to Financial Statements (Continued)

May 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Village are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	30-40
Land improvements	20
Infrastructure	40
Machinery and equipment	5

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Village reported deferred inflows of resources of \$4,400 for real property taxes in the General Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Village has also reported as deferred outflows of resources and deferred inflows of resources in relation to its pension and other post employment benefit liabilities in the government-wide financial statement for governmental activities. These amounts are detailed in the discussion of the Village's pension and other post employment benefit liabilities in Note 3F.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation of service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68"*.

Other Post-Employment Benefit Liability ("OPEB") – In addition to providing pension benefits, the Village provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

Net Position – Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Village includes restricted for purchase and development of property for recreational purposes, sidewalk repairs, fire apparatus purchase, highway equipment purchases,

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

water supply system improvements, sanitary sewage treatment plant, debt service, pension benefits, community development and special purpose.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources, current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Village's Board of Trustees.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

Note 1 - Summary of Significant Accounting Policies (Continued)

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Water and Sewer funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 28, 2021.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Village follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and the means of financing.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for General, Water and Sewer funds.
- f) Budgets for General, Water and Sewer funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not legally adopted by the Board for the Community Development or Special Purpose funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- g) The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- h) Appropriations in General, Water and Sewer funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2020-2021 was \$6,103,403 which exceeded the actual levy (inclusive of exclusions) by \$4,602,251.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village 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 with the result expressed as a decimal to

Village of New Paltz, New York

Notes to Financial Statements (Continued)

May 31, 2021

Note 2 - Stewardship, Compliance and Accountability (Continued)

four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the Board, a local law to override such limit for such coming fiscal year.

C. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of \$3,715,146 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits where no bond anticipation notes are outstanding to the extent of the deficit arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

D. Adoption of Accounting Standard

For the year ended May 31, 2021, the Village implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

E. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84. These reclassifications had no effect on previously reported fund balance amounts.

F. Cumulative Effect of Change in Accounting Principle

The Village implemented the provisions of GASB Statement No. 84 for the year ended May 31, 2021. Governments with activities that meet the criteria of GASB Statement No. 84 should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Certain amounts previously reported in the Village's Fiduciary Fund as deposits payable are now reported as additions and deductions within the statement of changes in fiduciary net position. As a result, the Village has reported a cumulative effect of change in accounting principle of \$9,513 to the July 1, 2020 net position of the Custodial Fund.

Village of New Paltz, New York

Notes to Financial Statements (Continued)

May 31, 2021

Note 3 - Detailed Notes on All Funds**A. Investments**

At May 31, 2021, the Village had the following investments in the Service Awards Program:

<u>Type of Investment</u>	<u>Fair Value</u>
Cash and equivalents	\$ 43,102
Equities	198,103
Fixed Income	249,613
	<u>\$ 490,818</u>

The investments above are measured using Level 1 inputs.

B. Taxes Receivable

Taxes receivable at May 31, 2021 consisted of the following:

Tax Sale Certificates	<u>\$ 4,400</u>
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C. Capital Assets

Changes in the Village's capital assets are as follows:

	<u>Balance, June 1, 2020</u>	<u>Additions</u>	<u>Balance May 31, 2021</u>
Capital Assets, not being depreciated			
Land	\$ 1,003,324	\$ -	\$ 1,003,324
Construction-in-progress	5,338,576	264,801	5,603,377
Total Capital Assets, not being depreciated	<u>\$ 6,341,900</u>	<u>\$ 264,801</u>	<u>\$ 6,606,701</u>
Capital Assets, being depreciated			
Buildings and improvements	\$ 8,563,512	\$ 1,387,905	\$ 9,951,417
Land improvements	1,654,834	-	1,654,834
Infrastructure	11,469,239	631,376	12,100,615
Machinery and equipment	6,616,392	234,109	6,850,501
Total Capital Assets, being depreciated	<u>28,303,977</u>	<u>2,253,390</u>	<u>30,557,367</u>
Less Accumulated Depreciation for			
Buildings and improvements	5,483,329	166,812	5,650,141
Land improvements	1,063,884	75,025	1,138,909
Infrastructure	5,850,654	682,319	6,532,973
Machinery and equipment	3,813,796	383,754	4,197,550
Total Accumulated Depreciation	<u>16,211,663</u>	<u>1,307,910</u>	<u>17,519,573</u>
Total Capital Assets, being depreciated, net	<u>\$ 12,092,314</u>	<u>\$ 945,480</u>	<u>\$ 13,037,794</u>
Capital Assets, net	<u>\$ 18,434,214</u>	<u>\$ 1,210,281</u>	<u>\$ 19,644,495</u>

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to the Village's functions and programs as follows:

General Government Support	\$ 16,233
Public Safety	250,157
Transportation	165,081
Culture and Recreation	13,002
Home and Community Services	<u>863,437</u>
Total Depreciation Expense	<u>\$ 1,307,910</u>

Construction in progress represents the ongoing USDA Water Filtration upgrades project.

D. Accrued Liabilities

Accrued liabilities as of May 31, 2021 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 16,713</u>

E. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance June 1, 2020	New Issues	Redemptions	Balance May 31, 2021
Water tank	6/19/13	9/16/21	1.250 %	\$ 537,000	\$ -	\$ 50,000	\$ 487,000
Purchase of land	9/22/15	n/a	n/a	375,000	-	375,000	-
Improvements water filtration plant	5/02/16	9/16/21	1.250	200,000	-	50,000	150,000
Purchase of fire truck	9/21/16	n/a	n/a	120,680	-	120,680	-
Various improvements	12/02/16	n/a	n/a	75,000	-	75,000	-
Installation of storm sewers	9/19/18	9/16/21	1.250	100,000	-	20,000	80,000
Water filtration plant	11/01/19	9/16/21	1.000	1,300,000	-	50,000	1,250,000
Fire truck	11/01/19	9/16/21	1.000	400,000	-	100,000	300,000
DEP project	11/01/19	9/16/21	1.000	400,000	-	50,000	350,000
New firehouse	10/29/20	9/16/21	1.000	-	800,000	-	800,000
New firehouse	5/27/21	9/16/21	1.000	-	1,000,000	-	1,000,000
Improvements water supply system	5/05/21	9/16/21	0.790	-	250,000	-	250,000
Improvements water supply system	5/05/21	9/16/21	0.790	-	150,000	-	150,000
				<u>\$ 3,507,680</u>	<u>\$ 2,200,000</u>	<u>\$ 890,680</u>	<u>\$ 4,817,000</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$16,874, \$44,997 and \$1,125 were recorded in the fund financial statements in the General Fund, Water Fund and Sewer Fund, respectfully. Interest expense of \$70,712 was recorded in the government-wide financial statements.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
 May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)**F. Long-Term Liabilities**

The following table summarizes changes in the Village's long-term liabilities for the year ended May 31, 2021:

	Balance June 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2021	Due Within One Year
General obligation bonds payable	\$ 4,725,000	\$ -	\$ 265,000	\$ 4,460,000	\$ 280,000
Installment purchase debt payable	318,138	-	74,261	243,877	76,986
Judgments and claims	52,255	259,108	299,189	12,174	1,200
Compensated absences	116,200	26,964	11,600	131,564	13,200
Net pension liability	964,826	-	961,044	3,782	-
Other post employment benefit obligations payable	8,337,214	421,102	147,125	8,611,191	-
Total Long-Term Liabilities	<u>\$ 14,513,633</u>	<u>\$ 707,174</u>	<u>\$ 1,758,219</u>	<u>\$ 13,462,588</u>	<u>\$ 371,386</u>

Each governmental fund's liability for general obligation bonds payable, installment purchase debt, judgments and claims, compensated absences, net pension liability and other post employment benefit obligations is liquidated by the General, Water and Sewer funds.

General Obligation Bonds Payable

General obligation bonds payable at May 31, 2021 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at May 31, 2021
Various Village Purposes	2007	\$ 2,200,000	September, 2026	4.125 %	\$ 890,000
Various Village Purposes	2019	3,850,000	April, 2039	3.000-5.000	3,570,000
					<u>\$ 4,460,000</u>

Interest expenditures of \$172,391 were recorded in the fund financial statements in the Water Fund. Interest expense of \$169,884 was recorded in the government-wide financial statements.

Installment Purchase Debt Payable

The Village has entered into an agreement to finance the cost of purchasing a plow and salt truck. The terms of the agreement provides for repayment in annual installments, through 2023, including interest at a fixed rate of 3.69% Interest expenditures of \$11,658 was recorded in the fund financial statements in the General Fund. Interest expense of \$11,658 was recorded in the government-wide financial statements. The balance due at May 31, 2021 was \$243,877.

Village of New Paltz, New York

Notes to Financial Statements (Continued)

May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt outstanding as of May 31, 2021, including interest payments of \$1,319,893 are as follows:

Year Ending May 31,	General Obligation Bonds		Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 280,000	\$ 160,028	\$ 76,986	\$ 8,933	\$ 356,986	\$ 168,961
2023	290,000	147,106	79,812	6,107	369,812	153,213
2024	300,000	133,728	42,759	3,179	342,759	136,907
2025	310,000	119,894	44,320	1,618	354,320	121,512
2026	325,000	105,500	-	-	325,000	105,500
2027-2031	1,090,000	372,050	-	-	1,090,000	372,050
2032-2036	1,105,000	215,700	-	-	1,105,000	215,700
2037-2039	760,000	46,050	-	-	760,000	46,050
	<u>\$ 4,460,000</u>	<u>\$ 1,300,056</u>	<u>\$ 243,877</u>	<u>\$ 19,837</u>	<u>\$ 4,703,877</u>	<u>\$ 1,319,893</u>

The above general obligation bonds are direct borrowings of the Village for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Village.

Legal Debt Margin

The Village is subject to legal limitations on the amount of debt that it may issue. The Village's legal debt margin is 7% of the most recent full valuation of taxable real property.

Judgments and Claims Payable

The Village participates in a risk pool for workers' compensation claims. This is a public entity risk pool created under Article 5 of Workers' Compensation Law to finance liability and risks related to workers' compensation claims. The Village's share of the liability for unbilled and open claims is \$12,174.

The government-wide financial statements reflect these liabilities based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

An analysis of the activity of unpaid claim liabilities in the government-wide financial statements is as follows:

	<u>2021</u>	<u>2020</u>
Balance - Beginning of Year	\$ 52,255	\$ 11,827
Provision for Claims and Claims Adjustment Expenses	259,108	371,390
Claims and Claims Adjustment Expenses Paid	<u>(299,189)</u>	<u>(330,962)</u>
Balance - End of Year	<u>\$ 12,174</u>	<u>\$ 52,255</u>
Due within one year	<u>\$ 1,200</u>	<u>\$ 5,200</u>

Compensated Absences

Pursuant to collective bargaining agreements, employees may accumulate up to 100 days of sick leave. Employees may accumulate vacation time for a period of two years after the end of the year in which the time was earned. Upon separation of service from the Village, the employee shall receive a cash payment for these unused sick and vacation days at the current salary level. The value of the compensated absences has been reflected in the government-wide financial statements.

Pension Plans

New York State and Local Retirement System

The Village participates in the New York State and Local Employees' Retirement System ("ERS") which is referred to as the New York State and Local Retirement System ("System"). It is a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). 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 Village also participates in the Public Employees' Group Life Insurance Plan, 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, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2021 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
4 A15	16.0 %
5 A15	13.3
6 A15	9.5

At May 31, 2021, the Village reported the following for its proportionate share of the net pension liability for ERS:

Measurement date	March 31, 2021
Net pension liability	\$ 3,782
Village's proportion of the net pension liability	0.0037978 %
Change in proportion since the prior measurement date	0.0001543 %

The net pension liability was measured as of March 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended May 31, 2021, the Village recognized its proportionate share of pension expense in the government-wide financial statements of \$68,375. Pension expenditures of \$144,079 were recorded in the fund financial statements and were charged to the following funds:

General Fund	\$ 89,329
Water Fund	27,375
Sewer Fund	<u>27,375</u>
	<u>\$ 144,079</u>

Village of New Paltz, New York

Notes to Financial Statements (Continued)
 May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

At May 31, 2021, the Village reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,184	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,086,304
Changes in proportion and differences between Village contributions and proportionate share of contributions	16,816	43,364
Changes of assumptions	695,318	13,114
Village contributions subsequent to the measurement date	<u>26,585</u>	<u>-</u>
	<u>\$ 784,903</u>	<u>\$ 1,142,782</u>

\$26,585 was reported as deferred outflows of resources related to ERS resulting from the Village's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	
2022	\$ (78,279)
2023	(34,260)
2024	(62,976)
2025	<u>(208,949)</u>
	<u>\$ (384,464)</u>

The total pension liability for the March 31, 2021 measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Investment rate of return	5.9% *
Salary scale	4.4%
Inflation rate	2.7%
Cost of living adjustments	1.4%

*Compounded annually, net of pension plan investment expenses, including inflation.

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32 %	4.05 %
International Equity	15	6.30
Private Equity	10	6.75
Real Estate	9	4.95
Opportunistic/ARS Portfolio	3	4.50
Credit	4	3.63
Real Assets	3	5.95
Fixed Income	23	0.00
Cash	1	0.50
	<u>100 %</u>	

*The real rate of return is net of the long-term inflation assumption of 2.7%

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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.

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 1,049,632</u>	<u>\$ 3,782</u>	<u>\$ (960,737)</u>

The components of the net pension liability as of the March 31, 2021 measurement date were as follows:

Total pension liability	\$ 220,680,157,000
ERS fiduciary net position	<u>220,580,583,000</u>
Employers' net pension liability	<u>\$ 99,574,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>99.95%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of May 31, 2021 represent the projected employer contribution for the period of April 1, 2021 through May 31, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of May 31, 2021 was \$26,585.

Voluntary Defined Contribution Plan

The Village can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Village will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Pension Trust - Service Awards Program

The Village, pursuant to article 11-AA of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer members of the New Paltz Fire Department. This Program is a single employer defined contribution plan. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant upon attainment of entitlement age (the later of age 55 or the participant's age after earning five years of service credit) shall be able to receive their service award, payable in the form of a lump sum distribution. The Program also provides disability and death benefits. The trustee of the Program, is authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the Village from the General Fund. Separate financial statements are not issued by the Program.

Trust Assets

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

paragraph 4 of GASB statement No. 73. The trust assets are recorded in the General Fund as investments and as a component of Restricted fund balance.

Assets of the Service Awards Program consist of the following at May 31, 2021:

	<u>% of Total</u>	
Cash and equivalents	8.78 %	\$ 43,102
Equities	40.36	198,103
Fixed income	50.86	<u>249,613</u>
		<u>\$ 490,818</u>

The Village's obligation to continue funding is governed by New York State Law and Program provisions. The Village's contributions for the current year was \$11,274, and this was charged to the General Fund.

Other Post Employment Benefit Liability ("OPEB")

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post employment health care benefits is shared between the Village and the retired employee as noted below. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At May 31, 2021, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	7
Active employees	<u>28</u>
	<u>35</u>

The Village's total OPEB liability of \$8,611,191 was measured as of May 31, 2020, and was determined by an actuarial valuation as of June 1, 2020.

The total OPEB liability in the June 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0%, average, including inflation
Discount rate	1.59%
Healthcare cost trend rates	8.0% for 2021, decreasing 0.5% per year to an ultimate rate of 5.0% for 2027 and later years

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate was based on S&P municipal bond 20-year high grade rate index as of May 28, 2021.

Mortality rates were based on RP-2006 mortality table and MP-2020 projection.

The actuarial assumptions used in the June 1, 2020 actuarial valuation were based on published municipal bond indices.

The Village's change in the total OPEB liability for the year ended May 31, 2021 is as follows:

Total OPEB Liability - Beginning of Year	\$ 8,337,214
Service cost	412,724
Interest	217,334
Changes of benefit terms	-
Differences between expected and actual experience	(1,470,686)
Changes in assumptions or other inputs	1,261,730
Benefit payments	<u>(147,125)</u>
Total OPEB Liability - End of Year	<u>\$ 8,611,191</u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.59%) or 1 percentage point higher (2.59%) than the current discount rate:

	1% Decrease (0.59%)	Current Discount Rate (1.59%)	1% Increase (2.59%)
Total OPEB Liability	<u>\$ 9,824,431</u>	<u>\$ 8,611,191</u>	<u>\$ 7,397,951</u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 6,866,627</u>	<u>\$ 8,611,191</u>	<u>\$ 10,762,424</u>

For the year ended May 31, 2021, the Village recognized OPEB expense of \$562,265 in the government-wide financial statements. At May 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Village of New Paltz, New York

Notes to Financial Statements (Continued)
May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 1,617,996	\$ -
Differences between expected and actual experience	<u>-</u>	<u>2,266,406</u>
	<u>\$ 1,617,996</u>	<u>\$ 2,266,406</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended May 31,	
2022	\$ (67,794)
2023	(67,794)
2024	(67,794)
2025	(67,794)
2026	(67,794)
Thereafter	<u>(309,440)</u>
	<u>\$ (648,410)</u>

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers.

Transfers Out	General Fund	Transfers In Capital Projects Fund	Total
General Fund	\$ -	\$ 615,680	\$ 615,680
Water Fund	-	200,000	200,000
Sewer Fund	-	75,000	75,000
Capital Projects Fund	<u>150,328</u>	<u>-</u>	<u>150,328</u>
	<u>\$ 150,328</u>	<u>\$ 890,680</u>	<u>\$ 1,041,008</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures.

Village of New Paltz, New York

Notes to Financial Statements (Continued)

May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Purchase and Development of Property for Recreational Purposes - the component of net position that represents funds to be used to finance a portion of the cost of the purchase and development of real property for parks, playgrounds and other recreational purposes of the Village, pursuant to General Municipal Laws of the State of New York.

Restricted for Sidewalk Repairs - the component of net position that represents funds to be used to finance the cost of sidewalk repairs, pursuant to General Municipal Laws of the State of New York.

Restricted for Fire Apparatus Purchase - the component of net position that represents funds to be used to finance a portion of the cost of the future acquisition of fire apparatus for use by the Village's Fire Department, pursuant to General Municipal Laws of the State of New York.

Restricted for Highway Equipment Purchases - the component of net position that represents funds to be used to finance the cost of the acquisition of machinery and equipment for use by the Village's Department of Public Works, pursuant to General Municipal Laws of the State of New York.

Restricted for Water Supply System Improvements - the component of net position that represents funds to finance a portion of the cost of repair, replacement and general improvement of dams, storage facilities and transmission lines of the water supply system of the Village, pursuant to General Municipal Laws of the State of New York.

Restricted for Sanitary Sewage Treatment Plant - the component of net position that represents funds to finance the cost of the reconstruction and enlargement of the sanitary sewage treatment plant of the Village, pursuant to General Municipal Laws of the State of New York.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Service Awards - the component of net position that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York.

Restricted for Community Development - the component of net position that reports the difference between assets and liabilities of the Community Development Fund with constraints placed on their use by the United States Department of Housing and Urban Development.

Restricted for Special Purpose - the components of net position that reports the different assets and liabilities with constraints placed on their use or by external parties and/or statutes.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Village of New Paltz, New York

Notes to Financial Statements (Continued) May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balance

	2021						2020							
	General Fund	Community Development Fund	Water Fund	Sewer Fund	Special Purpose Fund	Capital Projects Fund	Total	General Fund	Community Development Fund	Water Fund	Sewer Fund	Special Purpose Fund	Capital Projects Fund	Total
Restricted														
Purchase and development of property for recreational purposes	\$ 9,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,327	\$ 9,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,318
Sidewalk repairs	74,258	-	-	-	-	-	74,258	74,184	-	-	-	-	-	74,184
Fire apparatus purchase	712,148	-	-	-	-	-	712,148	473,660	-	-	-	-	-	473,660
Highway equipment purchases	23,617	-	-	-	-	-	23,617	23,594	-	-	-	-	-	23,594
Water supply system improvements	-	-	94,186	-	-	-	94,186	-	-	94,091	-	-	-	94,091
Sanitary sewage treatment plant	-	-	-	403	-	-	403	-	-	-	40,372	-	-	40,372
Service awards	490,818	-	-	-	-	-	490,818	423,970	-	-	-	-	-	423,970
Debt service	242	-	19,798	34,223	-	-	54,263	242	582,086	19,798	34,223	-	-	54,263
Community development fund	-	583,032	-	-	-	-	583,032	-	-	-	-	-	-	582,086
Parklands	-	-	-	-	16,093	-	16,093	-	-	-	-	8,827	-	8,827
Trusts	-	-	-	-	65,321	-	65,321	-	-	-	-	65,320	-	65,320
Total Restricted	1,310,410	583,032	113,984	34,626	81,414	-	2,123,466	1,004,968	582,086	113,889	74,595	74,147	-	1,849,685
Assigned														
Subsequent year's expenditures	-	-	112,028	-	-	-	112,028	160,000	-	218,036	-	-	-	378,036
Major funds	-	-	154,438	331,336	-	-	485,774	-	-	202,081	388,737	-	-	590,818
Total Assigned	-	-	266,466	331,336	-	-	597,802	160,000	-	420,117	388,737	-	-	968,854
Unassigned	647,013	-	-	-	-	(3,715,146)	(3,068,133)	572,810	-	-	-	-	(3,031,610)	(2,458,800)
Total Fund Balances	\$ 1,957,423	\$ 583,032	\$ 380,450	\$ 365,962	\$ 81,414	\$ (3,715,146)	\$ (348,865)	\$ 1,737,778	\$ 582,086	\$ 534,006	\$ 463,332	\$ 74,147	\$ (3,031,610)	\$ 359,739

Village of New Paltz, New York

Notes to Financial Statements (Continued)

May 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Restricted for Parklands has been established pursuant to General Municipal Laws of the State of New York. These amounts represent funds received by the Village in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes only.

Restricted for Trusts has been established to set aside funds in accordance with the terms of the grants.

Subsequent year's expenditures represent that at May 31, 2021, the Village Board has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for Water and Sewer funds represent the component of fund balance that reports the difference between assets and liabilities of the Water and Sewer funds.

Unassigned fund balance in the General Fund represents amounts not classified as restricted or assigned. Unassigned fund balance in the Capital Projects fund represent a deficit fund balance.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payment of future tax refunds by the Village if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

The Village participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Village's compliance with applicable grant requirements may be established at a future date. The amount of expenditures, which may be disallowed by the granting agencies cannot be determined at this time, although the Village anticipates such amounts, if any, to be immaterial.

The Village currently has one labor contract, Civil Service Employees Association, Inc. Local 1000, AFSCME, AFL-CIO, Village of New Paltz Unit, Ulster County Local 856, that is expired of May 31, 2021. No provisions have been made in these financial statements for the settlement of this labor contract.

C. Risk Management

The Village maintains various liability insurance policies to provide against potential losses. The general liability policy provides coverage of \$1 million per occurrence and \$2 million in the aggregate. The Village also maintains an umbrella policy with coverage up to \$10 million. In addition, there is a public officials liability policy providing coverage of \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage for any of the past three fiscal years.

Village of New Paltz, New York

Notes to Financial Statements (Concluded)
May 31, 2021

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The Village and other municipalities in Ulster County participate in the Ulster County Self-Insurance Plan for Worker's Compensation. This Plan operates under the laws of Ulster County. The purpose of the Plan is to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation payments. The Plan is administered by an administrator appointed by the Chairman of the County Legislature. Billings to each participant are based upon a formula established by law and includes assessed value and loss experience. The Village is responsible for its share of unbilled and open claims (see Note 3). The Village also purchases conventional health insurance.

Note 5 - Tax Abatements

The Village has real property tax abatement agreements exempt under Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. The total tax abatement for the year ended May 31, 2021 is as follows:

<u>Start Date</u>	<u>Agreement</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Revenue</u>	<u>Tax Abated</u>
2008	Kingston Regional/ Senior Living/Woodland Pond	<u>\$ 35,561,500</u>	<u>\$ 4.912</u>	<u>\$ 174,678</u>	<u>\$ 98,317</u>	<u>\$ 76,361</u>

Note 6 - Subsequent Event

The Village, on September 15, 2021, issued a \$4,722,000 bond anticipation note. The proceeds of the note, along with \$595,000 in available funds, will be used to redeem \$4,817,000 of outstanding bond anticipation notes. The note is due on September 15, 2022 with interest at 1.00%.

Note 7 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Village believes will most impact its financial statements. The Village will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Village of New Paltz, New York

Required Supplementary Information - Schedule of Changes in the Village's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1)(2)

	2021	2020	2019
Total OPEB Liability:			
Service cost	\$ 412,724	\$ 391,797	\$ 428,857
Interest	217,334	239,024	241,145
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,470,686)	(594,941)	(563,323)
Changes of assumptions or other inputs	1,261,730 (5)	553,692 (4)	-
Benefit payments	(147,125)	(178,443)	(174,003)
Net Change in Total OPEB Liability	273,977	411,129	(67,324)
Total OPEB Liability – Beginning of Year	8,337,214	7,926,085	7,993,409 (3)
Total OPEB Liability – End of Year	<u>\$ 8,611,191</u>	<u>\$ 8,337,214</u>	<u>\$ 7,926,085</u>
Village's covered-employee payroll	<u>\$ 1,138,479</u>	<u>\$ 1,207,303</u>	<u>\$ 1,155,652</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>756%</u>	<u>691%</u>	<u>686%</u>

Notes to Schedule:

- (1) Data not available prior to fiscal year 2019 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.
- (3) Restated for the implementation of the provisions of GASB Statement No. 75.
- (4) The discount rate used to calculate total OPEB liability was decreased from 3.05% to 2.63% effective with the June 1, 2019 measurement date.
- (5) The discount rate used to calculate total OPEB liability was decreased from 2.63% to 1.59% effective with the June 1, 2020 measurement date.

See independent auditors' report.

Village of New Paltz, New York

Required Supplementary Information - Schedule of the
Village's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	Schedule of the Town's Proportionate Share of the Net Pension Liability (2)					
	2021 (6)	2020 (4)(5)	2019	2018	2017	2016 (3)
Village's proportion of the net pension liability	0.0037978%	0.0036435%	0.0038741%	0.0043362%	0.0040727%	0.0042751%
Village's proportionate share of the net pension liability	\$ 3,782	\$ 964,826	\$ 274,493	\$ 139,948	\$ 382,679	\$ 686,166
Village's covered payroll	\$ 1,065,815	\$ 1,055,048	\$ 1,012,089	\$ 1,007,299	\$ 944,279	\$ 924,507
Village's proportionate share of the net pension liability as a percentage of its covered payroll	0.35%	91.45%	27.12%	13.89%	40.53%	74.22%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

	Schedule of Contributions					
	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 140,378	\$ 137,305	\$ 139,167	\$ 142,895	\$ 138,839	\$ 172,278
Contributions in relation to the contractually required contribution	(140,378)	(137,305)	(139,167)	(142,895)	(138,839)	(172,278)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 1,018,568	\$ 1,068,893	\$ 1,155,652	\$ 1,022,195	\$ 1,008,584	\$ 995,411
Contributions as a percentage of covered payroll	13.78%	12.85%	12.04%	13.98%	13.77%	17.31%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(5) Increase in the Village's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(6) Decrease in the Village's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains, partially offset by a decrease in the discount rate from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

See independent auditors' report.

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Village of New Paltz, New York

General Fund
Combining Balance Sheet - Sub-Funds
Year Ended May 31, 2021
(With Comparative Totals for 2020)

		Fire Service Awards Program	Totals	
	General		2021	2020
ASSETS				
Cash and equivalents	\$ 232,531	\$ -	\$ 232,531	\$ 432,713
Investments	1,214,262	490,818	1,705,080	1,399,243
Taxes receivable	4,400	-	4,400	3,679
Other receivables				
Accounts	28,989	-	28,989	13,844
Due from other governments	2,355	-	2,355	-
State and Federal aid	36,712	-	36,712	38,576
	68,056	-	68,056	52,420
Total Assets	<u>\$ 1,519,249</u>	<u>\$ 490,818</u>	<u>\$ 2,010,067</u>	<u>\$ 1,888,055</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 22,469	\$ -	\$ 22,469	\$ 127,108
Accrued liabilities	16,713	-	16,713	14,428
Deposits payable	6,313	-	6,313	2,313
Bond interest and matured bonds payable	2,749	-	2,749	2,749
Total Liabilities	48,244	-	48,244	146,598
Deferred inflows of resources				
Deferred tax revenues	4,400	-	4,400	3,679
Total Liabilities and Deferred Inflows of Resources	<u>52,644</u>	<u>-</u>	<u>52,644</u>	<u>150,277</u>
Fund balances				
Restricted	819,592	490,818	1,310,410	1,004,968
Assigned	-	-	-	160,000
Unassigned	647,013	-	647,013	572,810
Total Fund Balances	<u>1,466,605</u>	<u>490,818</u>	<u>1,957,423</u>	<u>1,737,778</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,519,249</u>	<u>\$ 490,818</u>	<u>\$ 2,010,067</u>	<u>\$ 1,888,055</u>

See independent auditors' report.

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Village of New Paltz, New York

General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Sub-Funds
Year Ended May 31, 2021
(With Comparative Totals for 2020)

		Fire Service Awards Program	Eliminations	Totals	
	General			2021	2020
REVENUES					
Real property taxes	\$ 1,500,884	\$ -	\$ -	\$ 1,500,884	\$ 1,488,252
Other tax items	106,992	-	-	106,992	102,784
Non-property taxes	76,724	-	-	76,724	88,228
Departmental income	716,976	11,274	(11,274)	716,976	628,949
Net change in fair value of investments	-	59,221	-	59,221	6,488
Use of money and property	7,790	10,477	-	18,267	35,152
Licenses and permits	7,450	-	-	7,450	13,335
Fines and forfeitures	110,300	-	-	110,300	254,122
Sale of property and compensation for loss	28,335	-	-	28,335	131,588
State aid	441,919	-	-	441,919	285,987
Miscellaneous	91,232	-	-	91,232	74,980
Total Revenues	<u>3,088,602</u>	<u>80,972</u>	<u>(11,274)</u>	<u>3,158,300</u>	<u>3,109,865</u>
EXPENDITURES					
Current					
General government support	786,369	-	-	786,369	941,784
Public safety	491,016	14,124	(11,274)	493,866	706,081
Transportation	362,748	-	-	362,748	233,498
Economic opportunity and development	-	-	-	-	900
Culture and recreation	37,616	-	-	37,616	68,854
Home and community services	183,392	-	-	183,392	133,610
Employee benefits	506,519	-	-	506,519	534,083
Debt service					
Principal	74,261	-	-	74,261	11,528
Interest	28,532	-	-	28,532	29,983
Total Expenditures	<u>2,470,453</u>	<u>14,124</u>	<u>(11,274)</u>	<u>2,473,303</u>	<u>2,660,321</u>
Excess of Revenues Over Expenditures	<u>618,149</u>	<u>66,848</u>	<u>-</u>	<u>684,997</u>	<u>449,544</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	150,328	-	-	150,328	158,257
Transfers out	(615,680)	-	-	(615,680)	(630,602)
Total Other Financing Uses	<u>(465,352)</u>	<u>-</u>	<u>-</u>	<u>(465,352)</u>	<u>(472,345)</u>
Net Change in Fund Balances	152,797	66,848	-	219,645	(22,801)
FUND BALANCES					
Beginning of Year	<u>1,313,808</u>	<u>423,970</u>	<u>-</u>	<u>1,737,778</u>	<u>1,760,579</u>
End of Year	<u>\$ 1,466,605</u>	<u>\$ 490,818</u>	<u>\$ -</u>	<u>\$ 1,957,423</u>	<u>\$ 1,737,778</u>

See independent auditors' report.

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Village of New Paltz, New York

General Fund
Comparative Balance Sheet - Sub-Fund
May 31,

	2021	2020
ASSETS		
Cash and equivalents	\$ 232,531	\$ 432,713
Investments	1,214,262	975,273
Taxes receivable	4,400	3,679
Other receivables		
Accounts	28,989	13,844
Due from other governments	2,355	-
State and Federal aid	36,712	38,576
	68,056	52,420
Total Assets	<u>\$ 1,519,249</u>	<u>\$ 1,464,085</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 22,469	\$ 127,108
Accrued liabilities	16,713	14,428
Deposits payable	6,313	2,313
Bond interest and matured bonds payable	2,749	2,749
Total Liabilities	48,244	146,598
Deferred inflows of resources		
Deferred tax revenues	4,400	3,679
Total Liabilities and Deferred Inflows of Resources	52,644	150,277
Fund balance		
Restricted	819,592	580,998
Assigned	-	160,000
Unassigned	647,013	572,810
Total Fund Balance	1,466,605	1,313,808
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,519,249</u>	<u>\$ 1,464,085</u>

See independent auditors' report.

Village of New Paltz, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Sub-Fund
Years Ended May 31,

	2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 1,501,152	\$ 1,501,152	\$ 1,500,884	\$ (268)
Other tax items	112,400	112,400	106,992	(5,408)
Non-property taxes	92,500	92,500	76,724	(15,776)
Departmental income	764,692	764,692	716,976	(47,716)
Use of money and property	24,000	24,000	7,790	(16,210)
Licenses and permits	16,000	16,000	7,450	(8,550)
Fines and forfeitures	275,000	275,000	110,300	(164,700)
Sale of property and compensation for loss	11,000	11,000	28,335	17,335
State aid	370,517	415,517	441,919	26,402
Miscellaneous	81,724	81,724	91,232	9,508
Total Revenues	3,248,985	3,293,985	3,088,602	(205,383)
EXPENDITURES				
Current				
General government support	872,743	878,834	786,369	92,465
Public safety	669,710	658,710	491,016	167,694
Health	120	120	-	120
Transportation	631,371	564,141	362,748	201,393
Economic opportunity and development	5,000	-	-	-
Culture and recreation	45,645	45,645	37,616	8,029
Home and community services	281,847	219,847	183,392	36,455
Employee benefits	621,082	560,221	506,519	53,702
Debt service				
Principal	-	-	74,261	(74,261)
Interest	20,787	20,787	28,532	(7,745)
Total Expenditures	3,148,305	2,948,305	2,470,453	477,852
Excess of Revenues Over Expenditures	100,680	345,680	618,149	272,469
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	110,000	150,328	40,328
Transfers out	(370,680)	(877,658)	(615,680)	261,978
Total Other Financing Uses	(260,680)	(767,658)	(465,352)	302,306
Net Change in Fund Balance	(160,000)	(421,978)	152,797	574,775
FUND BALANCE				
Beginning of Year	160,000	421,978	1,313,808	891,830
End of Year	\$ -	\$ -	\$ 1,466,605	\$ 1,466,605

See independent auditors' report.

2020			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 1,487,478	\$ 1,487,478	\$ 1,488,252	\$ 774
104,625	104,625	102,784	(1,841)
88,000	88,000	88,228	228
699,578	699,578	628,949	(70,629)
15,000	15,000	20,956	5,956
15,500	15,500	13,335	(2,165)
275,000	275,000	254,122	(20,878)
11,000	11,000	131,588	120,588
272,030	322,030	285,987	(36,043)
9,900	9,900	74,980	65,080
<u>2,978,111</u>	<u>3,028,111</u>	<u>3,089,181</u>	<u>61,070</u>
866,969	925,711	941,784	(16,073)
692,168	747,214	715,351	31,863
120	120	-	120
413,094	380,317	233,498	146,819
5,000	5,000	900	4,100
46,296	77,791	68,854	8,937
174,811	163,328	133,610	29,718
599,782	557,432	534,083	23,349
-	11,528	11,528	-
28,371	30,170	29,983	187
<u>2,826,611</u>	<u>2,898,611</u>	<u>2,669,591</u>	<u>229,020</u>
<u>151,500</u>	<u>129,500</u>	<u>419,590</u>	<u>290,090</u>
100,000	122,000	158,257	36,257
(350,000)	(630,602)	(630,602)	-
<u>(250,000)</u>	<u>(508,602)</u>	<u>(472,345)</u>	<u>36,257</u>
(98,500)	(379,102)	(52,755)	326,347
<u>98,500</u>	<u>379,102</u>	<u>1,366,563</u>	<u>987,461</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,808</u>	<u>\$ 1,313,808</u>

Village of New Paltz, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget - Sub-Fund
Year Ended May 31, 2021
(With Comparative Actuals for 2020)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2020 Actual
REAL PROPERTY TAXES	\$ 1,501,152	\$ 1,501,152	\$ 1,500,884	\$ (268)	\$ 1,488,252
OTHER TAX ITEMS					
Payments in lieu of taxes	100,400	100,400	98,317	(2,083)	93,685
Interest and penalties on real property taxes	12,000	12,000	8,675	(3,325)	9,099
	112,400	112,400	106,992	(5,408)	102,784
NON-PROPERTY TAXES					
Franchise fees	38,000	38,000	32,482	(5,518)	36,494
Utilities gross receipts taxes	54,500	54,500	44,242	(10,258)	51,734
	92,500	92,500	76,724	(15,776)	88,228
DEPARTMENTAL INCOME					
Clerk/Treasurer fees	1,000	1,000	284	(716)	1,270
Tax advertising	200	200	60	(140)	60
Administration fees	1,000	1,000	-	(1,000)	270
Safety inspection fees	135,000	135,000	173,646	38,646	115,051
Parking violation fines	210,000	210,000	126,552	(83,448)	148,061
Zoning fees	10,000	10,000	4,210	(5,790)	400
Planning board fees	30,000	30,000	52,723	22,723	19,579
Fire protection services	349,492	349,492	349,491	(1)	320,778
Other	28,000	28,000	10,010	(17,990)	23,480
	764,692	764,692	716,976	(47,716)	628,949
USE OF MONEY AND PROPERTY					
Earnings on investments	24,000	24,000	7,790	(16,210)	20,956

LICENSES AND PERMITS
Business and occupational licenses
Permits

4,000	4,000	4,000	4,000	-	4,000
12,000	12,000	12,000	3,450	(8,550)	9,335
16,000	16,000	16,000	7,450	(8,550)	13,335
275,000	275,000	275,000	110,300	(164,700)	254,122

FINES AND FORFEITURES
Fines and forfeited bail

**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**
Sale of equipment

11,000	11,000	28,335	17,335	131,588
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STATE AID

Mortgage tax
Consolidated Highway Improvement Program
Park and Ride
Historic preservation grant
Economic Assistance and Opportunity - Other
Public Safety - Other

78,000	78,000	81,975	3,975	71,029
192,517	192,517	139,724	(52,793)	-
-	-	-	-	5,000
-	-	15,000	15,000	9,958
-	-	15,220	15,220	-
100,000	145,000	190,000	45,000	200,000
370,517	415,517	441,919	26,402	285,987

MISCELLANEOUS

AIM related payments
Gifts and donations
Other

72,724	72,724	72,724	-	72,724
5,000	5,000	5,100	100	2,229
4,000	4,000	13,408	9,408	27
81,724	81,724	91,232	9,508	74,980

TOTAL REVENUES

3,248,985	3,293,985	3,088,602	(205,383)	3,089,181
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OTHER FINANCING SOURCES

Transfers in
Water Fund
Sewer Fund
Capital Projects Fund
Special Purpose Fund

57,000	57,000	-	(57,000)	52,000
53,000	53,000	-	(53,000)	48,000
-	-	150,328	150,328	36,257
-	-	-	-	22,000
110,000	110,000	150,328	40,328	158,257

TOTAL OTHER FINANCING SOURCES

**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

\$ 3,358,985	\$ 3,403,985	\$ 3,238,930	\$ (165,055)	\$ 3,247,438
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See independent auditors' report.

Village of New Paltz, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund

Year Ended May 31, 2021

(With Comparative Actuals for 2020)

GENERAL GOVERNMENT SUPPORT

	Original Budget	Final Budget	Actual	Variance with Final Budget	2020 Actual
\$	36,950	\$ 36,950	\$ 32,828	\$ 4,122	\$ 31,673
Board of Trustees	57,077	57,077	56,060	1,017	54,691
Traffic Violations Bureau	59,620	59,620	58,097	1,523	58,661
Mayor	45,500	39,995	34,094	5,901	33,294
Auditor	150,445	177,097	176,971	126	176,710
Treasurer	1,500	1,500	1,038	462	1,056
Assessment	72,634	82,787	82,787	-	90,948
Clerk	85,000	62,500	62,471	29	73,442
Law	15,000	35,862	35,861	1	152,779
Engineer	5,805	5,805	3,366	2,439	-
Elections	200	200	104	96	12
Records management	90,362	86,094	86,093	1	77,984
Buildings	97,488	75,985	75,735	250	91,055
Central garage	6,905	6,245	5,011	1,234	9,314
Central printing and mailing	36,680	39,540	39,520	20	55,646
Central data processing	33,000	33,000	32,223	777	26,218
Unallocated insurance	3,377	3,377	3,277	100	3,277
Municipal association dues	5,200	5,200	833	4,367	5,024
Other	70,000	70,000	-	70,000	-
Contingency					
	872,743	878,834	786,369	92,465	941,784

PUBLIC SAFETY

Traffic control	17,594	12,594	9,985	2,609	19,213
On-street parking	83,494	32,494	21,715	10,779	90,284
Fire department	381,006	381,006	239,599	141,407	365,251
Safety inspection	165,335	165,335	152,436	12,899	169,226
Other public safety	22,281	67,281	67,281	-	71,377
	669,710	658,710	491,016	167,694	715,351

HEALTH

Registrar of Vital Statistics

	120	120	-	120	-
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TRANSPORTATION

Street administration	39,255	39,255	38,100	1,155	38,369
Street maintenance	71,157	65,239	59,669	5,570	78,391
Snow removal	117,875	184,563	96,858	87,705	42,896
Street lighting	185,954	70,954	64,870	6,084	60,441
Sidewalks	4,449	4,449	2,733	1,716	5,288
Off-street parking	20,164	7,164	6,732	432	8,113
Other transportation	192,517	192,517	93,786	98,731	-
	631,371	564,141	362,748	201,393	233,498

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veterans' services

	5,000	-	-	-	900
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CULTURE AND RECREATION

Parks	20,051	20,121	15,790	4,331	51,266
Historical property	8,350	8,350	5,826	2,524	5,864
Rail trail	9,870	9,713	8,996	717	7,353
Celebrations	7,374	7,461	7,004	457	4,371

HOME AND COMMUNITY SERVICES

Zoning Board	45,645	45,645	37,616	8,029	68,854
Planning Board	25,755	25,755	19,451	6,304	9,535
Storm sewers	31,655	31,656	25,550	6,106	16,742
Refuse and garbage	107,479	55,478	48,554	6,924	21,596
Street cleaning	73,957	70,735	64,186	6,549	63,936
Community beautification	9,200	10,395	10,146	249	8,215
Conservation	13,443	13,443	8,563	4,880	6,735
Shade trees	1,000	1,000	400	600	104
Other	18,358	10,385	6,437	3,948	6,584
	1,000	1,000	105	895	163
	281,847	219,847	183,392	36,455	133,610

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Village of New Paltz, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund (Continued)

Year Ended May 31, 2021

(With Comparative Actuals for 2020)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2020 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 91,780	\$ 91,780	\$ 89,329	\$ 2,451	\$ 84,936
Social security	81,200	81,200	59,829	21,371	70,611
Fire service awards	23,000	23,000	11,274	11,726	21,000
Workers' compensation benefits	26,500	26,500	20,725	5,775	23,909
Unemployment benefits	7,251	7,251	-	7,251	-
Disability insurance	3,850	3,850	2,195	1,655	2,147
Hospital and medical insurance	387,501	326,640	323,167	3,473	331,480
	621,082	560,221	506,519	53,702	534,083
DEBT SERVICE					
Principal	-	-	74,261	(74,261)	11,528
Installment purchase debt					
Interest	-	-	11,658	(11,658)	1,799
Installment purchase debt	20,787	20,787	16,874	3,913	28,184
Bond anticipation notes					
	20,787	20,787	28,532	(7,745)	29,983
	20,787	20,787	102,793	(82,006)	41,511
	3,148,305	2,948,305	2,470,453	477,852	2,669,591
TOTAL EXPENDITURES					
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	370,680	877,658	615,680	261,978	630,602
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 3,518,985	\$ 3,825,963	\$ 3,086,133	\$ 739,830	\$ 3,300,193

See independent auditors' report.

Village of New Paltz, New York

Community Development Fund
Comparative Balance Sheet
May 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 583,032</u>	<u>\$ 582,086</u>
FUND BALANCE		
Restricted	<u>\$ 583,032</u>	<u>\$ 582,086</u>

See independent auditors' report.

Village of New Paltz, New York

Community Development Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2021</u>	<u>2020</u>
REVENUES		
Use of money and property	\$ 946	\$ 7,809
EXPENDITURES		
Economic opportunity and development	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	946	7,809
FUND BALANCE		
Beginning of Year	<u>582,086</u>	<u>574,277</u>
End of Year	<u><u>\$ 583,032</u></u>	<u><u>\$ 582,086</u></u>

See independent auditors' report.

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Village of New Paltz, New York

Water Fund
Comparative Balance Sheet
May 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 2,510</u>	<u>\$ 7,525</u>
Investments	<u>135,482</u>	<u>152,233</u>
Receivables		
Water rents	134,837	128,512
Due from other governments	<u>112,843</u>	<u>257,649</u>
	<u>247,680</u>	<u>386,161</u>
Total Assets	<u><u>\$ 385,672</u></u>	<u><u>\$ 545,919</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	<u>\$ 5,222</u>	<u>\$ 11,913</u>
Fund balance		
Restricted	113,984	113,889
Assigned	<u>266,466</u>	<u>420,117</u>
Total Fund Balance	<u>380,450</u>	<u>534,006</u>
Total Liabilities and Fund Balance	<u><u>\$ 385,672</u></u>	<u><u>\$ 545,919</u></u>

See independent auditors' report.

Village of New Paltz, New York

Water Fund

Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended May 31,

	2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 1,511,935	\$ 1,511,935	\$ 1,120,450	\$ (391,485)
Use of money and property	10,000	10,000	761	(9,239)
Sale of property and compensation for loss	5,000	5,000	325	(4,675)
Total Revenues	1,526,935	1,526,935	1,121,536	(405,399)
EXPENDITURES				
Current				
General government support	53,000	91,000	60,855	30,145
Home and community services	836,680	798,680	405,799	392,881
Employee benefits	161,079	161,079	126,050	35,029
Debt service				
Principal	265,000	265,000	265,000	-
Interest	222,212	222,212	217,388	4,824
Total Expenditures	1,537,971	1,537,971	1,075,092	462,879
Excess (Deficiency) of Revenues Over Expenditures	(11,036)	(11,036)	46,444	57,480
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	-	(200,000)
Transfers out	(407,000)	(407,000)	(200,000)	207,000
Total Other Financing Uses	(207,000)	(207,000)	(200,000)	7,000
Net Change in Fund Balance	(218,036)	(218,036)	(153,556)	64,480
FUND BALANCE				
Beginning of Year	218,036	218,036	534,006	315,970
End of Year	\$ -	\$ -	\$ 380,450	\$ 380,450

See independent auditors' report.

2020			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 1,460,061	\$ 1,460,061	\$ 1,330,861	\$ (129,200)
8,000	8,000	5,416	(2,584)
10,000	10,000	-	(10,000)
1,478,061	1,478,061	1,336,277	(141,784)
54,000	66,527	41,891	24,636
842,286	816,432	690,636	125,796
157,475	157,475	132,841	24,634
265,000	276,529	276,529	-
208,044	209,842	209,842	-
1,526,805	1,526,805	1,351,739	175,066
(48,744)	(48,744)	(15,462)	33,282
-	-	63,652	63,652
(202,000)	(202,000)	(202,000)	-
(202,000)	(202,000)	(138,348)	63,652
(250,744)	(250,744)	(153,810)	96,934
250,744	250,744	687,816	437,072
\$ -	\$ -	\$ 534,006	\$ 534,006

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Village of New Paltz, New York

Sewer Fund
Comparative Balance Sheet
May 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 118,447</u>	<u>\$ 40,005</u>
Investments	<u>61,844</u>	<u>101,751</u>
Receivables		
Accounts	-	2,376
Sewer rents	121,821	112,358
Due from other governments	<u>84,289</u>	<u>225,135</u>
	<u>206,110</u>	<u>339,869</u>
Total Assets	<u><u>\$ 386,401</u></u>	<u><u>\$ 481,625</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	<u>\$ 20,439</u>	<u>\$ 18,293</u>
Fund balance		
Restricted	34,626	74,595
Assigned	<u>331,336</u>	<u>388,737</u>
Total Fund Balance	<u>365,962</u>	<u>463,332</u>
Total Liabilities and Fund Balance	<u><u>\$ 386,401</u></u>	<u><u>\$ 481,625</u></u>

See independent auditors' report.

Village of New Paltz, New York

Sewer Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended May 31,

	2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 1,321,975	\$ 1,321,975	\$ 942,803	\$ (379,172)
Use of money and property	4,000	4,000	147	(3,853)
Federal aid	-	693,000	693,000	-
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	1,326,975	2,019,975	1,635,950	(384,025)
EXPENDITURES				
Current				
General government support	87,000	136,682	105,973	30,709
Home and community services	842,286	1,485,604	1,413,984	71,620
Employee benefits	161,079	161,079	137,238	23,841
Debt service				
Principal	-	-	-	-
Interest	1,610	1,610	1,125	485
Total Expenditures	1,091,975	1,784,975	1,658,320	126,655
Excess of Revenues Over Expenditures	235,000	235,000	(22,370)	(257,370)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(235,000)	(235,000)	(75,000)	160,000
Total Other Financing Uses	(235,000)	(235,000)	(75,000)	160,000
Net Change in Fund Balance	-	-	(97,370)	(97,370)
FUND BALANCE				
Beginning of Year	-	-	463,332	463,332
End of Year	\$ -	\$ -	\$ 365,962	\$ 365,962

See independent auditors' report.

2020			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 1,313,454	\$ 1,313,454	\$ 1,119,922	\$ (193,532)
4,000	4,000	2,207	(1,793)
-	65,700	57,000	(8,700)
2,000	2,000	728	(1,272)
1,319,454	1,385,154	1,179,857	(205,297)
139,000	189,550	107,918	81,632
637,979	639,802	538,309	101,493
157,475	157,475	132,408	25,067
-	11,529	11,529	-
12,000	13,798	13,798	-
946,454	1,012,154	803,962	208,192
373,000	373,000	375,895	2,895
-	-	5,975	5,975
(373,000)	(373,000)	(373,000)	-
(373,000)	(373,000)	(367,025)	5,975
-	-	8,870	8,870
-	-	454,462	454,462
\$ -	\$ -	\$ 463,332	\$ 463,332

Village of New Paltz, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 81,414</u>	<u>\$ 74,147</u>
FUND BALANCE		
Restricted	<u>\$ 81,414</u>	<u>\$ 74,147</u>

See independent auditors' report.

Village of New Paltz, New York

Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended May 31,

	2021	2020
REVENUES		
Use of money and property	\$ 17	\$ 726
Miscellaneous	14,250	51,319
Total Revenues	14,267	52,045
EXPENDITURES		
Current		
Culture and recreation	7,000	219,160
Excess (Deficiency) of Revenues Over Expenditures	7,267	(167,115)
OTHER FINANCING USES		
Transfers out	-	(22,000)
Net Change in Fund Balance	7,267	(189,115)
FUND BALANCE		
Beginning of Year	74,147	263,262
End of Year	\$ 81,414	\$ 74,147

See independent auditors' report.

Village of New Paltz, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	2021	2020
ASSETS		
Cash and equivalents	\$ 1,106,864	\$ 484,153
State and Federal aid	308,970	17,293
Total Assets	<u>\$ 1,415,834</u>	<u>\$ 501,446</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 313,980	\$ 25,376
Bond anticipation notes payable	4,817,000	3,507,680
Total Liabilities	5,130,980	3,533,056
Fund deficit		
Unassigned	(3,715,146)	(3,031,610)
Total Liabilities and Fund Deficit	<u>\$ 1,415,834</u>	<u>\$ 501,446</u>

See independent auditors' report.

Village of New Paltz, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	2021	2020
REVENUES		
State aid	\$ -	\$ 623,081
Federal aid	519,137	-
Total Revenues	519,137	623,081
EXPENDITURES		
Capital outlay	1,943,025	3,056,211
Deficiency of Revenues Over Expenditures	(1,423,888)	(2,433,130)
OTHER FINANCING SOURCES (USES)		
Installment purchase debt issued	-	206,533
Transfers in	890,680	1,705,602
Transfers out	(150,328)	(705,884)
Total Other Financing Sources	740,352	1,206,251
Net Change in Fund Balance	(683,536)	(1,226,879)
FUND DEFICIT		
Beginning of Year	(3,031,610)	(1,804,731)
End of Year	<u>\$ (3,715,146)</u>	<u>\$ (3,031,610)</u>

See independent auditors' report.

Village of New Paltz, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through May 31, 2021

Project	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Morielli Pool	\$ 1,354,532	\$ 1,348,929	\$ 11,556	\$ 1,360,485
Fire Truck	439,500	439,435	-	439,435
DEP - Other Water Source	3,303,698	2,751,882	453,341	3,205,223
New Water Tank	1,637,000	1,637,000	-	1,637,000
USDA Water Filtration upgrades	5,650,000	5,338,576	264,801	5,603,377
Digester Lid Cover Sewer Plant	815,000	815,000	-	815,000
Fire Truck 2016	480,724	480,724	-	480,724
Millbrook Preserve Property	650,000	650,000	-	650,000
West Center Street Storm Sewer	150,000	150,000	-	150,000
Fire Truck 2018	680,602	680,602	-	680,602
New Firehouse	1,800,000	-	1,363,655	1,363,655
Totals	<u>\$ 16,961,056</u>	<u>\$ 14,292,148</u>	<u>\$ 2,093,353</u>	<u>\$ 16,385,501</u>

See independent auditors' report.

Unexpended Balance	Total Revenues	Fund Balance (Deficit) at May 31, 2021	Bond Anticipation Notes Outstanding at May 31, 2021
\$ (5,953)	\$ 1,361,694	\$ 1,209	\$ -
65	439,500	65	-
98,475	2,703,698	(501,525)	600,000
-	1,150,000	(487,000)	487,000
46,623	4,100,000	(1,503,377)	1,550,000
-	815,000	-	-
-	480,724	-	-
-	650,000	-	-
-	70,000	(80,000)	80,000
-	380,602	(300,000)	300,000
436,345	519,137	(844,518)	1,800,000
<u>\$ 575,555</u>	<u>\$ 12,670,355</u>	<u>\$ (3,715,146)</u>	<u>\$ 4,817,000</u>

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**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**

Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of New Paltz, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of New Paltz, New York ("Village") as of and for the year ended May 31, 2021, and the related notes to financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 28, 2021



**Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of New Paltz, New York**

Report on Compliance for Each Major Federal Program

We have audited the Village of New Paltz, New York's ("Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2021. The Village's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Village'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 Village'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 Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village 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 May 31, 2021.

Report on Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of 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 the Village'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.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
September 28, 2021

Village of New Paltz, New YorkSchedule of Expenditures of Federal Awards
Year Ended May 31, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Indirect Program - Passed Through Housing Trust Fund Corporation				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	793PR104-18	\$ -	\$ 680,550
Indirect Program - Passed Through Governor's Office of Storm Recovery				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYCR 0259	-	519,137
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,199,687</u>

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Village of New Paltz, New York

Notes to Schedule of Expenditures of Federal Awards
May 31, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Village of New Paltz, New York ("Village") under programs of the federal government for the year ended May 31, 2021. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule 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"). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in the net position or cash flows of the Village.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass – through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The Village has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Village of New Paltz, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on
whether the financial statements audited
were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Noncompliance material to financial
statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Type of auditors' report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

14.269

Hurricane Sandy Community Development Block
Grant Disaster Recovery Grants (CDBG-DR)

Dollar threshold used to distinguish
between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Village of New Paltz, New York

Schedule of Findings and Questioned Costs (Continued)
Year Ended May 31, 2021

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Village of New Paltz, New York

Summary Schedule of Prior Audit Findings
Year Ended May 31, 2021

NONE