Village of New Paltz, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2025

Village of New Paltz, New York

Table of Contents

	Page No.
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Water and Sewer Funds	22
Fiduciary Fund	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to Financial Statements	26
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios	53
New York State and Local Employees' Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)	55
Schedule of Contributions	55
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Combining Balance Sheet – Sub-Funds	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Sub-Funds	58
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Sub-Fund	59
Schedule of Revenues and Other Financing Sources Compared to Budget – Sub-Fund	60
Schedule of Expenditures and Other Financing Uses Compared to Budget – Sub-Fund	62
Capital Projects Fund	
Project-Length Schedule	64
Federal Programs	
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*	66
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	68
Schedule of Expenditures of Federal Awards	71
Notes to Schedule of Expenditures of Federal Awards	72
Schedule of Findings and Questioned Costs	73

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of New Paltz, New York ("Village"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position and the respective budgetary comparisons 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.

Basis for Opinions

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

Change in Accounting Policy

We draw attention to Note 2E in the notes to financial statements which discloses the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, *"Compensated Absences"*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2025 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
November 11, 2025

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, 2025. 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.

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 2024-2025 by $19,925,790.

.

- The General Fund completed fiscal year 2025 with a fund balance totaling $3,347,303 an increase of $449,816. Of the total fund balance of the General Fund, the unassigned fund balance totaled $1,001,742. The assigned classification included $146,500 for subsequent year's expenditures, $10,636 restricted for the purchase and development of property for recreational purposes, $84,676 for sidewalk repairs, $1,526,871 for the purchase of fire apparatus, $32,247 for the purchase of highway equipment and $57,933 for debt service. In addition, $486,698 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 $1,185,718. Exclusive of the Capital Projects Fund deficit of $4,916,811, the combined ending fund balance was $6,102,529.

- The Capital Projects Fund deficit of $4,916,811 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 $8,255,000 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 2025 and 2024, unassigned fund balance for the General Fund was $1,001,742 or 25**%** and $889,482 or 25%, respectively, of total General Fund expenditures.

- Subsequent to year end, the Village, on July 17, 2025 and September 11, 2025, issued $6,700,000 bond anticipation notes. The proceeds of the note along with $755,000 in available funds, will be used to redeem $6,700,000 of outstanding bond anticipation notes. The notes are due on July 17, 2026 and September 11, 2026 with an interest rate of 4%.

Overview of the Financial Statements

This discussion and analysis are 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, 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.

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 postemployment benefit liability, 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 $1,389,479 during the year ended May 31, 2025 ($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 $19,925,790 at the close of the fiscal year 2024-2025. 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,

	2025	2024
Current Assets	$ 10,050,870	$ 7,325,243
Capital Assets, net	31,971,865	28,485,386
Total Assets	42,022,735	35,810,629
Deferred Outflows of Resources	1,898,089	2,287,440
Current Liabilities	8,965,127	6,273,935
Long-term Liabilities	9,485,163	12,149,035
Total Liabilities	18,450,290	18,422,970
Deferred Inflows of Resources	5,544,744	4,628,103
Net Position		
Net Investment in Capital Assets	23,780,054	20,935,720
Restricted	3,123,901	2,327,376
Unrestricted	(6,978,165)	(8,216,100)
Total Net Position	$ 19,925,790	$ 15,046,996

Change in Net Position
Fiscal Year Ended May 31,

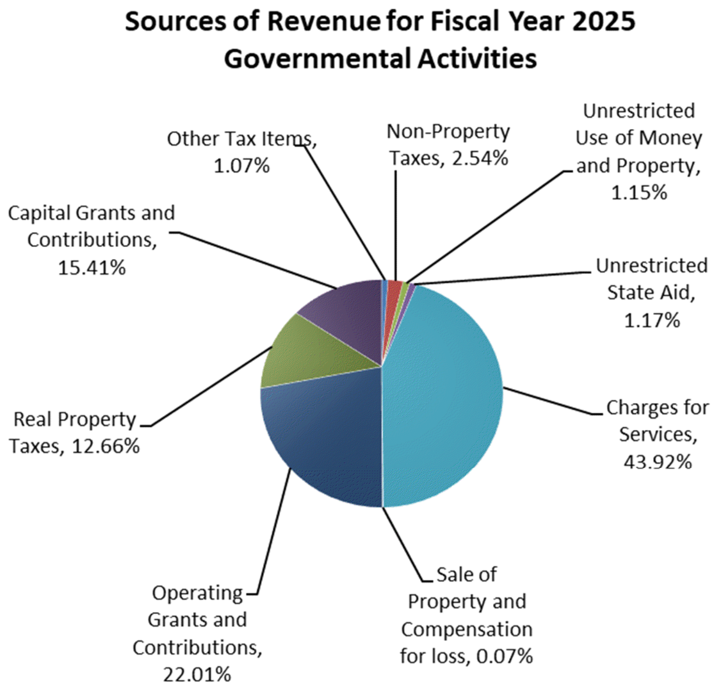
	2025	2024
REVENUES		
Program Revenues		
Charges for Services	$ 5,433,974	$ 4,431,955
Operating Grants and Contributions	2,723,451	2,847,691
Capital Grants and Contributions	1,906,573	121,235
Total Program Revenues	10,063,998	7,400,881
General Revenues		
Real Property Taxes	1,566,469	1,554,566
Other Tax Items	132,477	118,600
Non-Property Taxes	314,424	232,302
Unrestricted Use of Money and Property	142,557	178,148
Unrestricted State Aid	144,758	113,323
Miscellaneous	675	-
Sale of Property and Compensation for loss	8,455	22,768
Total General Revenues	2,309,815	2,219,707
Total Revenues	12,373,813	9,620,588
PROGRAM EXPENSES		
General Government Support	1,373,593	1,899,929
Public Safety	1,070,954	1,047,539
Transportation	551,411	595,593
Economic Opportunity and Development	50,958	5,857
Culture and Recreation	124,483	775,606
Home and Community Services	3,943,667	2,362,817
Interest	379,953	293,228
Total Expenses	7,495,019	6,980,569
Change in Net Position	4,878,794	2,640,019
Net Position - Beginning	15,046,996	12,406,977
Net Position - Ending	$ 19,925,790	$ 15,046,996

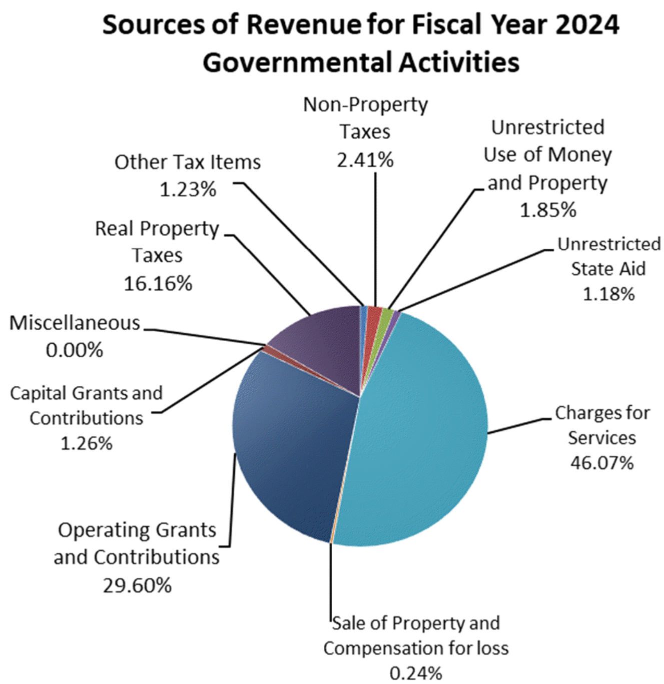
Governmental Activities

Governmental activities increased the Village's net position by $4,878,794 in 2025 and increased by $2,640,019 in 2024.

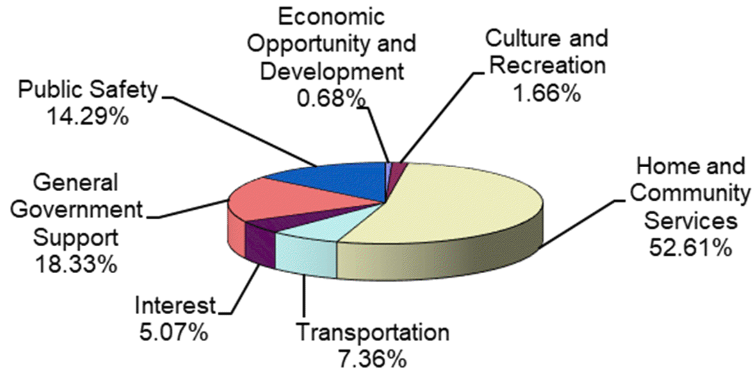
For the fiscal years ended May 31, 2025 and 2024, revenues from governmental activities totaled $12,373,813 and $9,620,588, respectively. Tax revenues ($2,013,370 in 2025 and $1,905,468 in 2024), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (16% in 2025 and 20% in 2024).

The largest components of governmental activities' expenses are general government support (18% in 2025 and 27% in 2024), public safety (14% in 2025 and 15% in 2024), transportation (7% in 2025 and 8% in 2024), and home and community services (53% in 2025 and 34% in 2024). 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.

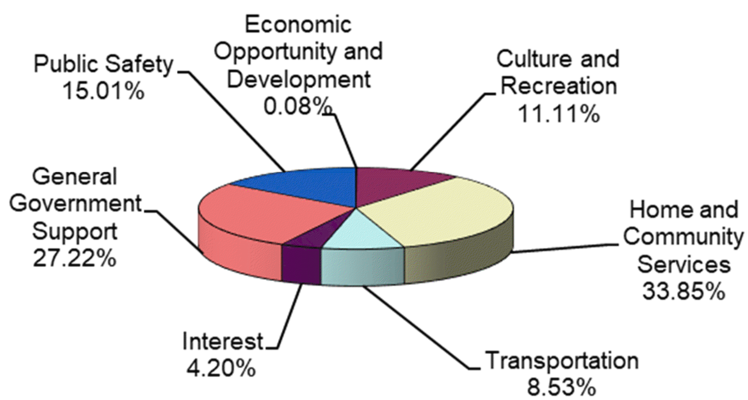




Sources of Expenses for Fiscal Year 2025
Governmental Activities



Sources of Expenses for Fiscal Year 2024
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 $1,185,718 (inclusive of the Capital Project Fund deficit of $4,916,811). Of this amount, $1,001,742 of the total ending fund balance constitutes unassigned fund balance in the General Fund. The Village has assigned $146,500 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 $1,001,742 representing 30% of the total General Fund balance of $3,347,303. When the fiscal year 2024-2025 General Fund budget was adopted, it anticipates using $164,000 of fund balance. Actual results of operations resulted in an increase of the fund balance in the amount of $449,816. Revenues were $5,009,328, which were $500,491 more than the final budget. Expenditures were $3,969,512 which was $113,325 less than the final budget. The major areas where spending was less than budgeted were General Government Support of $76,642 and Employee Benefits of $16,193.

The Community Development, which provides assistance to businesses in the community. Payments for this assistance ended its fiscal year with a fund balance of $606,297 an increase of $8,368 from the prior year fund balance of $597,929.

The fund balance of the Water Fund at May 31, 2025 was $668,571 an increase of $136,937 from the prior year. Revenues of $2,164,947 were $174,170 more than budgeted, and expenditures of $1,685,703 (excluding an operating transfer out of $357,000) were $90,574 less than budgeted.

The fund balance of the Sewer Fund at May 31, 2025 was $945,853 a decrease of $4,901 from the prior year. Revenues of $2,803,479 were $182,514 more than budgeted and expenditures of $2,755,380 (excluding an operating transfer out of $53,000) were $187,415 more than budgeted.

The Capital Projects Fund has an unassigned fund deficit of $4,916,811 at May 31, 2025, an increase of $1,001,465 from the 2024 deficit of $3,915,346. The majority of the capital projects are financed by short-term debt as of year end. Bond anticipation notes payable were $8,255,000 at May 31, 2025.

The Special Purpose Fund balance at May 31, 2025 was $534,505, an increase of $430,702 from the prior year. Revenues were $460,255 and expenditures were $29,553.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2025 net of accumulated depreciation was $31,971,865. 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,

Assets	2025	2024
Land	$ 1,003,324	$ 1,003,324
Construction in progress	10,686,045	5,130,649
Building and improvements	9,654,903	9,545,644
Land improvements	317,049	358,814
Infrastructure	8,086,092	10,467,428
Machinery and equipment	2,224,452	1,979,527
	$ 31,971,865	$ 28,485,386

Construction in progress represents the ongoing Water projects.

Long-term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of $3,275,000 and bond anticipation notes ("BAN's") of $8,255,000 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, 2025, bond principal of $315,000 and bond anticipation notes principal of $1,200,000 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, 2025, the Village five year average full valuation was $423,492,383 thereby establishing a constitutional debt limit of $29,644,466.

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 these factors were taken into consideration in developing the FY 2025-2026 budget.

The Village has assigned $146,500 of the unassigned fund balance of the General Fund to reduce the tax levy in the 2025-2026 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 York

Statement of Net Position
May 31, 2025

	Governmental Activities
ASSETS	
Cash and equivalents	$ 6,546,069
Investments	2,550,047
Receivables	
Taxes	2,954
Accounts	13,729
Water rents	207,542
Sewer rents	188,080
Due from other governments	419,430
State and Federal aid	123,019
Capital assets	
Not being depreciated	11,689,369
Being depreciated, net	20,282,496
Total Assets	42,022,735
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	283,448
OPEB related	1,614,641
Total Deferred Outflows of Resources	1,898,089
LIABILITIES	
Accounts payable	562,891
Accrued liabilities	210
Due to retirement systems	33,435
Deposits payable	7,913
Bond interest and matured bonds payable	2,749
Bond anticipation notes payable	8,255,000
Accrued interest payable	102,929
Non-current liabilities	
Due within one year	541,041
Due in more than one year	8,944,122
Total Liabilities	18,450,290
DEFERRED INFLOWS OF RESOURCES	
Pension related	36,204
OPEB related	5,508,540
Total Deferred Inflows of Resources	5,544,744
NET POSITION	
Net investment in capital assets	23,780,054
Restricted	
Purchase and development of property for recreational purposes	10,636
Sidewalk repairs	84,676
Fire apparatus purchase	1,526,871
Highway equipment purchases	32,247
Water supply system improvements	83,557
Sanitary sewage treatment plant	83,925
Debt service	161,187
Special Revenue Funds	
Community Development	606,297
Special Purpose	534,505
Unrestricted	(6,978,165)
Total Net Position	$ 19,925,790

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

Village of New Paltz, New York

Statement of Activities
Year Ended May 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
General government support	$ 1,373,593	$ 379,289	$ 365,708	$ -	$ (628,596)
Public safety	1,070,954	1,130,285	338,507	-	397,838
Transportation	551,411	-	491,894	-	(59,517)
Economic opportunity and development	50,958	-	8,368	-	(42,590)
Culture and recreation	124,483	-	460,255	-	335,772
Home and community services	3,943,667	3,924,400	1,058,719	1,906,573	2,946,025
Interest	379,953	-	-	-	(379,953)
Total Governmental Activities	$ 7,495,019	$ 5,433,974	$ 2,723,451	$ 1,906,573	2,568,979

General revenues	
Real property taxes	1,566,469
Other tax items	
Payments in lieu of taxes	117,397
Interest and penalties on real property taxes	15,080
Non-property taxes	
Sales tax distribution	116,938
Franchise fees	26,197
Utilities gross receipts taxes	96,212
Tax on adult-use cannabis	75,077
Unrestricted use of money and property	142,557
Unrestricted State aid	144,758
Sale of property and compensation for loss	8,455
Miscellaneous	675
Total General Revenues	2,309,815
Change in Net Position	4,878,794
Net Position - Beginning	15,046,996
Net Position - Ending	$ 19,925,790

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, 2025

	General	Community Development	Water
ASSETS			
Cash and equivalents	$ 1,024,697	$ 606,297	$ 145,320
Investments	2,265,414	-	130,647
Taxes receivable	2,954	-	-
Other receivables			
Accounts	13,729	-	-
Water rents	-	-	207,542
Sewer rents	-	-	-
Due from other governments	-	-	225,155
State and Federal aid	91,379	-	-
	105,108	-	432,697
Total Assets	$ 3,398,173	$ 606,297	$ 708,664
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	$ 16,314	$ -	$ 34,075
Accrued liabilities	210	-	-
Due to retirement systems	20,730	-	6,018
Deposits payable	7,913	-	-
Bond interest and matured bonds payable	2,749	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	47,916	-	40,093
Deferred inflows of resources			
Deferred tax revenues	2,954	-	-
Total Liabilities and Deferred Inflows of Resources	50,870	-	40,093
Fund balances (deficits)			
Restricted	2,199,061	606,297	149,163
Assigned	146,500	-	519,408
Unassigned	1,001,742	-	-
Total Fund Balances (Deficits)	3,347,303	606,297	668,571
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 3,398,173	$ 606,297	$ 708,664

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

Sewer	Special Purpose	Capital Projects	Total Governmental Funds
$ 481,069	$ 539,005	$ 3,749,681	$ 6,546,069
153,986	-	-	2,550,047
-	-	-	2,954
-	-	-	13,729
-	-	-	207,542
188,080	-	-	188,080
194,275	-	-	419,430
31,640	-	-	123,019
413,995	-	-	951,800
$ 1,049,050	$ 539,005	$ 3,749,681	$ 10,050,870
$ 96,510	$ 4,500	$ 411,492	$ 562,891
-	-	-	210
6,687	-	-	33,435
-	-	-	7,913
-	-	-	2,749
-	-	8,255,000	8,255,000
103,197	4,500	8,666,492	8,862,198
-	-	-	2,954
103,197	4,500	8,666,492	8,865,152
121,573	534,505	-	3,610,599
824,280	-	-	1,490,188
-	-	(4,916,811)	(3,915,069)
945,853	534,505	(4,916,811)	1,185,718
$ 1,049,050	$ 539,005	$ 3,749,681	$ 10,050,870

Village of New Paltz, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
May 31, 2025

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

Total Fund Balances - Governmental Fund	$ 1,185,718
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	11,689,369
Capital assets - depreciable	43,175,536
Accumulated depreciation	(22,893,040)
	31,971,865
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	283,448
Deferred outflows - OPEB related	1,614,641
Deferred inflows - pension related	(36,204)
Deferred inflows - OPEB related	(5,508,540)
	(3,646,655)
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	2,954
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(102,929)
General obligation bonds payable	(3,275,000)
Judgments and claims	(71,312)
Compensated absences	(127,988)
Net pension liability - ERS	(645,304)
Service awards payable	(486,698)
Total OPEB liability	(4,878,861)
	(9,588,092)
Net Position of Governmental Activities	$ 19,925,790

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, 2025

	General	Community Development	Water
REVENUES			
Real property taxes	$ 1,568,431	$ -	$ -
Other tax items	132,477	-	-
Non-property taxes	314,424	-	-
Departmental income	1,262,579	-	2,096,976
Net change in fair value of investments	7,198	-	-
Use of money and property	165,734	8,368	67,653
Licenses and permits	17,871	-	-
Fines and forfeitures	229,124	-	-
Sale of property and compensation for loss	8,455	-	318
State aid	1,297,330	-	-
Federal aid	-	-	-
Miscellaneous	5,705	-	-
Total Revenues	5,009,328	8,368	2,164,947
EXPENDITURES			
Current			
General government support	891,379	-	18,552
Public safety	854,166	-	-
Transportation	1,144,243	-	-
Economic opportunity and development	50,958	-	-
Culture and recreation	94,241	-	-
Home and community services	229,659	-	875,787
Employee benefits	568,928	-	171,089
Debt service			
Principal	44,320	-	315,000
Interest	91,618	-	305,275
Capital outlay	-	-	-
Total Expenditures	3,969,512	-	1,685,703
Excess (Deficiency) of Revenues Over Expenditures	1,039,816	8,368	479,244
OTHER FINANCING SOURCES (USES)			
Issuance premium	-	-	14,693
Transfers in	310,000	-	-
Transfers out	(900,000)	-	(357,000)
Total Other Financing Sources (Uses)	(590,000)	-	(342,307)
Net Change in Fund Balances	449,816	8,368	136,937
FUND BALANCES (DEFICITS)			
Beginning of Year	2,897,487	597,929	531,634
End of Year	$ 3,347,303	$ 606,297	$ 668,571

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

Sewer	Special Purpose	Capital Projects	Total Governmental Funds
$ -	$ -	$ -	$ 1,568,431
-	-	-	132,477
-	-	-	314,424
1,827,106	-	-	5,186,661
-	-	-	7,198
11,894	9,380	-	263,029
-	-	-	17,871
-	-	-	229,124
-	-	-	8,773
-	-	1,481,573	2,778,903
964,479	-	425,000	1,389,479
-	450,875	-	456,580
2,803,479	460,255	1,906,573	12,352,950
279,980	-	-	1,189,911
-	-	-	854,166
-	-	-	1,144,243
-	-	-	50,958
-	29,553	-	123,794
2,254,011	-	-	3,359,457
221,389	-	-	961,406
-	-	-	359,320
-	-	-	396,893
-	-	3,908,038	3,908,038
2,755,380	29,553	3,908,038	12,348,186
48,099	430,702	(2,001,465)	4,764
-	-	-	14,693
-	-	1,200,000	1,510,000
(53,000)	-	(200,000)	(1,510,000)
(53,000)	-	1,000,000	14,693
(4,901)	430,702	(1,001,465)	19,457
950,754	103,803	(3,915,346)	1,166,261
$ 945,853	$ 534,505	$ (4,916,811)	$ 1,185,718

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, 2025

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

Net Change in Fund Balances - Total Governmental Funds	$ 19,457
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	4,752,716
Depreciation expense	(1,266,237)
	3,486,479
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	(1,962)
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	315,000
Principal paid on financed purchase debt	44,320
	359,320
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	16,940
Judgments and claims payable	21,608
Service awards payable	(23,796)
Compensated absences	(18,085)
Changes in pension liabilities and related deferred outflows and inflows of resources	42,493
Changes in OPEB liabilities and related deferred outflows and inflows of resources	976,340
	1,015,500
Change in Net Position of Governmental Activities	$ 4,878,794

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, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	$ 1,566,233	$ 1,566,233	$ 1,568,431	$ 2,198
Other tax items	132,000	132,000	132,477	477
Non-property taxes	166,000	166,000	314,424	148,424
Departmental income	1,151,685	1,217,635	1,262,579	44,944
Net change in fair value of investments	-	-	7,198	7,198
Use of money and property	70,000	70,000	165,734	95,734
Licenses and permits	18,500	18,500	17,871	(629)
Fines and forfeitures	265,000	265,000	229,124	(35,876)
Sale of property and compensation for loss	12,000	12,000	8,455	(3,545)
State aid	488,176	1,055,794	1,297,330	241,536
Federal aid	-	-	-	-
Miscellaneous	5,000	5,675	5,705	30
Total Revenues	3,874,594	4,508,837	5,009,328	500,491
EXPENDITURES				
Current				
General government support	947,617	968,021	891,379	76,642
Public safety	705,248	856,520	854,166	2,354
Health	120	120	-	120
Transportation	612,799	1,146,596	1,144,243	2,353
Economic opportunity and development	30,000	54,755	50,958	3,797
Culture and recreation	59,056	96,438	94,241	2,197
Home and community services	276,531	239,328	229,659	9,669
Employee benefits	681,285	585,121	568,928	16,193
Debt service				
Principal	44,320	44,320	44,320	-
Interest	91,618	91,618	91,618	-
Total Expenditures	3,448,594	4,082,837	3,969,512	113,325
Excess of Revenues Over Expenditures	426,000	426,000	1,039,816	613,816
OTHER FINANCING SOURCES (USES)				
Issuance premium	-	-	-	-
Transfers in	310,000	310,000	310,000	-
Transfers out	(900,000)	(900,000)	(900,000)	-
Total Other Financing Uses	(590,000)	(590,000)	(590,000)	-
Net Change in Fund Balances	(164,000)	(164,000)	449,816	613,816
FUND BALANCES				
Beginning of Year	164,000	164,000	2,897,487	2,733,487
End of Year	$ -	$ -	$ 3,347,303	$ 3,347,303

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
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,970,777	1,970,777	2,096,976	126,199	1,646,486	1,646,486	1,827,106	180,620
-	-	-	-	-	-	-	-
15,000	15,000	67,653	52,653	10,000	10,000	11,894	1,894
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	318	(4,682)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	964,479	964,479	-
-	-	-	-	-	-	-	-
1,990,777	1,990,777	2,164,947	174,170	1,656,486	2,620,965	2,803,479	182,514
37,000	38,962	18,552	20,410	211,000	340,980	279,980	61,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
957,009	944,115	875,787	68,328	1,185,210	2,006,173	2,254,011	(247,838)
161,993	172,925	171,089	1,836	207,276	220,812	221,389	(577)
315,000	315,000	315,000	-	-	-	-	-
305,275	305,275	305,275	-	-	-	-	-
1,776,277	1,776,277	1,685,703	90,574	1,603,486	2,567,965	2,755,380	(187,415)
214,500	214,500	479,244	264,744	53,000	53,000	48,099	(4,901)
-	-	14,693	14,693	-	-	-	-
-	-	-	-	-	-	-	-
(357,000)	(357,000)	(357,000)	-	(53,000)	(53,000)	(53,000)	-
(357,000)	(357,000)	(342,307)	14,693	(53,000)	(53,000)	(53,000)	-
(142,500)	(142,500)	136,937	279,437	-	-	(4,901)	(4,901)
142,500	142,500	531,634	389,134	-	-	950,754	950,754
$ -	$ -	$ 668,571	$ 668,571	$ -	$ -	$ 945,853	$ 945,853

Statement of Fiduciary Net Position
Fiduciary Fund
May 31, 2025

	Custodial Fund
ASSETS	
Cash and equivalents	$ 401,937
LIABILITIES	
Accounts payable	$ 5,965
NET POSITION	
Restricted	$ 395,972

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, 2025

	Custodial Fund
ADDITIONS	
Miscellaneous	$ 398,677
DEDUCTIONS	
Payments to third parties	53,097
Net change in fiduciary net position	345,580
NET POSITION	
Beginning of Year	50,392
End of Year	$ 395,972

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

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, 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 grantor or contributor stipulations.

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 miscellaneous amounts held for individuals or other organizations.

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. 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 asset, other postemployment 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. Issuances of long-term debt 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.

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.

The Village follows the provisions of Government Accounting Standards Board ("GASB") Statement No. 72, *"Fair Value Measurement 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. CLASS issues separately available audited financial statements with a year end of June 30th.

The Village's position in the pool in the amount of $2,079,772 is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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, 2025.

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 inventoriable 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 constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Class	Life in Years
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 assets 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 assets 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 $2,954 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 postemployment 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 postemployment 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 liability for compensated absences represents the sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the Village's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employees' rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary related payments are directly and incrementally associated with payments for the leave. The Village utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences liability that matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, "*Compensated Absences*".

Net Pension Liability (Asset) - The net pension liability (asset) represents the Village's proportionate share of the net pension liability (asset) 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 Postemployment 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted net position consists of restricted assets and deferred outflows of resources 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, water supply system improvements, sanitary sewage treatment plant, debt service, 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.

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 November 12, 205.

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.

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 2024-2025 was $7,717,232, which exceeded the actual levy (inclusive of exclusions) by $6,150,999.

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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 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. Expenditures in Excess of Budget

The following functional expenditure categories exceeded their budgetary authorization by the amounts indicated:

General Fund		
Employee benefits - state retirement	$	157
Sewer Fund		
Home and community services		247,838
Employee benefits		577

D. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of $4,916,811 arises 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 eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

E. New Accounting Pronouncement

The Village implemented the provisions of GASB Statement No. 101, *"Compensated Absences"*, for the year ended May 31, 2025. In addition to the value of unused leave time owed to employees upon separation from employment, the Village now also recognizes as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. The Village completed its evaluation of the financial impact of GASB Statement No. 101 and determined that there is no impact to the financial statements.

Note 3 - Detailed Notes on All Funds

A. Investments

At May 31, 2025, the Village had the following investments in the Service Awards Program:

Type of Investment	Fair Value
Money market fund	$ 33,674
Equities	217,175
Fixed Income	219,426
	$ 470,275

The investments above are measured using Level 1 inputs.

B. Taxes Receivable

Taxes receivable at May 31, 2025 consisted of the following:

Tax Sale Certificates	$ 2,954

C. Capital Assets

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

	Balance, June 1, 2024	Additions	Deletions	Reclassification	Balance May 31, 2025
Capital Assets, not being depreciated					
Land	$ 1,003,324	$ -	$ -	$ -	$ 1,003,324
Construction-in-progress	5,130,649	3,748,999	-	1,806,397	10,686,045
Total Capital Assets, not being depreciated	$ 6,133,973	$ 3,748,999	$ -	$ 1,806,397	$ 11,689,369
Capital Assets, being depreciated					
Buildings and improvements	$ 16,181,931	$ 299,977	$ -	$ -	$ 16,481,908
Land improvements	1,654,834	-	-	-	1,654,834
Infrastructure	19,205,273	29,018	-	(1,806,397)	17,427,894
Machinery and equipment	6,936,178	674,722	-	-	7,610,900
Total Capital Assets, being depreciated	43,978,216	1,003,717	-	(1,806,397)	43,175,536
Less Accumulated Depreciation for					
Buildings and improvements	6,636,287	190,718	-	-	6,827,005
Land improvements	1,296,020	41,765	-	-	1,337,785
Infrastructure	8,737,845	603,957	-	-	9,341,802
Machinery and equipment	4,956,651	429,797	-	-	5,386,448
Total Accumulated Depreciation	21,626,803	1,266,237	-	-	22,893,040
Total Capital Assets, being depreciated, net	$ 22,351,413	$ (262,520)	$ -	$ (1,806,397)	$ 20,282,496
Capital Assets, net	$ 28,485,386	$ 3,486,479	$ -	$ -	$ 31,971,865

Note 3 - Detailed Notes on All Funds (Continued)

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

General Government Support	$ 231,077
Public Safety	197,457
Transportation	147,053
Culture and Recreation	3,002
Home and Community Services	687,648
Total Depreciation Expense	$ 1,266,237

Construction in progress represents the ongoing USDA Water Filtration upgrades.

D. Accrued Liabilities

Accrued liabilities as of May 31, 2025 were as follows:

	General Fund
Payroll and Employee Benefits	$ 210

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, 2024	New Issues	Redemptions	Balance May 31, 2025
Water tank	6/19/13	9/12/25	4.000 %	$ 400,000	$ -	$ 35,000	$ 365,000
Improvements water filtration plant	5/02/16	9/12/25	4.000	100,000	-	60,000	40,000
Water filtration plant	11/01/19	9/12/25	4.000	970,000	-	25,000	945,000
DEP project	11/01/19	9/12/25	4.000	245,000	-	25,000	220,000
New firehouse	10/29/20	9/12/25	4.000	350,000	-	350,000	-
New firehouse	5/27/21	9/12/25	4.000	550,000	-	350,000	200,000
Improvements water supply system	5/05/21	9/12/25	4.000	130,000	-	60,000	70,000
Improvements water supply system	5/05/21	9/12/25	4.000	80,000	-	40,000	40,000
Improvements to water distribution	9/14/23	9/12/25	4.000	2,030,000	-	55,000	1,975,000
New firehouse	2/03/22	1/30/26	3.700	1,000,000		200,000	800,000
Replacement of water distribution	7/18/24	7/18/25	4.500	-	1,000,000	-	1,000,000
Improvements to water supply system	7/18/24	7/18/25	4.500	-	2,100,000	-	2,100,000
Improvements to village buildings	7/18/24	7/18/25	4.500	-	500,000	-	500,000
				$ 5,855,000	$ 3,600,000	$ 1,200,000	$ 8,255,000

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 seven 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 $90,000 and $197,750 were recorded in the fund financial statements in the General Fund and Water Fund, respectively. Interest expense of $272,531 was recorded in the government-wide financial statements.

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, 2025:

	Balance June 1, 2024	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2025	Due Within One Year
General obligation bonds payable	$ 3,590,000	$ -	$ 315,000	$ 3,275,000	$ 325,000
Financed purchase debt payable	44,320	-	44,320	-	-
Judgments and claims	92,920	353,747	375,355	71,312	7,100
Compensated absences*	109,903	18,085	-	127,988	13,000
Net pension liability - ERS	542,606	102,698	-	645,304	-
Service awards payable	462,902	38,507	14,711	486,698	-
Other postemployment benefit liability	7,306,384	-	2,427,523	4,878,861	195,941
Total Long-Term Liabilities	$ 12,149,035	$ 513,037	$ 3,176,909	$ 9,485,163	$ 541,041

* The change in compensated absences liability is presented as a net change.

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

General Obligation Bonds Payable

General obligation bonds payable at May 31, 2025 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at May 31, 2025
Improvements to the water supply system	2019	$ 3,850,000	April, 2039	3.000-5.000 %	$ 2,960,000
Refunding	2022	780,000	September, 2026	1.000	315,000
					$ 3,275,000

Interest expenditures of $107,525 were recorded in the fund financial statements in the Water Fund. Interest expense of $105,804 was recorded in the government-wide financial statements.

Financed 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 2025, including interest at a fixed rate of 3.69%. Interest expenditures of $1,618 were recorded in the fund financial statements in the General Fund and government-wide financial statements. There was no balance due at May 31, 2025.

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, 2025, including interest payments of $729,225 are as follows:

Year Ending	General Obligation Bonds	
May 31,	Principal	Interest
2026	$ 325,000	$ 97,950
2027	330,000	88,125
2028	180,000	78,600
2029	185,000	73,200
2030	190,000	67,650
2031-2035	1,070,000	247,800
2036-2039	995,000	75,900
	$ 3,275,000	$ 729,225

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 $71,312.

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 used 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.

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:

	2025	2024
Balance - Beginning of Year	$ 92,920	$ 171,077
Provision for Claims and Claims Adjustment Expenses	353,747	302,023
Claims and Claims Adjustment Expenses Paid	(375,355)	(380,180)
Balance - End of Year	$ 71,312	$ 92,920
Due within one year	$ 7,100	$ 9,300

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.

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 ERS plan year ended March 31, 2025 are as follows:

Tier/Plan	Rate
4 A15	17.6 %
6 A15	11.2

At May 31, 2025, the Village reported the following for its proportionate share of the net pension liability for ERS:

Measurement date	March 31, 2025
Net pension liability	$ 645,304
Village's proportion of the net pension liability	0.0037636 %
Change in proportion since the prior measurement date	0.0000784 %

The net pension liability was measured as of March 31, 2025 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, 2025, the Village recognized its proportionate share of pension expense in the government-wide financial statements of $134,837. Pension expenditures of $177,330 were recorded in the fund financial statements and were charged to the following funds:

General Fund	$ 109,945
Water Fund	31,919
Sewer Fund	35,466
	$ 177,330

Note 3 - Detailed Notes on All Funds (Continued)

At May 31, 2025, 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	$ 160,169	$ 7,555
Net difference between projected and actual earnings on pension plan investments	50,629	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	12,152	28,649
Changes of assumptions	27,063	-
Village contributions subsequent to the measurement date	33,435	-
	$ 283,448	$ 36,204

$33,435 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 decrease of the net pension liability in the plan's year ended March 31, 2026. 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,	
2026	$ 104,186
2027	161,354
2028	(58,953)
2029	7,222
	$ 213,809

The total pension liability for the March 31, 2025 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, 2025
Actuarial valuation date	April 1, 2024
Investment rate of return	5.9% *
Salary scale	4.3%
Inflation rate	2.9%
Cost of living adjustments	1.5%

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

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study completed April 1, 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.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25 %	3.54 %
International Equity	14	6.57
Private Equity	15	7.25
Real Estate	12	4.95
Opportunistic/ARS Portfolio	3	5.25
Credit	4	5.40
Real Assets	4	5.55
Fixed Income	22	2.00
Cash	1	0.25
	100 %	

*The real rate of return is net of the long-term inflation assumption of 2.9%

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

Note 3 - Detailed Notes on All Funds (Continued)

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:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)	$ 1,867,592	$ 645,304	$ (375,307)

The components of the collective net pension liability as of the March 31, 2025 measurement date were as follows:

Total pension liability	$ 247,600,239,000
ERS fiduciary net position	230,454,512,000
Employers' net pension liability	$ 17,145,727,000
ERS fiduciary net position as a percentage of total pension liability	93.08%

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, 2025 represent the projected employer contribution for the period of April 1, 2025 through May 31, 2025 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of May 31, 2025 was $33,435.

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.

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.

Note 3 - Detailed Notes on All Funds (Continued)

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 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. On the government-wide financial statements, trust assets are recorded as investments and long-term liabilities in the amount of $486,698.

Assets of the Service Awards Program consist of the following at May 31, 2025:

	% of Total	
Cash and equivalents	7.16 %	$ 33,674
Equities	46.18	217,175
Fixed income	46.66	219,426
		$ 470,275

The Village's obligation to continue funding is governed by New York State Law and Program provisions. The Village's contribution for the current year was $8,132, and this was charged to the General Fund.

Other Postemployment 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 postemployment 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, 2025, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	9
Active employees	19
	28

The Village's total OPEB liability of $4,878,861 was measured as of May 31, 2025, and was determined by an actuarial valuation as of June 1, 2024.

Note 3 - Detailed Notes on All Funds (Continued)

The total OPEB liability in the June 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	4.81%
Healthcare cost trend rates	7.0% for 2025, decreasing 0.5% per year to an ultimate rate of 4.5% for 2035 and later years

The discount rate was based on S&P municipal bond 20-year high grade rate index as of May 31, 2025.

Mortality rates were based on PUB 2010 mortality table and MP-2021 projection.

The Village's change in the total OPEB liability for the year ended May 31, 2025 is as follows:

Total OPEB Liability - Beginning of Year	$ 7,306,384
Service cost	365,878
Interest	317,170
Changes of benefit terms	-
Differences between expected and actual experience	(2,431,543)
Changes in assumptions or other inputs	(483,087)
Benefit payments	(195,941)
Total OPEB Liability - End of Year	$ 4,878,861

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 (3.81%) or 1 percentage point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Total OPEB Liability	$ 5,683,543	$ 4,878,861	$ 4,230,133

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 (6.0% decreasing to 3.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	$ 4,164,111	$ 4,878,861	$ 5,786,138

For the year ended May 31, 2025, the Village recognized OPEB expense of $(780,399) in the government-wide financial statements. At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 1,012,856	$ 2,793,732
Differences between expected and actual experience	601,785	2,714,808
	$ 1,614,641	$ 5,508,540

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,	
2026	$ (545,868)
2027	(545,868)
2028	(545,868)
2029	(545,868)
2030	(545,868)
Thereafter	(1,164,559)
	$ (3,893,899)

Note 3 - Detailed Notes on All Funds (Continued)

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 In		
Transfers Out	General Fund	Capital Projects Fund	Total
General Fund	$ -	$ 900,000	$ 900,000
Water Fund	57,000	300,000	357,000
Sewer Fund	53,000	-	53,000
Capital Projects Fund	200,000	-	200,000
	$ 310,000	$ 1,200,000	$ 1,510,000

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

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 Law 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 Law of the State of New York.

*Restricted for Fire Apparatus Purchas*e - 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 Law 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 Law of the State of New York.

Note 3 - Detailed Notes on All Funds (Continued)

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 Law 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 Law 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 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 difference between 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".

I. Fund Balance

	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	$ 10,636	$ -	$ -	$ -	$ -	$ -	$ 10,636
Sidewalk repairs	84,676	-	-	-	-	-	84,676
Fire apparatus purchase	1,526,871	-	-	-	-	-	1,526,871
Highway equipment purchases	32,247	-	-	-	-	-	32,247
Water supply system improvements	-	-	83,557	-	-	-	83,557
Sanitary sewage treatment plant	-	-	-	83,925	-	-	83,925
Service awards	486,698	-	-	-	-	-	486,698
Debt service	57,933	-	65,606	37,648	-	-	161,187
Community development fund	-	606,297	-	-	-	-	606,297
Parklands	-	-	-	-	470,655	-	470,655
Trusts	-	-	-	-	63,850	-	63,850
Total Restricted	2,199,061	606,297	149,163	121,573	534,505	-	3,610,599
Assigned							
Subsequent year's expenditures	146,500	-	71,600	-	-	-	218,100
Major funds	-	-	447,808	824,280	-	-	1,272,088
Total Assigned	146,500	-	519,408	824,280	-	-	1,490,188
Unassigned	1,001,742	-	-	-	-	(4,916,811)	(3,915,069)
Total Fund Balances	$ 3,347,303	$ 606,297	$ 668,571	$ 945,853	$ 534,505	$ (4,916,811)	$ 1,185,718

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.

Service awards has been set aside to be used for LOSAP defined contribution pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York.

Subsequent year's expenditures represent that at May 31, 2025, 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

The Village, in common with other municipalities, periodically receives notices of claims for money damages arising from false arrest, malicious prosecution, false imprisonment, or personal injury. As of the date of these financial statements, there are no claims pending, and management does not anticipate any claims that would have a material effect on the financial position of the Village.

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.

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.

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, 2025 is as follows:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Revenue	Tax Abated
2008	Kingston Regional/ Senior Living/Woodland Pond	$ 35,561,500	$ 4.912	$ 174,678	$ 117,397	$ 57,281

Note 6 - Subsequent Event

The Village on July 17, 2025 issued bond anticipation notes for various purposes in the amount of $3,450,000 with an interest rate of 4.00% maturing on July 17, 2026.

The Village on September 11, 2025 issued bond anticipation notes for various purposes in the amount of $3,250,000 with an interest rate of 4.00% maturing on September 11, 2026.

Note 7 - Recently Issued GASB Pronouncements

GASB Statement No. 102, "*Certain Risk Disclosures",* provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104**, "***Disclosure of Certain Capital Assets"***,** requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Governments must separately present lease assets, right-to-use assets from public-private or public-public partnerships, subscription assets and all other intangible assets by major class. For capital assets held for sale—assets a government has decided to sell with completion of the sale probable within one year of the financial statement date—governments must disclose the historical cost, accumulated depreciation (or amortization), and the carrying amount of any pledged debt related to those assets. This Statement affects only presentation and disclosure of capital assets, not recognition or measurement requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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)

	2025	2024	2023
Total OPEB Liability:			
Service cost	$ 365,878	$ 339,255	$ 348,233
Interest	317,170	273,118	236,648
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,431,543) (4)	497,393	233,139
Changes of assumptions or other inputs	(483,087)	(167,218)	(608,691)
Benefit payments	(195,941)	(155,232)	(172,322)
Net Change in Total OPEB Liability	(2,427,523)	787,316	37,007
Total OPEB Liability – Beginning of Year	7,306,384	6,519,068	6,482,061
Total OPEB Liability – End of Year	$ 4,878,861	$ 7,306,384	$ 6,519,068
Village's covered-employee payroll	$ 1,457,265	$ 1,423,126	$ 1,250,118
Total OPEB liability as a percentage of covered-employee payroll	335%	513%	521%
Discount Rate	4.81%	4.40%	4.24%

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) Decrease resulted from the exclusion of part time employees from the June 1, 2024 valuation.

See independent auditors' report.

	2022	2021	2020	2019	
	$ 529,700	$ 412,724	$ 391,797	$ 428,857	
	135,952	217,334	239,024	241,145	
	-	-	-	-	
	124,539	(1,470,686)	(594,941)	(563,323)	
	(2,797,776)	1,261,730	553,692	-	
	(121,545)	(147,125)	(178,443)	(174,003)	
	(2,129,130)	273,977	411,129	(67,324)	
	8,611,191	8,337,214	7,926,085	7,993,409	(3)
	$ 6,482,061	$ 8,611,191	$ 8,337,214	$ 7,926,085	
	$ 1,245,617	$ 1,138,479	$ 1,207,303	$ 1,155,652	
	520%	756%	691%	686%	
	3.70%	1.59%	2.63%	3.05%	

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years

Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset) (1)

	2025	2024	2023 (2)	2022 (3)
Village's proportion of the net pension liability (asset)	0.0037636%	0.0036852%	0.0040144%	0.0038132%
Village's proportionate share of the net pension liability (asset)	$ 645,304	$ 542,606	$ 860,852	$ (311,716)
Village's covered payroll	$ 1,495,182	$ 1,443,471	$ 1,263,423	$ 1,151,966
Village's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.16%	37.59%	68.14%	-27.06%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%
Discount Rate	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2025	2024	2023	2022
Contractually required contribution	$ 173,296	$ 143,592	$ 125,283	$ 159,445
Contributions in relation to the contractually required contribution	(173,296)	(143,592)	(125,283)	(159,445)
Contribution excess	$ -	$ -	$ -	$ -
Village's covered payroll	$ 1,539,555	$ 1,448,018	$ 1,273,538	$ 1,193,645
Contributions as a percentage of covered payroll	11.26%	9.92%	9.84%	13.36%

(1) The amounts presented for each fiscal year were determined as of the March 31, measurement date within the current fiscal year.
(2) 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.
(3) 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.

See independent auditors' report.

2021 (3)	2020 (2)	2019	2018	2017	2016
0.0037978%	0.0036435%	0.0038741%	0.0043362%	0.0040727%	0.0042751%
$ 3,782	$ 964,826	$ 274,493	$ 139,948	$ 382,679	$ 686,166
$ 1,065,815	$ 1,055,048	$ 1,012,089	$ 1,007,299	$ 944,279	$ 924,507
0.35%	91.45%	27.12%	13.89%	40.53%	74.22%
99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

2021	2020	2019	2018	2017	2016
$ 140,378	$ 137,305	$ 139,167	$ 142,895	$ 138,839	$ 172,278
(140,378)	(137,305)	(139,167)	(142,895)	(138,839)	(172,278)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,018,568	$ 1,068,893	$ 1,155,652	$ 1,022,195	$ 1,008,584	$ 995,411
13.78%	12.85%	12.04%	13.98%	13.77%	17.31%

General Fund
Combining Balance Sheet - Sub-Funds
May 31, 2025

	General	Fire Service Awards Program	Total
ASSETS			
Cash and equivalents	$ 1,008,274	$ 16,423	$ 1,024,697
Investments	1,795,139	470,275	2,265,414
Taxes receivable	2,954	-	2,954
Other receivables			
Accounts	13,729	-	13,729
State and Federal aid	91,379	-	91,379
	105,108	-	105,108
Total Assets	$ 2,911,475	$ 486,698	$ 3,398,173
LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES			
Liabilities			
Accounts payable	$ 16,314	$ -	$ 16,314
Accrued liabilities	210	-	210
Due to retirement systems	20,730	-	20,730
Deposits payable	7,913	-	7,913
Bond interest and matured bonds payable	2,749	-	2,749
Total Liabilities	47,916	-	47,916
Deferred inflows of resources			
Deferred tax revenues	2,954	-	2,954
Total Liabilities and Deferred Inflows of Resources	50,870	-	50,870
Fund balances			
Restricted	1,712,363	486,698	2,199,061
Assigned	146,500	-	146,500
Unassigned	1,001,742	-	1,001,742
Total Fund Balances	2,860,605	486,698	3,347,303
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,911,475	$ 486,698	$ 3,398,173

See independent auditors' report.

Village of New Paltz, New York

General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Sub-Funds
Year Ended May 31, 2025

	General	Fire Service Awards Program	Eliminations	Total
REVENUES				
Real property taxes	$ 1,568,431	$ -	$ -	$ 1,568,431
Other tax items	132,477	-	-	132,477
Non-property taxes	314,424	-	-	314,424
Departmental income	1,262,579	8,132	(8,132)	1,262,579
Net change in fair value of investments	-	7,198	-	7,198
Use of money and property	142,557	23,177	-	165,734
Licenses and permits	17,871	-	-	17,871
Fines and forfeitures	229,124	-	-	229,124
Sale of property and compensation for loss	8,455	-	-	8,455
State aid	1,297,330	-	-	1,297,330
Miscellaneous	5,705	-	-	5,705
Total Revenues	4,978,953	38,507	(8,132)	5,009,328
EXPENDITURES				
Current				
General government support	891,379	-	-	891,379
Public safety	847,587	14,711	(8,132)	854,166
Transportation	1,144,243	-	-	1,144,243
Economic opportunity and development	50,958	-	-	50,958
Culture and recreation	94,241	-	-	94,241
Home and community services	229,659	-	-	229,659
Employee benefits	568,928	-	-	568,928
Debt service				
Principal	44,320	-	-	44,320
Interest	91,618	-	-	91,618
Total Expenditures	3,962,933	14,711	(8,132)	3,969,512
Excess of Revenues Over Expenditures	1,016,020	23,796	-	1,039,816
OTHER FINANCING SOURCES (USES)				
Transfers in	310,000	-	-	310,000
Transfers out	(900,000)	-	-	(900,000)
Total Other Financing Uses	(590,000)	-	-	(590,000)
Net Change in Fund Balances	426,020	23,796	-	449,816
FUND BALANCES				
Beginning of Year	2,434,585	462,902	-	2,897,487
End of Year	$ 2,860,605	$ 486,698	$ -	$ 3,347,303

See independent auditors' report.

Village of New Paltz, New York

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Sub-Fund
Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	$ 1,566,233	$ 1,566,233	$ 1,568,431	$ 2,198
Other tax items	132,000	132,000	132,477	477
Non-property taxes	166,000	166,000	314,424	148,424
Departmental income	1,151,685	1,217,635	1,262,579	44,944
Use of money and property	70,000	70,000	142,557	72,557
Licenses and permits	18,500	18,500	17,871	(629)
Fines and forfeitures	265,000	265,000	229,124	(35,876)
Sale of property and compensation for loss	12,000	12,000	8,455	(3,545)
State aid	488,176	1,055,794	1,297,330	241,536
Miscellaneous	5,000	5,675	5,705	30
Total Revenues	3,874,594	4,508,837	4,978,953	470,116
EXPENDITURES				
Current				
General government support	947,617	968,021	891,379	76,642
Public safety	705,248	856,520	847,587	8,933
Health	120	120	-	120
Transportation	612,799	1,146,596	1,144,243	2,353
Economic opportunity and development	30,000	54,755	50,958	3,797
Culture and recreation	59,056	96,438	94,241	2,197
Home and community services	276,531	239,328	229,659	9,669
Employee benefits	681,285	585,121	568,928	16,193
Debt service				
Principal	44,320	44,320	44,320	-
Interest	91,618	91,618	91,618	-
Total Expenditures	3,448,594	4,082,837	3,962,933	119,904
Excess of Revenues Over Expenditures	426,000	426,000	1,016,020	590,020
OTHER FINANCING SOURCES (USES)				
Transfers in	310,000	310,000	310,000	-
Transfers out	(900,000)	(900,000)	(900,000)	-
Total Other Financing Uses	(590,000)	(590,000)	(590,000)	-
Net Change in Fund Balance	(164,000)	(164,000)	426,020	590,020
FUND BALANCE				
Beginning of Year	164,000	164,000	2,434,585	2,270,585
End of Year	$ -	$ -	$ 2,860,605	$ 2,860,605

See independent auditors' report.

Village of New Paltz, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget - Sub-Fund
Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	$ 1,566,233	$ 1,566,233	$ 1,568,431	$ 2,198
OTHER TAX ITEMS				
Payments in lieu of taxes	120,000	120,000	117,397	(2,603)
Interest and penalties on real property taxes	12,000	12,000	15,080	3,080
	132,000	132,000	132,477	477
NON-PROPERTY TAXES				
Sales tax distribution	70,000	70,000	116,938	46,938
Franchise fees	28,000	28,000	26,197	(1,803)
Utilities gross receipts taxes	48,000	48,000	96,212	48,212
Tax on adult-use cannabis	20,000	20,000	75,077	55,077
	166,000	166,000	314,424	148,424
DEPARTMENTAL INCOME				
Clerk/Treasurer fees	1,000	1,000	2,111	1,111
Tax advertising	300	300	50	(250)
Administration fees	1,000	1,000	-	(1,000)
Safety inspection fees	155,000	220,950	248,284	27,334
Parking violation fines	270,000	270,000	332,086	62,086
Zoning fees	15,000	15,000	6,500	(8,500)
Planning board fees	50,000	50,000	20,671	(29,329)
Fire protection services	638,685	638,685	639,715	1,030
Other	20,700	20,700	13,162	(7,538)
	1,151,685	1,217,635	1,262,579	44,944
USE OF MONEY AND PROPERTY				
Earnings on investments	70,000	70,000	142,557	72,557
LICENSES AND PERMITS				
Business and occupational licenses	3,500	3,500	3,000	(500)
Permits	15,000	15,000	14,871	(129)
	18,500	18,500	17,871	(629)
FINES AND FORFEITURES				
Fines and forfeited bail	265,000	265,000	229,124	(35,876)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	12,000	12,000	8,455	(3,545)

(Continued)

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget - Sub-Fund (Continued)
Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
STATE AID				
Per capita	$ 72,724	$ 72,724	$ 72,724	$ -
Temporary municipal assistance	-	-	5,087	5,087
Mortgage tax	82,000	82,000	72,034	(9,966)
Consolidated Highway Improvement Program	333,452	445,479	445,479	-
Historic preservation grant	-	355,591	355,591	-
Recreation - other	-	-	46,415	46,415
Public Safety - other	-	100,000	300,000	200,000
	488,176	1,055,794	1,297,330	241,536
MISCELLANEOUS				
Gifts and donations	5,000	5,000	5,030	30
Other	-	675	675	-
	5,000	5,675	5,705	30
TOTAL REVENUES	3,874,594	4,508,837	4,978,953	470,116
OTHER FINANCING SOURCES				
Transfers in				
Water Fund	57,000	57,000	57,000	-
Sewer Fund	53,000	53,000	53,000	-
Capital Projects Fund	200,000	200,000	200,000	
TOTAL OTHER FINANCING SOURCES	310,000	310,000	310,000	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 4,184,594	$ 4,818,837	$ 5,288,953	$ 470,116

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
Board of Trustees	$ 40,200	$ 36,426	$ 36,123	$ 303
Traffic Violations Bureau	65,244	88,557	88,094	463
Mayor	66,665	66,665	64,728	1,937
Auditor	52,500	41,135	41,083	52
Treasurer	181,723	194,483	194,338	145
Assessment	1,500	1,705	1,705	-
Clerk	77,223	63,223	63,120	103
Law	67,400	60,144	59,003	1,141
Engineer	8,000	30,040	30,040	-
Records management	14,000	14,000	12,198	1,802
Buildings	89,173	69,557	69,335	222
Central garage	117,913	120,071	119,662	409
Central printing and mailing	8,605	11,573	11,573	-
Central data processing	45,010	65,319	65,319	-
Unallocated insurance	39,000	31,662	31,597	65
Municipal association dues	3,461	3,461	3,461	-
Contingency	70,000	70,000	-	70,000
	947,617	968,021	891,379	76,642
PUBLIC SAFETY				
Traffic control	36,785	11,922	11,038	884
On-street parking	80,474	63,974	63,147	827
Fire department	439,103	455,971	451,344	4,627
Safety inspection	112,835	188,484	185,889	2,595
Other public safety	36,051	136,169	136,169	-
	705,248	856,520	847,587	8,933
HEALTH				
Registrar of Vital Statistics	120	120	-	120
TRANSPORTATION				
Street administration	45,497	48,069	48,069	-
Street maintenance	84,118	145,052	144,972	80
Snow removal	105,095	408,445	406,803	1,642
Street lighting	75,500	59,509	59,284	225
Sidewalks	5,194	78,999	78,903	96
Off-street parking	9,880	6,980	6,670	310
Other transportation	287,515	399,542	399,542	-
	612,799	1,146,596	1,144,243	2,353
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Veterans' services	30,000	54,755	50,958	3,797

(Continued)

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund (Continued)
Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
CULTURE AND RECREATION				
Parks	$ 26,300	$ 62,721	$ 62,418	$ 303
Historical property	10,483	11,444	11,444	-
Rail trail	12,285	12,285	11,401	884
Celebrations	9,988	9,988	8,978	1,010
	59,056	96,438	94,241	2,197
HOME AND COMMUNITY SERVICES				
Zoning Board	50,809	46,857	46,411	446
Planning Board	56,509	50,763	50,762	1
Storm sewers	36,565	28,564	28,020	544
Refuse and garbage	86,157	79,657	77,964	1,693
Street cleaning	10,669	10,669	8,993	1,676
Community beautification	14,452	11,753	10,883	870
Conservation	1,000	1,000	-	1,000
Shade trees	19,370	9,065	6,239	2,826
Other	1,000	1,000	387	613
	276,531	239,328	229,659	9,669
EMPLOYEE BENEFITS				
State retirement	109,788	109,788	109,945	(157)
Social security	89,521	76,521	73,595	2,926
Fire service awards	25,000	8,132	8,132	-
Workers' compensation benefits	24,500	12,500	11,889	611
Unemployment benefits	8,508	8,508	-	8,508
Disability insurance	3,850	3,850	1,816	2,034
Hospital and medical insurance	420,118	365,822	363,551	2,271
	681,285	585,121	568,928	16,193
DEBT SERVICE				
Principal				
Financed purchase debt	44,320	44,320	44,320	-
Interest				
Financed purchase debt	1,618	1,618	1,618	-
Bond anticipation notes	90,000	90,000	90,000	-
	91,618	91,618	91,618	-
	135,938	135,938	135,938	-
TOTAL EXPENDITURES	3,448,594	4,082,837	3,962,933	119,904
OTHER FINANCING USES				
Transfers out				
Capital Projects Fund	900,000	900,000	900,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 4,348,594	$ 4,982,837	$ 4,862,933	$ 119,904

See independent auditors' report.

Village of New Paltz, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through May 31, 2025

		Expenditures and Transfers to Date		
Project	Authorization	Prior Years	Current Year	Total
DEP - Other Water Source	$ 5,934,227	$ 3,798,346	$ 1,749,613	$ 5,547,959
New Water Tank	1,637,000	1,637,000	-	1,637,000
USDA Water Filtration upgrades	5,650,000	5,650,000	-	5,650,000
New Firehouse	8,356,141	7,567,969	234,550	7,802,519
Main Waterline project	5,340,312	3,014,212	2,123,875	5,138,087
Roof/building repairs	500,000	-	-	-
Totals	$ 27,417,680	$ 21,667,527	$ 4,108,038	$ 25,775,565

See independent auditors' report.

Unexpended Balance	Total Revenues	Fund Deficit at May 31, 2025	Bond Anticipation Notes Outstanding at May 31, 2025
$ 386,268	$ 5,005,800	$ (542,159)	$ 2,390,000
-	1,272,000	(365,000)	365,000
-	4,625,000	(1,025,000)	1,025,000
553,622	7,165,642	(636,877)	1,000,000
202,225	2,790,312	(2,347,775)	2,975,000
500,000	-	-	500,000
$ 1,642,115	$ 20,858,754	$ (4,916,811)	$ 8,255,000

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, 2025, and the related notes to financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 11, 2025.

Report on 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 or significant deficiencies may exist that were not identified.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

Report on 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
November 11, 2025

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

Opinion on Each Major Federal Program

We have audited the Village of New Paltz, New York's ("Village") compliance with the types of compliance requirements identified as subject to audit 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, 2025. The Village's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards"*); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
November 11, 2025

Village of New Paltz, New York

Schedule of Expenditures of Federal Awards
Year Ended May 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Indirect Program - Passed Through Housing Trust Fund Corporation				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	793PR168-22	$ -	$ 243,017
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	793PR131-23	-	701,962
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	793PR115-24	-	19,500
Total U.S. Department of Housing and Urban Development			-	964,479
U.S. Department of the Treasury				
Indirect Project - Passed Through Ulster County Division of Recovery and Resilience				
Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-0000118	-	425,000
Total Expenditures of Federal Awards			$ -	$ 1,389,479

The accompanying notes are an integral part of this schedule.

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, 2025. 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 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, 2025

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	___ Yes _X_ No
• Significant deficiency(ies) identified?	___ Yes _X_ None reported
Noncompliance material to financial statements noted?	___ Yes _X_ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	___ Yes _X_ No
• Significant deficiency(ies) identified?	___ Yes _X_ 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 _X_ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	_X_ Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None