

STATEMENT

OF

ANNUAL FINANCIAL AND OPERATING INFORMATION
FOR THE FISCAL YEAR ENDED MAY 31, 2017

VILLAGE OF HIGHLAND FALLS

ORANGE COUNTY, NEW YORK

DATED: NOVEMBER 14, 2017

**VILLAGE OF HIGHLAND FALLS
ORANGE COUNTY, NEW YORK**

303 Main Street
Highland Falls, New York 10928
Telephone: (845) 446-3400
Fax: (845) 446-2952

BOARD OF TRUSTEES

Joseph DeOnofrio, Mayor

Brian Aylward
Mervin R. Livsey
James Ramus
Barbara Murphy

Ralph J. Walters, Village Treasurer
Regina Taylor, Village Clerk

Village Attorney

Lewis & McKenna
Alyse Terhune
Saddle River, New Jersey

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: <http://www.munistat.com>

STATEMENT OF ANNUAL FINANCIAL AND OPERATING INFORMATION

VILLAGE OF HIGHLAND FALLS ORANGE COUNTY, NEW YORK

The material set forth herein, including the cover page, has been prepared by the Village of Highland Falls, Orange County, New York (the "Village", the "County", and the "State", respectively) in connection with its obligation to prepare and submit such material in accordance with its Continuing Disclosure Undertakings and its Official Statements prepared in connection with the sale and issuance of the following bond issues:

\$3,145,000 Refunding (Serial) Bonds - 2012

THE VILLAGE OF HIGHLAND FALLS

The Village, with a population of 3,856 (2015 U.S. Census) is located in the east-central portion of Orange County on the Hudson River about 45 miles north of New York City and 15 miles south of the City of Newburgh. On a valuation basis, it comprises about 61% of both the Town of Highlands and the Highland Falls -Fort Montgomery Central School District. The Village is primarily commercial and residential in nature, providing shopping facilities and services to the surrounding suburban population.

Employment opportunities are available at the commercial or governmental operations in the Village and its surrounding area; residents also commute to New York City, Newburgh, Kingston or other areas both in and out of Orange County, such as the Sterling Forest Industrial Park and Research Center at Tuxedo. Institutions of higher education located nearby include the Orange County Community College; U.S. Military Academy at West Point; Mount Saint Mary College in Newburgh; and New York University Medical Center's Institute of Environmental Medicine at Sterling Forest. Recreational facilities within close proximity to the Village include Bear Mountain State Park and Harriman State Park.

Rail commuter service is provided by MetroNorth and this commuter transportation is supplemented by bus service. Highways include U.S. Route 9W, and air travel is available at Orange County Airport, Stewart International Airport or the major New York City airports.

Electricity and natural gas service are supplied to the Village by Orange and Rockland Utilities Corp. and Central Hudson Gas and Electric, respectively. The Village is the supplier of water and is responsible for the distribution and maintenance of the necessary facilities. Sanitary sewer services are provided by the Village to substantially all of the Village residents. Police and fire protection are provided by the Village.

Government

The Village was incorporated in 1906. One independently governed school district is located partially within the Village which relies on its own taxing powers granted by the State to raise revenues. The school district uses the Town of Highlands assessment roll as its basis for taxation of property located within the Village.

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

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

The Village Clerk and the Village Treasurer are appointed to two year terms and the Village Attorney to a one year term.

Employees

The Village provides services through approximately 24 full-time employees and 37 part-time employees.

The Highland Falls Patrolmen's Benevolent Association, Inc. represents 23 employees whose contract expired on May 31, 2017 and is currently in negotiations.

The Department of Public Works Employee Association represents 12 employees whose contract expired on May 31, 2017 and is currently settled under a memorandum of agreement.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

Since 1980, the Village has had a population trend, as compared to the County and the State, as indicated below:

<u>Year</u>	<u>Village</u>	<u>County</u>	<u>New York State</u>
1980	4,187	259,603	17,557,288
1990	4,008	307,647	17,990,455
2000	3,678	341,367	18,976,457
2010	3,900	372,813	19,378,102
2015	3,856	375,384	19,673,174

Source: U.S. Bureau of the Census

Per Capita Money Income

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
Village	\$16,807	\$24,100	\$29,006	\$40,669
County	15,198	21,597	27,862	31,023
State	16,501	23,389	30,948	33,236

Source: U.S. Bureau of the Census

Median Family Income

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
Village	\$42,472	\$57,885	\$73,672	\$103,093
County	44,039	60,355	79,883	85,312
State	32,965	51,591	55,217	71,913

Source: U.S. Department of Commerce, Bureau of the Census.

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>
2012	8.3	8.6
2013	7.3	7.7
2014	5.8	6.4
2015	4.7	5.3
2016	4.2	4.9
2017 (8 months)	4.2	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE Computation of Debt Limit and Calculation of Net Debt Contracting Margin (As of November 14, 2017)

<u>FYE May 31:</u>	<u>Assessed Valuation</u>	<u>State Equal. Rate (%)</u>	<u>Full Valuation</u>
2013	182,029,621	53.00	343,452,115
2014	332,196,390	100.00	332,196,390
2015	307,181,274	100.00	307,181,274
2016	305,544,780	106.00	288,249,792
2017	305,145,304	106.00	287,872,928
Total Five Year Full Valuation			\$1,558,952,500
Average Five Year Full Valuation			311,790,500
Debt Limit - 7% of Average Full Valuation			21,825,335
Inclusions:			
General Purpose Bonds			4,995,000
Bond Anticipation Notes			730,000
Total Inclusions			5,725,000
Exclusions:			
Excluded Water Debt			445,000
Note Appropriations			280,000
Appropriations			30,000
Total Exclusions			755,000
Total Net Indebtedness			4,970,000
Net Debt Contracting Margin			\$16,855,335
Percent of Debt Contracting Margin Exhausted (%)			22.77

Debt Service Requirements – Outstanding Bonds^a

<u>FYE May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$405,000	\$198,991	\$603,991
2019	405,000	188,402	593,402
2020	270,000	178,947	448,947
2021	275,000	170,499	445,499
2022	285,000	161,528	446,528
2023	295,000	151,969	446,969
2024	305,000	140,804	445,804
2025	315,000	128,183	443,183
2026	295,000	115,152	410,152
2027	320,000	102,820	422,820
2028	330,000	89,761	419,761
2029	345,000	75,412	420,412
2030	235,000	62,972	297,972
2031	250,000	52,404	302,404
2032	260,000	41,213	301,213
2033	270,000	29,545	299,545
2034	250,000	17,781	267,781
2035	260,000	6,006	266,006
Totals	<u>\$5,370,000</u>	<u>\$1,912,390</u>	<u>\$7,282,390</u>

a. Does not include payments made to date.

Details of Short-Term Indebtedness Outstanding

As of the date of this Statement, the Village has bond anticipation notes outstanding for the following purposes:

<u>Date Due</u>	<u>Purpose</u>	<u>Amount</u>
03/02/2018	Painting of Village Water Tanks	\$255,000
03/02/2018	Painting of Village Water Tanks	320,000
03/02/2018	Wastewater Facility Improvements - Sludge Digester	<u>155,000</u>
	Total	<u>\$730,000</u>

Authorized But Unissued Indebtedness

As of the date of this Statement, the Village has authorized but unissued indebtedness in the amount of \$230,000 for a wastewater treatment plant grit system replacement, \$3,318,280 to finance the installation of a water transmission line and \$3,444,495 for improvements to the water system. Such amounts are expected to be paid for from the proceeds of grants and insurance.

Capital Project Plans

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

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	2013	2014	2015	2016	2017
Bonds	\$6,510,000	\$6,190,000	\$5,850,000	\$5,500,000	\$5,370,000
BAN's	1,280,000	1,757,500	1,532,500	970,000	730,000
Other Debt	0	0	0	0	0
Total Debt Outstanding	\$7,790,000	\$7,947,500	\$7,382,500	\$6,470,000	\$6,100,000

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Orange County	09/29/2016	1.05	\$2,304,624	\$2,153,424
Town of Highland Falls	12/31/2015	59.71	761,610	761,610
Highland Falls - Fort Montgomery CSD	12/03/2015	60.73	2,332,032	2,332,032
Totals			\$5,398,266	\$5,247,066

Debt Ratios (As of November 14, 2017)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$5,725,000	\$1,485	1.989
Net Direct Debt	5,250,000	1,362	1.824
Total Direct & Applicable Total Overlapping Debt	11,123,266	2,885	3.864
Net Direct & Applicable Net Overlapping Debt			

a. The current estimated population of the village is 3,856.

b. The full valuation of taxable real property in the Village for 2016-17 is \$287,872,928.

FINANCES OF THE VILLAGE

Independent Audit Procedures

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an Annual Financial Report is available is the fiscal year ended May 31, 2016. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village also prepares an Annual Financial Report Update Document for submission to the Comptroller. A copy of the Annual Financial Report update document for the fiscal year ended May 31, 2017 is attached hereto as Appendix B. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

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

The Village presently maintains the following governmental funds: General Fund, Water Fund, Sewer Fund, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

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

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Village is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Village may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Village pursuant to law, in obligations of the Village.

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

of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

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

Budgetary Procedures

The Village Board, with the assistance of the Village Treasurer, prepares a preliminary budget in the Spring of each year and holds a public hearing thereon by April 15. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year by May 1. The budget is not subject to voter approval.

Financial Operations

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

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

Revenues

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

Real Property Taxes

See "Tax Information", herein.

State Aid

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "STAR – School Tax Exemption" herein). The District is expected to receive STAR aid in January, 2018.

There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Village's General Fund revenue comprised of State aid for each of the fiscal years 2013 through 2017 and the budgeted amount for 2018.

<u>FYE May 31:</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2013	4,626,722	331,837	7.17
2014	4,471,927	89,248	2.00
2015	4,581,005	74,676	1.63
2016	4,665,938	68,049	1.46
2017	4,524,546	77,643	1.72
2018 (Budgeted)	4,976,537	77,000	1.55

Expenditures

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

Employee Pension System

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for Tier 6 employees. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System are non-contributory with respect to members hired prior to July 27, 1976. Generally, all members hired on or after July 27, 1976 through and including December 31, 2009 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement Systems, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for ERS employees hired on or after January 1, 2010 through March 31, 2012. Tier 5 employees contribute 3% of their salaries and there is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for ERS employees hired on or after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines at certain times, in certain years the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State's Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years.

The Village has decided not to amortize any pension contributions.

The following table sets forth the required contributions for the five most recently completed fiscal years.

Payments to the Retirement Systems

<u>FYE May 31:</u>	<u>ERS</u>
2013	\$437,081
2014	453,701
2015	420,146
2016	392,282
2017	355,567

Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 (GASB 45) described below requires such accounting.

OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

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

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Village presents its financial statements under a comprehensive statutory basis of accounting in accordance with principles prescribed by the Office of the State Comptroller (OSC) of the State of New York.

Annual Required Contribution (ARC).....	\$780,000
Interest on Net OPEB Obligation.....	110,000
Adjustment to ARC	<u>(140,000)</u>
Annual OPEB Cost (Expense)	750,000
Contributions Made.....	<u>(300,000)</u>
Increase in Net OPEB Obligation.....	4,500,000
Net OPEB Obligation ó Beginning of Year	2,450,000
Net OPEB Obligation ó End of Year.....	<u><u>\$2,900,000</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended May 31, 2016 and the two-preceding year are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributed (%)</u>	<u>Net OPEB Obligation</u>
May 31, 2016	\$750,000	38.7	\$2,900,000
May 31, 2015	730,000	36.9	2,450,000
May 31, 2014	700,000	28.6	1,990,000

The Village's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Village's finances and could force the Village to reduce services, raise taxes or both. There is no authority in New York State to establish a reserve fund for the liability at this time.

Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

Length of Service Award Program

The Village established a defined contribution Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e) (11) of the Internal Revenue Code) effective January 1, 2001, for the active volunteer firefighter members of the Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighter to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program and the program administrator.

In a defined contribution LOSAP, each participant has an individual program account. The program account balance of a participating volunteer is credited with a "service award" contribution as of the end of each year during which the volunteer was active enough to earn a year of Service Award Program service credit. The participant is paid his or her account balance upon attainment of the "entitlement age". The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Village) earned by the Program assets and allocated to the participant's program account.

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to be paid their program account balance after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is age 62. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Highland Falls Volunteer Fire Department.

A participant's benefit under the program is his or her program account balance paid upon attainment of the entitlement age in a lump sum to the participant. The maximum number of years of service credit a participant may earn is 20 years under the program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards are paid when a participant attains the entitlement ages.

As of May 31, 2016, the Village's LOSAP is fully funded.

TAX INFORMATION

Real Property Taxes

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

Sales Tax

Most counties in the State share some portion of the proceeds from their sales tax with cities, towns, villages or school districts. These sales tax distributions are done in accordance with sharing agreements based on population, real property valuation and/or other factors, some of which are required by statute under certain circumstances and others of which are left to the discretion of the county. All of the sharing agreements must be approved by the county legislature, and any agreement between cities and counties that does not allocate revenues solely in proportion to population must also be approved by the State Comptroller.

The County presently imposes a sale and use tax of 3 3/4%, in addition to the 4% tax imposed by the State and a 3/8% levied by the Metropolitan Transportation Authority, for a countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement, shares the proceeds of the County's 3 3/4% sales and use tax with the three cities, twenty towns and nineteen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis.

Tax Collection Procedure

Taxes are payable during the month of June without penalty. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. On November 1, uncollected taxes are turned over to the County Commissioner of Finance and are payable to the County until November 20 with an additional penalty. After November 20, uncollected taxes and penalties are relieved as part of the County tax levy. The County guarantees to pay the Village the full amount of such uncollected taxes prior to the end of the Village fiscal year.

The following table sets forth the percentage of the Village's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2013 through 2017 and budgeted for 2018.

<u>FYE May 31:</u>	<u>Total Revenue</u>	<u>Property Taxes</u>	<u>Property Taxes To Revenues (%)</u>	<u>Sales Tax</u>	<u>Sales Tax to Revenues (%)</u>
2013	\$4,626,722	\$2,850,948	61.62	\$1,239,452	26.79
2014	4,471,927	2,943,341	65.82	1,237,538	27.67
2015	4,581,005	2,973,166	64.90	1,247,484	27.23
2016	4,665,938	3,057,183	65.52	1,249,969	26.79
2017	4,524,546	3,040,596	67.57	1,275,128	28.18
2018 (Budgeted)	4,976,537	3,079,737	61.10	1,200,000	24.11

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Village had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the Village for any fiscal year commencing after January 1, 2012 continuing through June 15, 2020, as extended, or later as provided in the Tax Levy Limit Law, without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village to pay the bonds and notes of the Village and interest thereon is subject to statutory limitations set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit 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 Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The 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 Limit 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 is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

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

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), included provisions which provided a refundable tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must have complied in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which were indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable tax credit amount was increased in the second year if compliance occurred in both taxable years.

For the second taxable year of the program, the refundable tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved government efficiency plan which demonstrated three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Municipalities, school districts and independent special districts were required to provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limit Law. The Village complied with the provisions of Chapter 59 and its taxpayers received the rebates provided in 2015 and 2016.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015 which generally extends the provisions of the program through 2019 and includes continued tax cap compliance.

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2017-2018 fiscal year is as follows:

Five-year Average Full Valuation	\$300,328,702
Tax Limit - 2% thereof	6,006,574
Tax Levy for General Village Purposes	3,079,737
Less: Exclusions	<u>551,900</u>
Tax Levy Subject to Tax Limit	\$2,527,837
Constitutional Tax Margin	<u><u>\$3,478,737</u></u>

Tax Levies and Rates

	<u>Fiscal Year Ending May 31:</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Tax Levy	\$3,011,889	\$3,105,551	\$3,267,176	\$3,057,813	\$3,079,737
Taxes Rate per \$1,000 of Assessed Valuation	\$15.60	\$9.05	\$9.98	\$10.02	\$10.15

Selected Listing of Large Taxable Properties
2017-2018 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Sidamon-Eristoff	Various	\$7,198,500
Quaker Hill Housing	Apartments	3,925,000
Wabno Hotels	Motel/Commercial	2,149,700
Orange & Rockland Utilities	Utility	3,287,271
Regency Arms	Apartments	2,610,000
Koutsourades/WP Motel	Motel/Commercial	2,450,000
Piepenkotter Living Trust	Building	1,762,200
The Sea Partnership	Residential	1,615,900
NY Central Lines	Railroad	1,965,004
Putnam Apartments	Apartments	1,430,000
Fatsis, George & Soula	Various	1,077,200
Pentagon FCU	Bank	1,069,700
Peregrine Realty	Commercial	990,600
McDonalds	Motel/Commercial	861,700
	Total ^a	\$32,392,775

a. Represents 10.62% of the total taxable assessed valuation for 2016-17.

LITIGATION

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

MUNICIPAL ADVISOR

Munistat Services, Inc. has assisted the Village as municipal advisor in certain matters with respect to the preparation of this Statement.

BOND RATING

Moody's has assigned a rating of 'A1' and S&P Global Ratings (S&P) assigned a rating of 'AA-' to the outstanding bonds of the Village. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's and S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Ralph J. Walters, Village Treasurer, Village of Highland Falls, 303 Main Street, Highland Falls, New York 10928-1896, telephone number 845/446-3400, or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Any statements in this Statement involving matters of opinion or estimates, whether or not expressly so stated are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Statement is submitted only in connection with the Village's "Undertaking to Provide Continuing Disclosure" pursuant to Rule 15c2-12 as promulgated by the Securities and Exchange Commission and may not be reproduced or used in whole or in part for any other purpose.

VILLAGE OF HIGHLAND FALLS



By

Village of Highland Falls
Highland Falls, New York

Dated: November 14, 2017

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending May 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 2,850,948	\$ 2,943,341	\$ 2,973,166	\$ 3,057,183	\$ 3,040,596
Real Property Tax Items	20,484	29,877	32,133	25,234	21,475
Non-Property Tax Items	1,239,452	1,237,538	1,247,484	1,249,969	1,275,128
Departmental Income	28,757	63,060	29,000	92,335	22,395
Intergovernmental Charges				2,800	3,291
Use of Money and Property	4,800	4,837	2,694	1,196	1,379
Licenses & Permits	3,750	4,125	5,950	6,025	6,775
Fines & Forfeitures	35,615	50,222	36,625	44,623	21,870
Sale of Property & Compensation for Loss	73,870	5,498	79,094	87,399	22,628
State & Federal Aid	331,837	89,248	74,676	68,049	77,643
Miscellaneous	13,209	20,181	30,183	31,125	5,366
Interfund Revenues	24,000	24,000	70,000		26,000
Total Revenues	<u>4,626,722</u>	<u>4,471,927</u>	<u>4,581,005</u>	<u>4,665,938</u>	<u>4,524,546</u>
Expenditures:					
General Government Support	633,295	606,719	715,385	778,030	826,243
Public Safety	1,391,037	1,311,588	1,577,434	1,404,956	1,389,764
Health	622	761	420	372	1,120
Transportation	684,413	699,352	726,199	493,142	486,638
Culture and Recreation	40,966	36,775	83,745	50,939	84,524
Home and Community Services	41,596	19,090	23,766	12,303	9,309
Employee Benefits	1,254,593	1,345,461	1,299,210	1,255,654	1,230,853
Capital Outlay					
Debt Service	445,407	433,152	373,687	340,008	333,845
Total Expenditures	<u>4,491,929</u>	<u>4,452,898</u>	<u>4,799,846</u>	<u>4,335,404</u>	<u>4,362,296</u>
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds from Obligations					
Operating Transfers In	20,000				100,000
Operating Transfers Out					
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	154,793	19,029	(218,841)	330,534	262,250
Fund Balance Beginning of Year	585,686	740,479	759,508	540,667	871,201
Prior Period Adjustment					122,420
Fund Balance End of Year	<u>\$ 740,479</u>	<u>\$ 759,508</u>	<u>\$ 540,667</u>	<u>\$ 871,201</u>	<u>\$ 1,255,871</u>

Source: Audited Annual Financial Reports of the Village (2013-2016) & Unaudited Annual Update Document (2017)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Departmental Income	\$ 557,498	\$ 566,780	\$ 587,597	\$ 599,090	\$ 572,361
Intergovernmental Charges	187,858	205,505	229,515	217,826	245,212
Use of Money and Property	70	100	68	108	178
Sale of Property & Compensation for Loss	1,480	1,910	1,920	1,570	1,500
State & Federal Aid	35,974				
Miscellaneous	1,504	26	225	75	100
	<u>784,384</u>	<u>774,321</u>	<u>819,325</u>	<u>818,669</u>	<u>819,351</u>
Total Revenues					
Expenditures:					
General Government Support	31,165	35,753	36,853	51,118	38,253
Home and Community Services	416,671	350,403	397,148	331,105	345,518
Employee Benefits	95,863	99,604	99,076	82,428	82,575
Debt Service	184,612	245,378	198,627	222,483	186,282
	<u>728,311</u>	<u>731,138</u>	<u>731,704</u>	<u>687,134</u>	<u>652,628</u>
Total Expenditures					
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds from Obligations					
Operating Transfers In	15,046				
Operating Transfers Out					(50,000)
	<u>15,046</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	71,119	43,183	87,621	131,535	116,723
Fund Balance Beginning of Year	192,806	263,925	307,108	394,729	526,264
Prior Period Adjustment					(64,542)
	<u>263,925</u>	<u>307,108</u>	<u>394,729</u>	<u>526,264</u>	<u>578,445</u>
Fund Balance End of Year					

Source: Audited Annual Financial Reports of the Village (2013-2016) & Unaudited Annual Update Document (2017)

NOTE: This Schedule NOT audited.

**Statement of Revenues, Expenditures and Fund Balances
Sewer Fund**

Fiscal Year Ending May 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Departmental Income	\$ 1,022,986	\$ 1,110,658	\$ 1,187,639	\$ 1,169,211	\$ 1,120,264
Intergovernmental Charges	1,149	1,219	1,270	1,311	1,328
Use of Money and Property	163	277	122	219	294
Sale of Property & Compensation for Loss					
Federal Aid	97,319	75			12
Miscellaneous	125	431,100	4,051	83	150
Total Revenues	<u>1,121,742</u>	<u>1,543,329</u>	<u>1,193,082</u>	<u>1,170,824</u>	<u>1,122,048</u>
Expenditures:					
General Support			1,360		
Home and Community Services	737,163	1,017,813	522,398	529,317	554,314
Employee Benefits	117,439	126,235	129,497	127,619	129,827
Debt Service	241,139	243,153	278,305	328,343	329,814
Total Expenditures	<u>1,095,741</u>	<u>1,387,201</u>	<u>931,560</u>	<u>985,279</u>	<u>1,013,955</u>
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds from Obligations					
Operating Transfers In					
Operating Transfers Out					(50,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	26,001	156,128	261,522	185,545	58,093
Fund Balance Beginning of Year	145,451	171,452	269,386	530,908	645,605
Prior Period Adjustment		(58,194)		(70,848)	(50,265)
Fund Balance End of Year	<u>\$ 171,452</u>	<u>\$ 269,386</u>	<u>\$ 530,908</u>	<u>\$ 645,605</u>	<u>\$ 653,433</u>

Source: Audited Annual Financial Reports of the Village (2013-2016) & Unaudited Annual Update Document (2017)

NOTE: This Schedule NOT audited.

Balance Sheet - General, Water and Sewer Funds

Fiscal Year Ending 05/31/2017

	General <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
ASSETS			
Cash and Investments	\$ 1,357,708	\$ 512,760	\$ 387,088
Accounts Receivable	2,928	83,516	110,660
Due from Other Funds	273,626	123,736	283,764
Restricted Assets	<u>145,482</u>	<u>30,099</u>	<u>30,099</u>
 Total	 <u>\$ 1,779,744</u>	 <u>\$ 750,111</u>	 <u>\$ 811,611</u>
LIABILITIES			
Accounts Payable	\$ 63,146	\$ 18,384	\$ 13,191
Due to Other Funds	355,103	141,735	131,851
Accrued Liabilities	60,800	8,004	8,693
Other Liabilities	<u>44,822</u>	<u>3,456</u>	<u>4,444</u>
 Total Liabilities	 <u>523,871</u>	 <u>171,579</u>	 <u>158,179</u>
 Fund Equity:			
Restricted	145,482	30,099	30,099
Assigned	255,000	548,433	623,333
Unassigned	<u>855,391</u>	<u> </u>	<u> </u>
 Total Fund Equity	 <u>1,255,873</u>	 <u>578,532</u>	 <u>653,432</u>
 Total Liabilities and Fund Equity	 <u>\$ 1,779,744</u>	 <u>\$ 750,111</u>	 <u>\$ 811,611</u>

Source: Unaudited Annual Update Document (2017).

NOTE: This Schedule NOT audited.

Budget Summaries

Fiscal Year Ending May 31, 2018

	General <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Revenues:			
Real Property Taxes	\$ 3,079,737	\$	\$
Real Property Tax Items	1,265,000		
Departmental Income	91,300	842,000	1,141,000
Use of Money and Property	1,000	14,000	1,600
Licenses & Permits	6,000		
Fines & Forfeitures	40,000		
State Aid	77,000		
Interfund Revenues	26,000		
Appropriated Fund Balance	255,000		
Miscellaneous	35,500		
Interfund Transfers	<u>100,000</u>		
Total Revenues	\$ <u>4,976,537</u>	\$ <u>856,000</u>	\$ <u>1,142,600</u>
Expenditures:			
General Government Support	\$ 875,626	\$ 124,100	\$ 75,000
Public Safety	1,525,459		
Health	500		
Transportation	902,785		
Culture and Recreation	39,000		
Home and Community Services	18,500	368,000	524,700
Employee Benefits	1,279,667	84,500	143,000
Interfund Transfers		62,000	60,000
Debt Service	<u>335,000</u>	<u>217,400</u>	<u>339,900</u>
Total Expenditures	\$ <u>4,976,537</u>	\$ <u>856,000</u>	\$ <u>1,142,600</u>

Source: 2017-18 Budget Adopted by the Village of Highland Falls

Fiscal Year Ending May 31, 2017

	General <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Revenues:			
Real Property Taxes	\$ 3,052,813	\$	\$
Real Property Tax Items	1,300,000		
Departmental Income	25,000	835,280	1,166,570
Use of Money and Property	41,000	12,000	125
Licenses & Permits	5,000		
Fines & Forfeitures	40,000		
State Aid	85,000		
Intefund Transfers	100,000		
Interfund Revenues	26,000		
Appropriated Fund Balance	<u>159,000</u>	<u> </u>	<u> </u>
 Total Revenues	 <u>\$ 4,833,813</u>	 <u>\$ 847,280</u>	 <u>\$ 1,166,695</u>
Expenditures:			
General Government Support	\$ 859,421	\$ 149,000	\$ 105,000
Public Safety	1,544,466		
Health	500		
Transportation	654,350		
Culture and Recreation	46,200		
Home and Community Services	32,975	359,498	536,346
Employee Benefits	1,364,067	92,500	136,000
Interfund Transfers		60,000	329,349
Debt Service	<u>331,834</u>	<u>186,282</u>	<u>60,000</u>
 Total Expenditures	 <u>\$ 4,833,813</u>	 <u>\$ 847,280</u>	 <u>\$ 1,166,695</u>

Source: 2016-2017 Adopted Budget for the Village of Highland Falls

APPENDIX B

**UNAUDITED ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED MAY 31, 2017**

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

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
VILLAGE of Highland Falls
County of Orange
For the Fiscal Year Ended 05/31/2017

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***
5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

VILLAGE OF Highland Falls

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2016 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2017:

- (A) GENERAL
- (CD) SPECIAL GRANT
- (FX) WATER
- (G) SEWER
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (TA) AGENCY
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2016 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption
- 7) Schedule of Other Post Employment Benefits (OPEB)

All numbers in this report will be rounded to the nearest dollar.

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	394,928	A200	837,276
Cash In Time Deposits	576,981	A201	520,032
Petty Cash	400	A210	400
TOTAL Cash	972,309		1,357,708
Accounts Receivable		A380	2,928
TOTAL Other Receivables (net)	0		2,928
Due From Other Funds	151,605	A391	273,626
TOTAL Due From Other Funds	151,605		273,626
Cash Special Reserves	100,059	A230	145,482
TOTAL Restricted Assets	100,059		145,482
TOTAL Assets and Deferred Outflows of Resources	1,223,973		1,779,744

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	25,140	A600	63,146
TOTAL Accounts Payable	25,140		63,146
Accrued Liabilities	65,325	A601	60,800
TOTAL Accrued Liabilities	65,325		60,800
Due To Other Funds	211,463	A630	355,103
TOTAL Due To Other Funds	211,463		355,103
Due To Employees' Retirement System	50,849	A637	44,822
TOTAL Due To Other Governments	50,849		44,822
TOTAL Liabilities	352,777		523,871
Fund Balance			
Reserve For Repairs	100,059	A882	145,482
TOTAL Restricted Fund Balance	100,059		145,482
Assigned Appropriated Fund Balance	175,000	A914	255,000
TOTAL Assigned Fund Balance	175,000		255,000
Unassigned Fund Balance	596,142	A917	855,391
TOTAL Unassigned Fund Balance	596,142		855,391
TOTAL Fund Balance	871,201		1,255,873
TOTAL Liabilities, Deferred Inflows And Fund Balance	1,223,978		1,779,744

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	3,047,283	A1001	3,040,596
Special Assessments	9,900	A1030	
TOTAL Real Property Taxes	3,057,183		3,040,596
Interest & Penalties On Real Prop Taxes	25,234	A1090	21,475
TOTAL Real Property Tax Items	25,234		21,475
Non Prop Tax Dist By County	1,139,772	A1120	1,161,421
Utilities Gross Receipts Tax	46,221	A1130	48,304
Franchises	63,976	A1170	65,403
TOTAL Non Property Tax Items	1,249,969		1,275,128
Other General Departmental Income	62,753	A1289	1,730
Vital Statistics Fees	382	A1603	1,120
Parking Meter Fees Non-Taxable	27,100	A1741	19,235
Planning Board Fees	2,100	A2115	310
TOTAL Departmental Income	92,335		22,395
Public Safety Services For Other Govts	2,800	A2260	3,291
TOTAL Intergovernmental Charges	2,800		3,291
Interest And Earnings	1,196	A2401	1,379
TOTAL Use of Money And Property	1,196		1,379
Business & Occupational License	5,850	A2501	6,775
Licenses, Other	175	A2545	
TOTAL Licenses And Permits	6,025		6,775
Fines And Forfeited Bail	44,623	A2610	21,870
TOTAL Fines And Forfeitures	44,623		21,870
Sales, Other	315	A2655	279
Sales of Equipment	299	A2665	2,975
Insurance Recoveries	86,785	A2680	19,374
TOTAL Sale of Property And Compensation For Loss	87,399		22,628
Gifts And Donations	19,268	A2705	2,000
Unclassified (specify)	11,854	A2770	3,366
TOTAL Miscellaneous Local Sources	31,122		5,366
Interfund Revenues		A2801	26,000
TOTAL Interfund Revenues	0		26,000
St Aid, Revenue Sharing	41,450	A3001	41,461
St Aid, Mortgage Tax	26,175	A3005	26,815
St Aid - Other (specify)		A3089	9,367
TOTAL State Aid	67,625		77,643
Fed Aid, Emergency Disaster Assistance	424	A4960	
TOTAL Federal Aid	424		0
TOTAL Revenues	4,665,935		4,524,547
Interfund Transfers		A5031	100,000
TOTAL Interfund Transfers	0		100,000
TOTAL Other Sources	0		100,000
TOTAL Detail Revenues And Other Sources	4,665,935		4,624,547

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Legislative Board, Pers Serv	18,877	A10101	18,655
Legislative Board, Contr Expend	9,925	A10104	22,480
TOTAL Legislative Board	28,802		41,136
Mayor, Pers Serv	18,067	A12101	17,811
Mayor, Contr Expend	434	A12104	5,546
TOTAL Mayor	18,501		23,356
Treasurer, Pers Serv	21,146	A13251	17,880
Treasurer, Contr Expend	34,215	A13254	35,897
TOTAL Treasurer	55,361		53,777
Budget, Pers Serv	5,180	A13401	4,281
Budget, Contr Expend	74	A13404	82
TOTAL Budget	5,254		4,364
Purchasing, Pers Serv	10,208	A13451	14,153
Purchasing, Contr Expend	7,311	A13454	6,408
TOTAL Purchasing	17,519		20,561
Clerk,pers Serv	194,560	A14101	194,132
Clerk,equip & Cap Outlay	3,225	A14102	1,653
Clerk,contr Expend	5,083	A14104	7,838
TOTAL Clerk	202,868		203,623
Law, Contr Expend	90,606	A14204	160,955
TOTAL Law	90,606		160,955
Engineer, Contr Expend	19,803	A14404	19,277
TOTAL Engineer	19,803		19,277
Elections, Contr Expend		A14504	2,386
TOTAL Elections	0		2,386
Buildings, Equip & Cap Outlay	29,866	A16202	
Buildings, Contr Expend	76,531	A16204	59,466
TOTAL Buildings	106,397		59,466
Central Garage, Pers Serv	25,875	A16401	40,897
Central Garage, Equip & Cap Outlay	5,876	A16402	262
Central Garage, Contr Expend	14,005	A16404	13,123
TOTAL Central Garage	45,756		54,282
Central Data Process, Contr Expend	23,907	A16804	26,975
TOTAL Central Data Process	23,907		26,975
Unallocated Insurance, Contr Expend	144,186	A19104	121,930
TOTAL Unallocated Insurance	144,186		121,930
Municipal Assn Dues, Contr Expend	2,203	A19204	2,203
TOTAL Municipal Assn Dues	2,203		2,203
Judgements And Claims, Contr Expend	9,960	A19304	25,214
TOTAL Judgements And Claims	9,960		25,214
Payment of Mta Payroll Tax,contr Expend	6,907	A19804	6,740
TOTAL Payment of Mta Payroll Tax	6,907		6,740
TOTAL General Government Support	778,030		826,243
Public Safety Comm Sys, Pers Serv	223,696	A30201	216,284
Public Safety Comm Sys, Equip & Cap Outlay	400	A30202	

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Public Safety Comm Sys, Contr Expend	17,813	A30204	40,488
TOTAL Public Safety Comm Sys	241,909		256,772
Police, Pers Serv	920,879	A31201	806,584
Police, Equip & Cap Outlay	9,785	A31202	33,752
Police, Contr Expend	101,122	A31204	106,472
TOTAL Police	1,031,786		946,808
Traffic Control, Pers Serv	7,899	A33101	7,971
Traffic Control, Contr Expen	5,344	A33104	24
TOTAL Traffic Control	13,243		7,995
On-Street Parking, Equipment & Cap Outlay	270	A33202	165
On-Street Parking, Contr Expend	222	A33204	1,303
TOTAL On-Street Parking	492		1,467
Fire, Equip & Cap Outlay	26,895	A34102	47,761
Fire, Contr Expend	89,701	A34104	125,290
TOTAL Fire	116,596		173,052
Safety Inspection, Contr Expend	930	A36204	3,670
TOTAL Safety Inspection	930		3,670
TOTAL Public Safety	1,404,956		1,389,764
Registrar of Vital Statistics, Pers Serv	372	A40201	1,120
TOTAL Registrar of Vital Statistics	372		1,120
TOTAL Health	372		1,120
Street Admin, Pers Serv	27,276	A50101	28,600
Street Admin, Contr Expend	435	A50104	1,433
TOTAL Street Admin	27,711		30,033
Maint of Streets, Pers Serv	219,444	A51101	223,193
Maint of Streets, Contr Expend	105,037	A51104	87,456
TOTAL Maint of Streets	324,481		310,649
Snow Removal, Pers Serv	6,405	A51421	18,085
Snow Removal, Contr Expend	32,555	A51424	36,862
TOTAL Snow Removal	38,960		54,948
Street Lighting, Contr Expend	93,097	A51824	88,146
TOTAL Street Lighting	93,097		88,146
Sidewalks, Contr Expend	8,893	A54104	2,862
TOTAL Sidewalks	8,893		2,862
TOTAL Transportation	493,142		486,638
Parks, Equip & Cap Outlay	1,171	A71102	
Parks, Contr Expend	29,726	A71104	47,322
TOTAL Parks	30,897		47,322
Youth Prog, Contr Expend	7,000	A73104	11,000
TOTAL Youth Prog	7,000		11,000
Historian, Pers Serv	816	A75101	
Historian, Contr Expend	1,000	A75104	
TOTAL Historian	1,816		0
Celebrations, Contr Expend	800	A75504	15,000
TOTAL Celebrations	800		15,000

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Other Culture And Rec, Contr Expend	10,426	A79894	11,201
TOTAL Other Culture And Rec	10,426		11,201
TOTAL Culture And Recreation	50,939		84,524
Planning, Pers Serv	2,320	A80201	3,440
Planning, Contr Expend	5,223	A80204	3,379
TOTAL Planning	7,543		6,819
Storm Sewers, Equip & Cap Outlay	495	A81402	
Storm Sewers, Contr Expend		A81404	463
TOTAL Storm Sewers	495		463
Refuse & Garbage, Contr Expend	198	A81604	
TOTAL Refuse & Garbage	198		0
Street Cleaning, Contr Expend	4,067	A81704	2,027
TOTAL Street Cleaning	4,067		2,027
TOTAL Home And Community Services	12,303		9,309
State Retirement System	123,123	A90108	109,663
Police & Firemen Retirement, Empl Bnfts	206,804	A90158	193,777
Local Pension Fund, Empl Bnfts	40,935	A90258	45,395
Social Security, Employer Cont	116,886	A90308	118,647
Worker's Compensation, Empl Bnfts	112,800	A90408	110,497
Unemployment Insurance, Empl Bnfts		A90508	1,466
Hospital & Medical (dental) Ins, Empl Bnft	655,106	A90608	651,407
TOTAL Employee Benefits	1,255,654		1,230,853
Debt Principal, Serial Bonds	142,500	A97106	183,700
Debt Principal, Installment Bonds	18,500	A97206	
Debt Principal, Bond Anticipation Notes	25,000	A97306	
TOTAL Debt Principal	186,000		183,700
Debt Interest, Serial Bonds	151,793	A97107	150,145
Debt Interest, Installment Bonds	902	A97207	
Debt Interest, Bond Anticipation Notes	1,313	A97307	
TOTAL Debt Interest	154,008		150,145
TOTAL Expenditures	4,335,404		4,362,295
TOTAL Detail Expenditures And Other Uses	4,335,404		4,362,295

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	527,863	A8021	871,201
Prior Period Adj -Increase In Fund Balance	12,807	A8012	122,420
Prior Period Adj -Decrease In Fund Balance		A8015	
Restated Fund Balance - Beg of Year	540,670	A8022	993,621
ADD - REVENUES AND OTHER SOURCES	4,665,935		4,624,547
DEDUCT - EXPENDITURES AND OTHER USES	4,335,404		4,362,295
Fund Balance - End of Year	871,201	A8029	1,255,873

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	3,052,813	A1049N	3,079,737
Est Rev - Real Property Tax Items	20,000	A1099N	20,000
Est Rev - Non Property Tax Items	1,150,000	A1199N	1,200,000
Est Rev - Departmental Income	135,000	A1299N	133,800
Est Rev - Use of Money And Property	11,000	A2499N	3,500
Est Rev - Licenses And Permits	5,000	A2599N	6,000
Est Rev - Fines And Forfeitures	70,000	A2649N	60,000
Est Rev - Miscellaneous Local Sources		A2799N	15,500
Est Rev - Interfund Revenues	26,000	A2801N	26,000
Est Rev - State Aid	85,000	A3099N	77,000
TOTAL Estimated Revenues	4,554,813		4,621,537
Estimated - Interfund Transfer	100,000	A5031N	100,000
Appropriated Fund Balance	175,000	A599N	255,000
TOTAL Estimated Other Sources	275,000		355,000
TOTAL Estimated Revenues And Other Sources	4,829,813		4,976,537

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	860,921	A1999N	875,626
App - Public Safety	1,544,466	A3999N	1,525,459
App - Health	500	A4999N	500
App - Transportation	618,650	A5999N	867,085
App - Culture And Recreation	76,400	A7999N	74,700
App - Home And Community Services	32,975	A8999N	19,000
App - Employee Benefits	1,364,067	A9199N	1,279,667
App - Debt Service	331,834	A9899N	334,500
TOTAL Appropriations	4,829,813		4,976,537
TOTAL Appropriations And Other Uses	4,829,813		4,976,537

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	47,252	CD200	28,859
TOTAL Cash	47,252		28,859
Due From Other Funds	40	CD391	
TOTAL Due From Other Funds	40		0
TOTAL Assets and Deferred Outflows of Resources	47,292		28,859

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2016	EdpCode	2017
Fund Balance			
Assigned Unappropriated Fund Balance	47,292	CD915	28,859
TOTAL Assigned Fund Balance	47,292		28,859
TOTAL Fund Balance	47,292		28,859
TOTAL Liabilities, Deferred Inflows And Fund Balance	47,292		28,859

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(CD) SPECIAL GRANT

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Interest And Earnings	15	CD2401	17
TOTAL Use of Money And Property	15		17
Federal Aid Rental Assistance Program	702,069	CD4915	741,950
TOTAL Federal Aid	702,069		741,950
TOTAL Revenues	702,084		741,967
TOTAL Detail Revenues And Other Sources	702,084		741,967

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(CD) SPECIAL GRANT

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Rent Subsidy, Contr Expend	684,858	CD86104	760,400
TOTAL Rent Subsidy	684,858		760,400
TOTAL Home And Community Services	684,858		760,400
TOTAL Expenditures	684,858		760,400
TOTAL Detail Expenditures And Other Uses	684,858		760,400

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(CD) SPECIAL GRANT

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	30,071	CD8021	47,292
Prior Period Adj -Increase In Fund Balance		CD8012	
Prior Period Adj -Decrease In Fund Balance	5	CD8015	
Restated Fund Balance - Beg of Year	30,066	CD8022	47,292
ADD - REVENUES AND OTHER SOURCES	702,084		741,967
DEDUCT - EXPENDITURES AND OTHER USES	684,858		760,400
Fund Balance - End of Year	47,292	CD8029	28,859

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	426,293	FX200	512,560
Petty Cash	200	FX210	200
TOTAL Cash	426,493		512,760
Water Rents Receivable	88,347	FX350	83,516
TOTAL Other Receivables (net)	88,347		83,516
Due From Other Funds	84,753	FX391	123,737
TOTAL Due From Other Funds	84,753		123,737
Cash Special Reserves	20,015	FX230	30,099
TOTAL Restricted Assets	20,015		30,099
TOTAL Assets and Deferred Outflows of Resources	619,608		750,111

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	1,964	FX600	18,384
TOTAL Accounts Payable	1,964		18,384
Accrued Liabilities	6,985	FX601	8,004
TOTAL Accrued Liabilities	6,985		8,004
Due To Other Funds	80,735	FX630	141,735
TOTAL Due To Other Funds	80,735		141,735
Due To Employees' Retirement System	3,657	FX637	3,456
TOTAL Due To Other Governments	3,657		3,456
TOTAL Liabilities	93,341		171,579
Fund Balance			
Reserve For Repairs	20,015	FX882	30,099
TOTAL Restricted Fund Balance	20,015		30,099
Assigned Unappropriated Fund Balance	506,252	FX915	548,433
TOTAL Assigned Fund Balance	506,252		548,433
TOTAL Fund Balance	526,267		578,532
TOTAL Liabilities, Deferred Inflows And Fund Balance	619,608		750,111

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Metered Water Sales	585,539	FX2140	556,621
Water Service Charges	225	FX2144	3,375
Interest & Penalties On Water Rents	13,326	FX2148	12,365
TOTAL Departmental Income	599,090		572,361
Service For Other Govts	217,826	FX2378	245,212
TOTAL Intergovernmental Charges	217,826		245,212
Interest And Earnings	108	FX2401	178
TOTAL Use of Money And Property	108		178
Sales, Other	1,570	FX2655	1,500
TOTAL Sale of Property And Compensation For Loss	1,570		1,500
Unclassified (specify)	75	FX2770	100
TOTAL Miscellaneous Local Sources	75		100
TOTAL Revenues	818,669		819,351
TOTAL Detail Revenues And Other Sources	818,669		819,351

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Central Garage, Contr Expend	13,860	FX16404	
TOTAL Central Garage	13,860		0
Taxes & Assess On Munic Prop, Contr Expend	37,258	FX19504	38,253
TOTAL Taxes & Assess On Munic Prop	37,258		38,253
TOTAL General Government Support	51,118		38,253
Water Administration, Contr Expend	2,934	FX83104	1,366
TOTAL Water Administration	2,934		1,366
Water Purification, Pers Serv	151,235	FX83301	153,774
Water Purification, Contr Expend	112,845	FX83304	126,588
TOTAL Water Purification	264,080		280,362
Water Trans & Distrib, Pers Serv	32,406	FX83401	32,901
Water Trans & Distrib, Equip & Cap Outlay	1,775	FX83402	
Water Trans & Distrib, Contr Expend	29,910	FX83404	30,889
TOTAL Water Trans & Distrib	64,091		63,790
TOTAL Home And Community Services	331,105		345,518
State Retirement, Empl Bnfts	20,364	FX90108	18,238
Social Security, Empl Bnfts	14,104	FX90308	14,340
Workers Compensation, Empl Bnfts	15,625	FX90408	15,065
Hospital & Medical (dental) Ins, Empl Bnft	32,335	FX90608	34,932
TOTAL Employee Benefits	82,428		82,575
Debt Principal, Serial Bonds	42,500	FX97106	43,800
Debt Principal, Bond Anticipation Notes	135,000	FX97306	95,000
TOTAL Debt Principal	177,500		138,800
Debt Interest, Serial Bonds	41,189	FX97107	39,717
Debt Interest, Bond Anticipation Notes	3,794	FX97307	7,765
TOTAL Debt Interest	44,983		47,482
TOTAL Expenditures	687,134		652,627
Transfers, Other Funds		FX99019	50,000
TOTAL Operating Transfers	0		50,000
TOTAL Other Uses	0		50,000
TOTAL Detail Expenditures And Other Uses	687,134		702,627

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	476,351	FX8021	526,266
Prior Period Adj -Decrease In Fund Balance	81,620	FX8015	64,542
Restated Fund Balance - Beg of Year	394,731	FX8022	461,724
ADD - REVENUES AND OTHER SOURCES	818,669		819,351
DEDUCT - EXPENDITURES AND OTHER USES	687,134		702,627
Fund Balance - End of Year	526,266	FX8029	578,447

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Departmental Income	605,280	FX1299N	606,000
Est Rev-Intergovernmental Charges	242,000	FX2399N	250,000
TOTAL Estimated Revenues	847,280		856,000
TOTAL Estimated Revenues And Other Sources	847,280		856,000

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	149,000	FX1999N	124,100
App-Home And Community Services	359,498	FX8999N	368,000
App - Employee Benefits	92,500	FX9199N	84,500
App - Debt Service	186,282	FX9899N	217,400
TOTAL Appropriations	787,280		794,000
Other Budgetary Purposes	10,000	FX962N	10,000
App - Interfund Transfer	50,000	FX9999N	52,000
TOTAL Other Uses	60,000		62,000
TOTAL Appropriations And Other Uses	847,280		856,000

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	443,171	G200	387,088
TOTAL Cash	443,171		387,088
Sewer Rents Receivable	104,656	G360	110,660
TOTAL Other Receivables (net)	104,656		110,660
Due From Other Funds	179,108	G391	283,764
TOTAL Due From Other Funds	179,108		283,764
Cash Special Reserves	20,015	G230	30,099
TOTAL Restricted Assets	20,015		30,099
TOTAL Assets and Deferred Outflows of Resources	746,950		811,611

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	17,573	G600	13,191
TOTAL Accounts Payable	17,573		13,191
Accrued Liabilities	8,220	G601	8,693
TOTAL Accrued Liabilities	8,220		8,693
Due To Other Funds	70,851	G630	131,851
TOTAL Due To Other Funds	70,851		131,851
Due To Employees' Retirement System	4,702	G637	4,444
TOTAL Due To Other Governments	4,702		4,444
TOTAL Liabilities	101,346		158,179
Fund Balance			
Reserve For Repairs	20,015	G882	30,099
TOTAL Restricted Fund Balance	20,015		30,099
Assigned Unappropriated Fund Balance	625,589	G915	623,333
TOTAL Assigned Fund Balance	625,589		623,333
TOTAL Fund Balance	645,604		653,432
TOTAL Liabilities, Deferred Inflows And Fund Balance	746,950		811,611

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Sewer Rents	1,141,431	G2120	1,095,220
Sewer Charges		G2122	900
Interest & Penalties On Sewer Accts	27,780	G2128	24,143
TOTAL Departmental Income	1,169,211		1,120,264
Sewer Serv Other Govts	1,311	G2374	1,329
TOTAL Intergovernmental Charges	1,311		1,329
Interest And Earnings	219	G2401	294
TOTAL Use of Money And Property	219		294
Unclassified (specify)	83	G2770	150
TOTAL Miscellaneous Local Sources	83		150
Fed Aid, Emergency Disaster Assistance		G4960	12
TOTAL Federal Aid	0		12
TOTAL Revenues	1,170,824		1,122,048
TOTAL Detail Revenues And Other Sources	1,170,824		1,122,048

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Sewer Administration, Contr Expend	62,623	G81104	2,820
TOTAL Sewer Administration	62,623		2,820
Sanitary Sewers, Contr Expend	33,674	G81204	34,991
TOTAL Sanitary Sewers	33,674		34,991
Sewage Treat Disp, Pers Serv	212,381	G81301	220,598
Sewage Treat Disp, Equip & Cap Outlay	24,355	G81302	27,838
Sewage Treat Disp, Contr Expend	196,284	G81304	268,067
TOTAL Sewage Treat Disp	433,020		516,503
TOTAL Home And Community Services	529,317		554,314
State Retirement, Empl Bnfts	30,768	G90108	27,401
Social Security , Empl Bnfts	16,301	G90308	16,934
Worker's Compensation, Empl Bnfts	15,625	G90408	13,939
Hospital & Medical (dental) Ins, Empl Bnft	64,925	G90608	71,552
TOTAL Employee Benefits	127,619		129,827
Debt Principal, Serial Bonds	165,000	G97106	165,000
Debt Principal, Bond Anticipation Notes	140,000	G97306	145,000
TOTAL Debt Principal	305,000		310,000
Debt Interest, Serial Bonds	21,155	G97107	16,326
Debt Interest, Bond Anticipation Notes	2,188	G97307	3,488
TOTAL Debt Interest	23,343		19,814
TOTAL Expenditures	985,279		1,013,954
Transfers, Other Funds		G99019	50,000
TOTAL Operating Transfers	0		50,000
TOTAL Other Uses	0		50,000
TOTAL Detail Expenditures And Other Uses	985,279		1,063,954

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	530,907	G8021	645,604
Prior Period Adj -Decrease In Fund Balance	70,848	G8015	50,265
Restated Fund Balance - Beg of Year	460,059	G8022	595,339
ADD - REVENUES AND OTHER SOURCES	1,170,824		1,122,048
DEDUCT - EXPENDITURES AND OTHER USES	985,279		1,063,954
Fund Balance - End of Year	645,604	G8029	653,435

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Departmental Income	1,165,509	G1299N	1,141,000
Est Rev-Intergovernmental Charges	1,200	G2399N	1,400
Est Rev - Use of Money And Property	125	G2499N	200
TOTAL Estimated Revenues	1,166,834		1,142,600
TOTAL Estimated Revenues And Other Sources	1,166,834		1,142,600

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	105,000	G1999N	75,000
App - Home And Community Services	536,346	G8999N	524,700
App - Employee Benefits	135,000	G9199N	143,000
App - Debt Service	330,488	G9899N	339,900
TOTAL Appropriations	1,106,834		1,082,600
Other Budgetary Purposes	10,000	G962N	10,000
App - Interfund Transfer	50,000	G9999N	50,000
TOTAL Other Uses	60,000		60,000
TOTAL Appropriations And Other Uses	1,166,834		1,142,600

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	322,079	H200	322,237
Cash In Time Deposits	125,845	H201	125,906
TOTAL Cash	447,924		448,144
TOTAL Assets and Deferred Outflows of Resources	447,924		448,144

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Bond Anticipation Notes Payable	970,000	H626	730,000
TOTAL Notes Payable	970,000		730,000
Due To Other Funds	63,255	H630	63,255
TOTAL Due To Other Funds	63,255		63,255
TOTAL Liabilities	1,033,255		793,255
Fund Balance			
Unassigned Fund Balance	-585,331	H917	-345,111
TOTAL Unassigned Fund Balance	-585,331		-345,111
TOTAL Fund Balance	-585,331		-345,111
TOTAL Liabilities, Deferred Inflows And Fund Balance	447,924		448,144

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Interest And Earnings	151	H2401	221
TOTAL Use of Money And Property	151		221
TOTAL Revenues	151		221
Serial Bonds	262,500	H5710	
Bans Redeemed From Appropriations	300,000	H5731	240,000
TOTAL Proceeds of Obligations	562,500		240,000
TOTAL Other Sources	562,500		240,000
TOTAL Detail Revenues And Other Sources	562,651		240,221

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Perm Improve Highway, Equip & Cap Outlay	172	H51122	
TOTAL Perm Improve Highway	172		0
TOTAL Transportation	172		0
TOTAL Expenditures	172		0
TOTAL Detail Expenditures And Other Uses	172		0

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	-1,147,811	H8021	-585,331
Prior Period Adj -Increase In Fund Balance	1	H8012	
Restated Fund Balance - Beg of Year	-1,147,810	H8022	-585,331
ADD - REVENUES AND OTHER SOURCES	562,651		240,221
DEDUCT - EXPENDITURES AND OTHER USES	172		
Fund Balance - End of Year	-585,331	H8029	-345,111

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Land	483,311	K101	483,311
Buildings	5,681,802	K102	5,681,802
Improvements Other Than Buildings	7,827,035	K103	7,827,035
Machinery And Equipment	2,968,553	K104	2,968,553
TOTAL Fixed Assets (net)	16,960,701		16,960,701
TOTAL Assets and Deferred Outflows of Resources	16,960,701		16,960,701

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	16,960,701	K159	16,960,701
TOTAL Investments in Non-Current Government Assets	16,960,701		16,960,701
TOTAL Fund Balance	16,960,701		16,960,701
TOTAL	16,960,701		16,960,701

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	183,950	TA200	229,196
TOTAL Cash	183,950		229,196
Service Award Program Assets	1,008,069	TA461	1,103,801
TOTAL Investments	1,008,069		1,103,801
Due From Other Funds	10,868	TA391	10,868
TOTAL Due From Other Funds	10,868		10,868
TOTAL Assets and Deferred Outflows of Resources	1,202,887		1,343,865

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Due To Other Funds	70	TA630	49
TOTAL Due To Other Funds	70		49
Service Awards	1,008,069	TA13	1,103,801
State Retirement	-275	TA18	-269
Group Insurance	3,024	TA20	3,022
Guaranty & Bid Deposits	65,138	TA30	62,373
Tax Redemptions	9,225	TA40	
Other Funds (specify)	117,636	TA85	174,889
TOTAL Agency Liabilities	1,202,817		1,343,816
TOTAL Liabilities	1,202,887		1,343,865
TOTAL Liabilities, Deferred Inflows And Fund Balance	1,202,887		1,343,865

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Total Non-Current Govt Liabilities	5,762,500	W129	5,370,000
TOTAL Provision To Be Made In Future Budgets	5,762,500		5,370,000
TOTAL Assets and Deferred Outflows of Resources	5,762,500		5,370,000

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Liabilities, Deferred Inflows And Fund Balance			
Bonds Payable	5,762,500	W628	5,370,000
TOTAL Bond And Long Term Liabilities	5,762,500		5,370,000
TOTAL Liabilities	5,762,500		5,370,000
TOTAL Liabilities	5,762,500		5,370,000

**VILLAGE OF Highland Falls
Statement of Indebtedness
For the Fiscal Year Ending 2017**

11/9/2017

County of: Orange

Municipal Code: 330439202290

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2015	BAN N	Various Purposes-2015			03/06/2015	03/03/2017	1.58%		\$1,532,500	\$970,000	\$240,000	\$0	\$0		\$730,000
Total for Type/Exempt Status - Sums Issued Amt only made in AFR Year									\$0	\$970,000	\$240,000	\$0	\$0	\$0	\$730,000
2010	BOND N	VARIOUS PURPOSE			08/01/2009	08/01/2035	4.50%		\$3,100,000	\$2,710,000	\$90,000	\$0	\$0		\$2,620,000
2012	BOND N	VARIOUS PURPOSE-ADV REFUNDING			05/01/2012	05/01/2035	2.00%	Y	\$3,145,000	\$2,320,000	\$245,000	\$0	\$0		\$2,075,000
2016	BOND N	ROAD IMPROVEMENTS		Y	03/02/2016	03/01/2025	1.844%		\$262,500	\$262,500	\$32,500	\$0	\$0		\$230,000
2013	BOND N	Sewer 2 - EFC			11/15/2012	10/16/2032	4.64%		\$540,000	\$470,000	\$25,000	\$0	\$0		\$445,000
Total for Type/Exempt Status - Sums Issued Amt only made in AFR Year									\$0	\$5,762,500	\$392,500	\$0	\$0	\$0	\$5,370,000
AFR Year Total for All Debt Types - Sums Issued Amt only made in AFR Year									\$0	\$6,732,500	\$632,500	\$0	\$0	\$0	\$6,100,000

VILLAGE OF Highland Falls
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2017

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$600.00
Demand Deposits	9Z2011	\$2,361,905.59
Time Deposits	9Z2021	\$851,618.79
Total		\$3,214,124.38
 COLLATERAL:		
- FDIC Insurance	9Z2014	\$1,132,388.11
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$2,963,774.11
Total		\$4,096,162.22
 INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
 - Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

VILLAGE OF Highland Falls
Bank Reconciliation
For the Fiscal Year Ending 2017

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-0037	\$492,079	\$20,480	\$0	\$512,560
****-9511	\$322,237	\$0	\$0	\$322,237
****-1477	\$123,340	\$0	\$0	\$123,340
****-2617	\$2,566	\$0	\$0	\$2,566
****-0110	\$18,991	\$0	\$0	\$18,991
****-1265	\$9,869	\$0	\$0	\$9,869
****-0045	\$386,491	\$597	\$0	\$387,088
****-7927	\$695,500	\$0	\$0	\$695,500
****-0118	\$103,215	\$0	\$0	\$103,215
****-0178	\$5,952	\$0	\$0	\$5,952
****-2230	\$513,550	\$0	\$0	\$513,550
****-0018	\$5,985	\$0	\$0	\$5,985
****-1068	\$497	\$0	\$0	\$497
****-2474	\$56,028	\$2,051	\$25,469	\$32,610
****-0001	\$10,007	\$0	\$0	\$10,007
****-0002	\$80,277	\$0	\$0	\$80,277
****-0003	\$20,050	\$0	\$0	\$20,050
****-0004	\$15,050	\$0	\$0	\$15,050
****-0005	\$20,099	\$0	\$0	\$20,099
****-0006	\$30,099	\$0	\$0	\$30,099
****-0007	\$30,099	\$0	\$0	\$30,099
****-6227	\$90,000	\$0	\$0	\$90,000
****-9902	\$54,349	\$0	\$0	\$54,349
****-0086	\$37,587	\$0	\$0	\$37,587
****-5064	\$12,245	\$0	\$12,245	\$0

VILLAGE OF Highland Falls
Bank Reconciliation
For the Fiscal Year Ending 2017

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-0142	\$79,965	\$0	\$32,705	\$47,260
				Total Adjusted Bank Balance
				\$3,168,835
				Petty Cash
				\$600.00
				Adjustments
				\$.00
			9ZCASH *	Total Cash
				\$3,169,435
			9ZCASHB *	Total Cash Balance All Funds
				\$3,169,435

* Must be equal

VILLAGE OF Highland Falls
Employee and Retiree Benefits
For the Fiscal Year Ending 2017

Total Full Time Employees:		27			
Total Part Time Employees:		32			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$155,303.12	18	7	
90158	Police and Fire Retirement	\$193,776.98	8	9	
90258	Local Pension Fund	\$45,395.00			
90308	Social Security	\$149,921.54	27	32	
90408	Worker's Compensation Insurance	\$139,501.72	27	32	
90458	Life Insurance				
90508	Unemployment Insurance	\$1,466.00			1
90558	Disability Insurance				
90608	Hospital and Medical (Dental) Insurance	\$757,890.37	27	2	19
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$1,443,254.73			
Computed Total From Financial Section (comparative purposes only)		\$1,443,254.22			

VILLAGE OF Highland Falls
 Energy Costs and Consumption
 For the Fiscal Year Ending 2017

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$19,552	10,561	gallons	
Diesel Fuel	\$7,457	3,944	gallons	
Fuel Oil	\$22,280	15,523	gallons	
Natural Gas	\$5,574	4,025	cubic feet	
Electricity	\$169,468	1,219,118	kilowatt-hours	
Coal			tons	
Propane			gallons	

VILLAGE OF Highland Falls
 Schedule of Other Post Employment Benefits (OPEB)
 For the Fiscal Year Ending 2017

Annual OPEB Cost and Net OPEB Obligation

	Single-Employer Defined Benefits
1. Type of Other Post Employment Benefits Plan	
2. Annual Required Contribution(ARC)	\$830,000.00
3. Interest on Net OPEB Obligation	\$130,000.00
4. Adjustment to Annual Required Contribution	(\$170,000.00)
5. Annual OPEB Expense	\$790,000.00
6. Less: Actual Contribution Made	\$330,000.00
7. Increase in Net OPEB Obligation	\$460,000.00
8. Net OPEB Obligation - beginning of year	\$2,900,000.00
9. Net OPEB Obligation - end of year	\$3,360,000.00
10. Total Other Post Employment Benefits as reported in Accounts 683 in Financial Section, Current Fiscal Year	
11. Percentage of Annual OPEB Cost Contributed (Actual Contribution Made/Annual OPEB Cost)	41.77%

Funded Status and Funding Process

12. Actuarial Accrued Liability(AAL)	\$9,290,000.00
13. Less: Actuarial Value of Plan Assets	
14. Unfunded Actuarial Accrued Liability(UAAL)	\$9,290,000.00
15. Funded Ratio(Actuarial Value of Plan Assets/AAL)	
16. Annual Covered Payroll (of active employees covered by the plan)	\$2,030,000.00
17. UAAL as Percentage of Annual Covered Payroll	457.64%

Other OPEB Information

18. Date of most recent actuarial valuation	09/08/2017
19. Actuarial method used	Projected Unit Credit
20. Assumed rate of return on investments discount rate	4.50%
21. Amortization period of UAAL(in years)	30.00

CERTIFICATION OF CHIEF FISCAL OFFICER

I, RALPH J. WALTERS, hereby certify that I am the Chief Fiscal Officer of the VILLAGE of HIGHLAND FALLS, and that the information provided in the annual financial report of the VILLAGE of HIGHLAND FALLS, for the fiscal year ended 05/31/2017, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the VILLAGE of HIGHLAND FALLS, and adopted by me as my signature for use in conjunction with the filing of the VILLAGE of HIGHLAND FALLS 's annual financial report, I am evidencing my express intent to authenticate my certification of the VILLAGE of HIGHLAND FALLS's annual financial report for the fiscal year ended 05/31/2017 and filed by means of electronic data transmission.

Name of Report Preparer if different than Chief Fiscal Officer

RALPH J. WALTERS
Name

(845) 446-3400
Telephone Number

TREASURER
Title

303 MAIN ST., HIGHLAND FALLS, N
Official Address

09/28/2017
Date of Certification

(845) 446-3400
Official Telephone Number

VILLAGE OF Highland Falls
Financial Comments
For the Fiscal Year Ending 2017

(A) GENERAL

Adjustment Reason

Account Code A8012 PRIOR YEAR CPA AUDIT ADJUSTMENTS

Account Code A8015 .

(FX) WATER

Adjustment Reason

Account Code FX8015 PRIOR YEAR CPA AUDIT ADJUSTMENTS

(G) SEWER

Adjustment Reason

Account Code G8015 PRIOR YEAR CPA AUDIT ADJUSTMENTS

(H) CAPITAL PROJECTS

Adjustment Reason

Account Code H8012 .