

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 30, 2021

REFUNDING SERIAL BONDS

RATING: MOODY'S INVESTOR SERVICE:
See "Bond Rating", herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters". The Bonds will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK
(the "Town")**

\$2,865,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021

Dated: December 29, 2021

**Principal Due: March 1, 2022-2027, inclusive
Interest Due: March 1, 2022, September 1, 2022 and
semiannually thereafter in each year to
maturity**

SEE BOND MATURITY SCHEDULE HEREIN

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

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

Form and Denomination: The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased in book-entry form. See "Book-entry-only System" under "The Bonds," herein.

Payment: Payment of the principal of and interest on the Bonds will be made by the Town to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-entry-only System" under "The Bonds," herein. Payment of the principal of and interest on any Bonds registered in the name of the Purchaser will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

The Bonds are offered when, as and if issued and received by the Purchaser and subject to the receipt of an approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about December 29, 2021.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

*Preliminary, subject to change.

**TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK**

\$2,865,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021

BOND MATURITY SCHEDULE

Dated: December 29, 2021

**Principal Due: March 1, 2022-2027, inclusive
Interest Due: March 1, 2022, September 1, 2022
and semiannually thereafter in each
year to maturity**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2022	\$ 35,000			
2023	540,000			
2024	550,000			
2025	565,000			
2026	580,000			
2027	595,000			

*Preliminary, subject to change.

**TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK**

1 Overocker Road
Poughkeepsie, New York 12603
Telephone: (845) 485-3600
Fax: (845) 485-3701

TOWN BOARD

Jon J. Baisley, Town Supervisor

Jeff Renihan – First Ward
Bill Carlos – Second Ward
Jessica Lopez – Third Ward
Michael Cifone – Fourth Ward
Stephan Krakower – Fifth Ward
Ann Shershin – Sixth Ward

Charles Emberger, Town Comptroller
Felicia Salvatore, Town Clerk
James Nelson, Esq., Town Attorney

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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>

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

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OFFICIAL STATEMENT
TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK

\$2,865,000 PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021

This Official Statement and the appendices hereto present certain information relating to the Town of Poughkeepsie, in the County of Dutchess, in the State of New York (the "Town," "County" and "State," respectively) in connection with the sale of \$2,865,000 Public Improvement Refunding (Serial) Bonds, 2021 (the "Bonds") of the Town.

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

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

THE BONDS

Description of the Bonds

The Bonds will be dated December 29, 2021, and will mature on March 1, in each of the years 2022 to 2027, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See "Book-entry-only System" under "The Bonds," herein.

Interest on the Bonds will be payable March 1, 2022, September 1, 2022 and semi-annually thereafter in each year to maturity. Principal and interest will be paid by the Town to DTC as the securities depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

The Record Date of the Bonds will be the fifteenth day of the calendar month preceding each interest payment date.

The Town will act as Paying Agent for the Bonds. The Town's contact information is as follows: Charles Emberger, Town Comptroller, Town of Poughkeepsie, 1 Overocker Road, Poughkeepsie, NY 12603, Phone (845) 485-3600, Fax (845) 485-3701 and email: cemberger@townofpoughkeepsie-ny.gov.

Optional Redemption

The Bonds will not be subject to redemption prior to redemption prior to maturity.

Book-entry-only System

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued and deposited with DTC for each maturity of the Bonds.

DTC is limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

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

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for

the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The information contained in the above section concerning DTC and DTC’s book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and a refunding bond resolution duly adopted by the Town Board on November 3, 2021 (the “Refunding Bond Resolution”), authorizing the refunding of \$2,810,000 of the outstanding \$6,575,000 Public Improvement (Serial) Bonds, 2014 (the “2014 Bonds”) maturing in years 2022-2027. The amounts to be refunded (collectively, the “Refunded Bonds”) are set forth below:

\$6,575,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2014 DATED MARCH 4, 2014

<u>MATURITY DATE</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>DATE OF REDEMPTION</u>	<u>CALL PRICE</u>	<u>CUSIP NUMBERS</u>
MARCH 1, 2023	\$525,000	3.000%	03/01/2022	100.00%	738663X57
MARCH 1, 2024	540,000	3.000	03/01/2022	100.00	738663X65
MARCH 1, 2025	560,000	3.000	03/01/2022	100.00	738663X73
MARCH 1, 2026	580,000	3.000	03/01/2022	100.00	738663X81
MARCH 1, 2027	605,000	3.000	03/01/2022	100.00	738663X99

The Refunding Bond Resolution authorizes the issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds. All proceeds of the Refunded Bonds have been previously expended.

For further information regarding bond authorizations of the Town for capital purposes and other matters relating thereto see “Indebtedness of the Town.”

Nature of Obligation

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

Holders of any series of notes or bonds of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations. See "Tax Levy Limitation Law", herein.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "Tax Levy Limitation Law," herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted . . . While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders and noteholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to improvements districts as part of their parent municipalities tax levies.

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

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

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

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 (“Chapter 59”), includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are 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 are 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 depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any towns 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 are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

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

Municipalities, school districts and independent special districts must 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 personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the Town are uncertain at this time.

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. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

The Bonds when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property

As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Authority to File for Municipal Bankruptcy

The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns or villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

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

The rights of the owners of Bonds to receive interest and principal from the Town could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such Town of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature, as described below, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town is presently not working with the FRB, nor does it reasonably anticipate the need to do so. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders and noteholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "Nature of Obligation" and "State Debt Moratorium Law" herein.

No Past Due Debt

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

Refunding Financial Plan

The Refunding Financial Plan will permit the Town to realize, as a result of the issuance of the Bonds, cumulative dollar and present-value debt service savings.

The net proceeds of the Bonds (after payment of the purchaser's compensation and other costs of issuance relating to the Bonds), including, direct obligations of or obligations guaranteed by the United States of America (the "Government Obligations") purchased with the net proceeds of the Bonds and uninvested cash from the sale of the Bonds, will be placed in an irrevocable trust fund (the "Escrow Fund") to be held by U.S. Bank (the "Escrow Holder"), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Bonds (the "Escrow Contract"). The amounts so deposited and maturing Government Obligations, if any, will be sufficient to pay the principal of and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the Town and Escrow Contract, to pay the Refunded Bonds at maturity or at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, and/or other monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payments by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the Town. However, inasmuch as the Government Obligations and/or available monies held in the Escrow Fund will be sufficient to meet all required payments of principal and interest requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Bond Proceeds

Sources:	
Par Amount of Bonds	\$
Original Issue Premium (Discount)	
Total.....	\$
Uses:	
Escrow Deposit.....	\$
Underwriters' Discount	
Allowance for Costs of Issuance and Contingency	
Total.....	\$

Continuing Disclosure Undertaking for the Bonds

At the time of delivery of the Bonds, the Town will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interest in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board (“MSRB”) established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

(1) (i) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement relating to the Bonds under the headings “The Town”, “Economic and Demographic Information”, “Indebtedness of the Town”, “Financial Matters”, “Real Property Tax Information”, “Litigation” and all Appendices (other than any related to bond insurance and Appendix B) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2021; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

With respect to events (xv) and (xvi), the term “financial obligation” means a (i) debt obligation (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

(3) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified.

The Town’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provisions, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Town, and no person or entity, including a holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody’s Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Town. Due to widespread knowledge of these rating actions, material event notices were not filed by the Town in each instance.

The Town’s 2010 through 2012 audits and accompanying annual financial information and operating data were filed late due to a misunderstanding in the required filing date which was thought to be not later than the last business day of each such succeeding fiscal year but should have been the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement was not available at that time, within sixty days following receipt by the Town of its audited financial statement. A Notice of Failure to Provide Annual Financial Information as Required was filed.

On January 25, 2018, the Town filed a material event notice for the late filing of the 2015 unaudited financial statements. The unaudited Annual Financial Report Update Document (“AUD”) was filed on August 2, 2016 and the audited financial statement was filed on December 30, 2016.

THE TOWN

General Information

The Town encompasses approximately 30 square miles within the central western part of the County of Dutchess, New York. The Town includes a small portion of the Village of Wappingers Falls and the unincorporated communities of Arlington, New Hamburg, Fairview, Red Oaks Mill and Rochdale. The Town is primarily residential in nature. The Town also enjoys substantial retail and commercial activity some light industry and offices of the New York State Department of Transportation.

Government

The Town was established in 1788. The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders are portions of four independent school districts. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

The legislative power of the Town is vested in the Town Board, with consists of seven members, including the Town Supervisor, who is the presiding member and chief fiscal officer of the Town, elected for a term of two years. The six other members of the Town Board are also elected to two-year terms. The Town Supervisor is elected at large while the six additional members of the Board are elected from their respective wards, a ward system of representation having been established by local option pursuant to applicable State Law. There are no limitations as to the number of terms which may be served.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. The Clerk is elected to serve a two-year term; the number of terms is not limited. The Receiver of Taxes, unless otherwise provided by law, has the duty to receive and collect all State, County, Town and school taxes and all assessments that may be levied in the Town. The Receiver of Taxes serves a four-year term and the number of terms is without limit. Other offices of the Town include: two Town Justices, each elected to a four-year term; the Highway Superintendent, elected to a four-year term; the Town Assessor, appointed by the Board to a six-year term; and the Town Comptroller, Town Attorney, Town Engineer and Superintendent of the Water Department who are appointed by and serve at the pleasure of the Town Board.

Services

The Town is responsible for providing most governmental services to its residents.

Water and sewer services are furnished by various water and sewer districts which have been formed within the Town.

Highway construction and maintenance is also a Town function. In addition, recreations is provided and parks maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town Police Department, along with the County Sheriff's Office and the New York State Police, furnish police protection while fire protection is provided for through the three fire district located in the Town. Education is the responsibility of the four independent school districts serving the Town. The County of Dutchess provides various social and health services.

Education

Elementary and secondary education is the responsibility of the four independent school districts in the Town. Children of the Town attend one of the four school districts, determined by geography. Dutchess County Community College, a two-year co-educational college, offers four main programs of study leading to associate degrees in the arts, science, applied science and a one-year certificate. In addition, there are three four-year colleges located in the County. These institutions are Bard College, Marist College and Vassar College.

Financial Institutions

Numerous banking facilities are available in and around the Town. Many of the State's major commercial banks have branch offices located in the area. Bank of America, Hudson United Bank, Hudson Valley Federal Credit Union, JPMorgan Chase Bank, N.A., Key Bank, TD Bank, TEG Federal Credit Union and M&T Bank are located within the Town or nearby.

Transportation

The Town maintains its own interior road network. Several U.S. and State Highways serve the Town including U.S. Routes 9, 9D, 9G, 44 and 55, N.Y.S. Routes 113, 115 and 376 and the Taconic State Parkway. Frequent bus service is available by the Dutchess County Loop System which provides intra-county service. Metro North Railroad provides a commuter service to New York City via the Hudson Line, with County stops at Poughkeepsie, New Hamburg and Beacon. Amtrak also provides service from the Poughkeepsie station. Commercial air transportation is available at nearby Stewart Airport located in Orange County.

Utilities

Electricity and natural gas are supplied throughout the Town by Central Hudson Gas & Electric Corp. Telephone service is provided by Tech II.

Water and sewer facilities are furnished and maintained by the Town. Water distribution facilities serve approximately 95% of the population of the Town. Water is supplied from a plant that is jointly owned with the City of Poughkeepsie. Approximately 65% of the population of the Town is provided sanitary sewage collection and treatment services from existing facilities. About 70% of this sewage is treated at the treatment plant of the Arlington Sewer District of the Town; the balance is treated at the plant of the Fourth Ward Sewer Improvement Area of the Town (a joint project of the Town and the City of Poughkeepsie) and by contractual agreement through the Tri-Municipal treatment plant jointly owned with the Village of Wappingers Falls and the Town of Wappinger.

Employees

The Town provides services through approximately 196 full-time. The two collective bargaining organizations representing a portion of town employees as follows:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association	45	12/31/2020 ^a
P.B.A	85	12/31/2022

a. Currently in negotiation.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town has had a population trend, as compared to the County, the State and the United States, as indicated below:

	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Poughkeepsie	\$ 42,777	\$ 43,341	\$ 44,177
County of Dutchess	280,150	297,488	293,754
State of New York	18,976,457	19,378,102	19,572,319

Source: U.S. Bureau of the Census.

a. Based on American Community Survey 5-Year Estimates (2015-2019)

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Poughkeepsie	\$18,472	\$23,589	\$29,442	\$37,793
County of Dutchess	17,420	23,940	31,642	40,093
State of New York	16,501	23,389	30,791	39,326
	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Poughkeepsie	\$45,886	\$43,393	\$66,793	\$86,233
County of Dutchess	42,250	53,086	69,838	81,219
State of New York	32,965	43,393	55,217	68,486

Source: United States Bureau of the Census

a. Note: Based on American Community Survey 5-Year Estimates (2015-2019)

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Poughkeepsie (%)</u>	<u>County of Dutchess (%)</u>	<u>State of New York (%)</u>
2016	4.2	4.2	4.8
2017	4.3	4.3	4.7
2018	3.7	3.8	4.2
2019	3.6	3.6	4.0
2020	7.4	7.7	10.0
2021 (9 months)	7.7	4.1	7.8

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

The State Constitution limits the power of the Town (as well as other municipalities and school districts of the State) to issue obligations and contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Town and the Bonds:

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

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

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

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the issuance of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Town Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bonds and bond anticipation notes in anticipation of the sale of authorized bonds.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such requirement with respect to the bond resolution authorizing the issuance of the Bonds.

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of November 30, 2021)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2017	\$3,571,096,391	100	\$3,571,096,391
2018	3,665,425,058	100	3,665,425,058
2019	3,670,536,925	100	3,670,536,925
2020	3,749,885,872	99	3,787,763,507
2021	3,886,218,817	100	<u>3,886,218,817</u>
Total Five Year Full Valuation			\$18,581,040,698
Average Five Year Full Valuation			3,716,208,140
Debt Limit - 7% of Average Full Valuation			260,134,570
Inclusions:			
Outstanding Bonds:			
General Purpose Bonds			23,545,000
Water Purpose Bonds			18,994,000
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>42,539,000</u>
Exclusions:			
Water Debt			18,994,000
Bond Appropriations			455,000
Note Appropriations			<u>0</u>
Total Exclusions			<u>19,449,000</u>
Total Net Indebtedness			<u>23,090,000</u>
Net Debt Contracting Margin			<u><u>\$237,044,570</u></u>
Percent of Debt Limit Exhausted			8.88%

Trend of Town Indebtedness

	Fiscal Year Ending December 31:				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Outstanding End of Year:					
Bonds	\$25,620,000	\$37,474,429	\$45,934,429	\$43,265,000	\$39,940,000
BANs	<u>25,201,236</u>	<u>8,920,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u><u>\$50,821,236</u></u>	<u><u>\$46,394,429</u></u>	<u><u>\$45,934,429</u></u>	<u><u>\$43,265,000</u></u>	<u><u>\$39,940,000</u></u>

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,394,000	\$ 1,312,999	\$ 4,706,999
2022	3,954,000	1,257,378	5,211,378
2023	3,592,000	1,142,532	4,734,532
2024	2,932,000	1,029,739	3,961,739
2025	2,992,000	946,225	3,938,225
2026	3,044,000	860,263	3,904,263
2027	3,070,000	771,929	3,841,929
2028	2,490,000	695,798	3,185,798
2029	2,525,000	626,707	3,151,707
2030	2,565,000	555,140	3,120,140
2031	2,570,000	486,779	3,056,779
2032	815,000	423,073	1,238,073
2033	830,000	396,356	1,226,356
2034	850,000	368,415	1,218,415
2035	865,000	338,773	1,203,773
2036	890,000	308,162	1,198,162
2037	910,000	276,138	1,186,138
2038	705,000	242,795	947,795
2039	715,000	217,244	932,244
2040	580,000	193,521	773,521
2041	595,000	171,658	766,658
2042	610,000	148,943	758,943
2043	625,000	125,592	750,592
2044	645,000	100,987	745,987
2045	660,000	75,704	735,704
2046	680,000	49,741	729,741
2047	<u>700,000</u>	<u>23,004</u>	<u>723,004</u>
Totals	<u>\$44,803,000</u>	<u>\$13,145,595</u>	<u>\$57,948,595</u>

New York State Environmental Facilities Authority Financings

In 2017, the Town closed on two short term loans with the New York State Environmental Facilities Authority (EFC) including \$11,817,781 for the Arlington Sewer Improvement Area No. 1, which was converted to long term EFC financing by the issuance of \$10,904,973 of Town serial bonds dated October 25, 2017 to EFC with maturities form 2018 through 2047 at rates from 1.0610% to 3.976%., and \$7,448,455 for the Town’s share of the Poughkeepsie Joint Water Board project. The Poughkeepsie Joint Water Board project (Town share) also converted to long term financing though EFC with the Town’s issuance of \$4,349,456 of Town serial bonds dated October 25, 2017 to EFC with maturities in 2018 through 2047 at rates from 1.5030% to 3.7540%. .

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Dutchess	03/03/2021	12.11	\$20,873,402	\$19,650,292
Village of Wappinger Falls School District:	09/16/2021	21.05	6,032,840	1,602,764
Arlington CSD	05/21/2021	19.69	12,055,446	12,055,446
Hyde Park CSD	05/21/2021	19.94	6,773,501	6,773,501
Wappingers CSD	07/20/2021	14.29	15,338,517	15,338,517
Spackenhill UFSD	10/20/2020	100.00	<u>24,294,813</u>	<u>7,774,340</u>
Totals			<u>\$85,368,518</u>	<u>\$63,194,860</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Statements.

Debt Ratios

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$ 42,539,000	\$ 963	1.09
Net Direct Debt	23,090,000	523	0.59
Total Direct & Applicable Total Overlapping Debt	127,907,518	2,895	3.29
Net Direct & Applicable Net Overlapping Debt	86,284,860	1,953	2.22

a. Estimated population of the Town is 44,177.

b. The full valuation of taxable property is \$3,886,218,817.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has authorized but unissued indebtedness in the amount of \$2,233,950 for certain water improvements. The Town also expects to authorize \$6,086,270 in bonds for the newly created Hudson Heritage Sewer District. The Town expects to issue through the New York State Environmental Facilities Corporation in 2022.

FINANCIAL MATTERS

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such Audited Financial Statement made available for public inspection covers the fiscal year ended December 31, 2020. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. The Town also prepares an Annual Financial Report Update Document (the "AUD") that is filed with the State Comptroller and is attached as Appendix B.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2017-2020 fiscal years.

Fund Structure and Accounts

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

There are 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 Town presently maintains the following governmental funds: General Fund, Special Revenue Funds (Highway; Water Districts; Sewer Districts; Drainage District; Lighting Districts; and Debt Service), 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 Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting that is when the related fund liability is incurred. An exception to this general rule is unmatured interest on general long-term debt which is recognized when due.

Budgetary Procedures

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

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Town Comptroller. In addition, the Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Monitoring of the budget during the year is the responsibility of the Town Comptroller. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record. During the absence of the Supervisor, the Deputy Supervisor may generally exercise the Supervisor's powers.

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

Town finances are operated primarily through the General and Highway Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has water and sewer districts, which are accounted for within separate funds. The primary sources of income for these districts are user fees and special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System and Audits

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation" (Fiscal Score: 5.0%; Environmental Score: 23.3%).

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released in February 17, 2017. The purpose of the audit was to examine the Town's parking violation enforcement activities and review the internal controls over the parking ticket collection process for the period January 1, 2015 through June 30, 2016. The complete report may be found on the State Comptroller's official website.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

Investment Policy

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

Authorized Investments

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

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

Collateral Requirements

All Town deposits in excess of the applicable insurance coverage provided by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the “eligible securities,” “eligible surety bonds” or “eligible letter of credit” as described in the Law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The Town’s security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank. The custodial agreements used by the Town provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter or credit may be issued, in favor of the Town, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the Town in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Revenues

The Town receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financing sources for the five most recently completed fiscal years may be found in Appendix A hereto. See also “Real Property Taxes” or “Sales Tax Revenue” herein.

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

Based on the audited financials of the Town, the Town received approximately 5.08% of its total General Fund operating revenue from State aid in 2020. 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 has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

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

The State's 2020-2021 Adopted Budget authorized the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceeded 101% of estimates. Specifically, the legislation provided that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provided that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature failed to approve its own plan, the Budget Director's reductions take effect automatically.

On April 25, 2020 the New York State Division of the Budget (the "DOB") announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projected a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. On August 13, 2020, the DOB issued its first quarterly update to the Financial Plan (the "Updated Financial Plan") which noted that the DOB began withholding 20% of most local aid payments in June due to the absence of Federal action. Depending on the size and timing of any new Federal aid, all or a portion of such withheld funds may become permanent reductions. The Updated Financial Plan includes \$8.2 billion in recurring local aid reductions and that, in the absence of unrestricted Federal aid, the DOB will continue to withhold a range of payments through the second quarter of the State's 2021 fiscal year. On October 30, 2020, the DOB issued its midyear update to the Financial Plan (the "Midyear Update") which projected a \$14.9 billion General Fund revenue decline and a 15.3% All Funds tax receipts decline from the State 2020-21 Budget forecast released in February, creating a total loss of nearly \$63 billion through FY 2024 as a direct consequence of the COVID-19 pandemic. In the absence of Federal funding to offset this revenue loss, the Midyear Update shows the State reduced spending through September by \$4.3 billion compared to FY 2020 spending over the same period by freezing hiring, new contracts and pay raises, and temporarily holding back 20% of most payments, including payments to municipalities and school districts.

The State's revenue picture improved in the final quarter of fiscal year 2021, with tax collections exceeding expectations. On March 1, 2021 the Executive and Legislature reached consensus that cumulative tax receipts over fiscal year 2021 and fiscal year 2022 would be at least \$2.5 billion higher than estimated in the Executive Budget Financial Plan. Collections through the end of fiscal year 2021 were even more favorable, providing the basis for the substantial upward revision to tax receipts. The State finished fiscal year 2021 in a stronger overall position in comparison to the Executive Budget Financial Plan. Results reflected both strong tax receipts and disbursements that fell substantially below budgeted levels.

On March 11, 2021 the Federal American Rescue Plan Act (ARPA) was enacted. The ARPA is a \$1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation's economic recovery. The ARPA provides the State with \$12.6 billion in general aid ("recovery aid"), as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing and other purposes. (See "*Impact of COVID-19*", herein). The enacted 2021-22 State budget provides for an increase in All Funds spending of 9.7% over 2020-21, relying on a combination of the new federal funding and revenue-raising initiatives to avoid cuts and support additional investments. According to the State, the budget deploys the first \$5.5 billion of the \$12.6 billion provided for under ARPA.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2016 through 2020 and as budgeted, for 2021.

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2016	\$25,122,787	\$1,114,050	4.43
2017	25,350,572	1,371,508	5.41
2018	26,109,017	1,524,157	5.84
2019	27,858,358	1,121,515	4.03
2020	27,798,159	1,412,330	5.08
2021 (Budgeted)	26,992,551	1,302,000	4.82

Source: Audited financial statements 2016 through 2020, and the adopted budget for 2021.

Sales Tax Revenue

The Town receives a share of the County sales tax. The County currently imposes a local 3.75% sales tax in addition to the 4.25% State tax. Such taxes are collected and administered by the State Tax Commission and the proceeds are paid monthly to the County.

The current 3.75% sales tax is a result of a 0.75% tax rate increase which become effective on June 1, 2003. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County's sales tax rate. The County Legislature amended the 1975 resolution enacting the County's sales tax by resolution 207259 which was signed by the County Executive on September 20, 2007. The additional 0.75% sales tax rate continues.

The following table sets forth general fund revenues and sale taxes received for each of the past five fiscal years ended December 31 and the budgeted amount for 2021.

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue</u>	<u>Sales Tax</u>	<u>Sales Tax to Revenues (%)</u>
2016	\$25,122,787	\$1,114,050	4.43
2017	25,350,572	1,371,508	5.41
2018	26,109,017	1,524,157	5.84
2019	27,858,358	1,121,515	4.03
2020	27,798,159	1,412,330	5.08
2021 (Budgeted)	26,992,551	1,302,000	4.82

Table itself is not audited.

Expenditures

The major categories of expenditure for the Town are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. 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 - Financial Statements.

Pension Systems

Substantially all employees of the Town are members of the State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"), a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees, participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than ten years' experience, must contribute 3% of gross annual salary toward the cost of retirement programs. The PFRS is non-contributory for all police and fire fighters.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% (percentage dependent on tier) of payroll for the ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. While the Town is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS and PFRS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the revised system, a contribution for a given fiscal year is based on the valuation of the pension fund on April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in the budget for the ensuing year.

On July 30, 2004, then Governor Pataki signed into law Chapter 260 of the Laws of 2004 ("Chapter 260"). Chapter 260 contains three components which alter the way municipalities and school district contribute to the state pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the state has reflected pension payments due between April 1 and March 31, consistent with the state fiscal year.

Chapter 260 provides for the following changes:

- **Contribution Payment Date Change:** The law changed the date on which local pension contributions are due to the State. The annual required contribution became due February 1 annually instead of December 15.
- **Pension Contributions Reserve Fund:** The law created special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Town's employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town, which could affect other budgetary matters. Concerned investors should contract the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates a new Tier 5 pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier 5 include:

- Raising the minimum age at which most civilian can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contribution 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to ten years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS and PFRS employees hired 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.

Due to significant capital market declines in the past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by past legislation. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount.

The primary purpose of the SCO plans is to reduce the volatility of future pensions ARC. However, although the pension contribution rates under this program would reduce near-term payments, it will require higher than normal contributions in later years.

The Town has elected not to participate in the amortization programs.

Retirement System Billing Procedures

The Town's current contributions to the Retirement Systems are due on or before February 1 of each year. Such contributions are based on salaries estimated to be paid during the fiscal year ending on March 31 of the previous calendar year.

Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	<u>ERS</u>	<u>PFRS</u>
2016	\$1,077,137	\$2,349,591
2017	1,017,827	2,214,900
2018	1,032,563	1,997,935
2019	1,016,195	2,198,773
2020	1,163,497	2,215,161
2021 (Budgeted)	1,078,000	2,380,000

Other Post-Employment Benefits

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

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

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

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation:

Total OPEB Liability at Dec 31, 2019	\$117,855,761
Charges for the Year:	
Service Cost	1,649,817
Interest	2,355,897
Changes in Assumptions or Other Inputs	(20,436,502)
Benefit Payments	(2,454,400)
Net Changes in total OPEB liability	(18,885,188)
Total OPEB Liability at Dec 31, 2020	\$98,970,573

Source: Actuarial Valuation Report (GASB 75)

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

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

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

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

The following table sets forth the percentage of the Town's General Fund revenue (including transfers) for each of the fiscal years 2017 through 2020 and the budget amount for 2021.

Fiscal Year Ended <u>December 31:</u>	General Fund <u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2016	\$25,122,787	\$16,674,281	66.37
2017	25,350,572	16,789,074	66.23
2018	26,109,017	16,755,551	64.18
2019	27,858,358	17,912,792	64.30
2020	27,798,159	18,157,805	65.32
2021 (Budgeted)	26,992,551	18,202,456	67.44

Tax Collection Procedure

Taxes may be paid in full or in three installments. No penalty is imposed on payments made by February 28th. Penalties on both delinquent taxes and installments paid subsequent to February 28th are imposed as follows: 2% on payments made from March 1st to May 31st and 4% on payments made from June 1st to August 31st. Unpaid tax bills are returned to the Dutchess County Commissioner of Finance in September. At such time, the Town retains the total amount of Town, Highway and Special District levies form the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility for ultimate collection and enforcement of delinquent taxes and holds annual tax sales.

Tax Levy and Collections Record

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
County	\$12,754,669	\$12,664,190	\$12,653,035	\$12,701,232	\$12,442,449
Town & Highway	22,789,031	22,868,607	24,113,921	24,970,306	25,077,966
Special Districts:					
Water Districts	1,200,000	1,035,701	1,083,498	774,215	770,400
Sewer Districts	2,421,427	2,798,802	2,063,321	1,283,250	1,271,644
Fire Districts	20,156,883	20,447,256	20,862,559	21,207,246	23,148,521
Lighting	937,000	850,000	850,600	850,000	850,000
Ambulance	36,000	36,000	36,000	36,000	36,000
Drainage	154,500	100,000	73,200	38,000	38,300
Library	4,073,375	4,201,272	4,336,951	4,298,115	4,559,920
Business Improvements	58,500	57,500	57,500	57,500	57,500
Bridge	6,530	6,315	5,100	0	0
Psych Center District	112,988	115,088	111,700	108,300	109,790
Total Tax Levy	<u>\$64,700,903</u>	<u>\$65,180,731</u>	<u>\$66,247,385</u>	<u>\$66,324,164</u>	<u>\$68,362,490</u>
Amount Uncollected	None	None	None	None	None

Tax Rates per \$1,000 of Assessed Valuation

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
County	\$3.58	\$3.54	\$3.45	\$3.26	\$3.21
Town & Highway (Town Outside Village)					
Homestead	4.86	4.87	5.01	4.83	4.97
Non-Homestead	9.58	9.59	9.98	10.00	10.02
Town & Highway (Townwide)					
Homestead	0.77	0.76	0.78	0.71	0.70
Non-Homestead	1.39	1.38	1.44	1.36	1.31

Selected Listing of Large Taxable Properties
2020 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Central Hudson Gas & Electric	Utility	\$ 98,086,746
Poughkeepsie Galleria Co.	Shopping Center	92,144,822
South Hills Mall LLC	Shopping Center	28,000,000
TFS Midhudson LLC	Shopping Center	24,099,180
Fox Run at Fulton	Apartments	21,870,000
Hudson Harbor Apartments	Apartments	20,860,500
Herb Redl LLC	Mobile Home Park	20,157,600
Capstone Plaza	Shopping Center	19,350,000
Mountainbrook Realty HLD LLC	Apartments	18,750,000
Ridgefield Apartments	Apartments	18,303,500
	Total ^a	<u>\$361,622,348</u>

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

b. Represents 10.58% of the 2020 Taxable Assessed Valuation of the Town of \$3,787,763,507.

LITIGATION

The Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town Attorney, except as set forth below and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the Town, would have an adverse material effect on the financial condition of the Town.

The Town presently has pending various tax certiorari claims (including seven of the top ten taxpayers) which have been filed under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions and, in most actions, a refund of property taxes previously paid. It is difficult to predict at this time the outcome of these cases; however, said claims, either individually or in aggregate, are not likely to have a material adverse affect on the financial condition of the Town. In any case, pursuant to The Local Finance Law, the Town may issue bonds to finance the cost of tax certiorari refunds.

On February 17, 2017, a Notice of Claim was received by the Town Attorney on behalf of the O'Neill Group/Dutton LLC, the owner of real property with the Town which sought a zoning amendment to allow multi-family residential construction. O'Neill Group/Dutton LLC made claim that the denial of its application violated several federal and state constitutional and statutory provisions, and the Town's laws and policies, constituted a fraud, a misrepresentation, and intentional or negligent taking, and was intentionally misleading, discriminatory, ultra vires and inequitable. The claimant alleges unquantified items of damage claimed to results from its inability to develop the property. The claim has been forwarded to the Town's insurance carrier with a request for defense and indemnification. There has been no attempt by the claimant to pursue the matter to date, although the limitation period has not expired. There has been no opportunity to examine the claim, and report as to its potential outcome is not possible at this time.

There is no action, suit, proceeding or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the Town.

CYBERSECURITY

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

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

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

The Town is expected to receive \$4.2 million in aid through the ARPA which was signed into law on March 11, 2021. The Town has thus far received \$21 million in aid and expects to receive \$21 million next year. It is the intent of the Town, to the extent allowable under the ARPA, to use these funds for expenditures incurred as a well as lost revenue related to COVID-19. The intended use of the remaining funds is still under discussion, but investment in the Town's infrastructure is under consideration (pending further guidance under the ARPA).

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of polices that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules. The Town will continue to monitor closely the 2021 economic environment and the global COVID-19 pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bond and other debt issued by the Town. Any such future legislation would have an adverse effect on the market value of the Bonds (See "Tax Exemption" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Bonds. See "Tax Levy Limitation Law" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Town has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York and its political subdivisions (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect a Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owners or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals made in recent years, could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incidental to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially in the form attached hereto as Appendix C.

RATING

The Town has applied to Moody's Investors Service ("Moody's") for a rating on the Bonds and such rating is pending at this time. This rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. 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. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore Inc. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements of the Refunded Bonds. Causey Demgen & Moore Inc. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

The accuracy of the mathematical computations regarding the adequacy of the cash as deposit in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds on the applicable payment date(s) will be verified by Causey Demgen & Moore, P.C. Such verification of the accuracy of the mathematical computation will be based, in part, upon factual information supplied by the Town and the Purchaser or the Municipal Advisor.

MUNICIPAL ADVISOR

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

OTHER MATTERS

The Town is in compliance with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance.

There is no bond or note principal or interest past due.

The fiscal year of the Town is January 1 to December 31.

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the Town, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Charles Emberger, Town Comptroller, Town of Poughkeepsie, 1 Overocker Road, Poughkeepsie, NY 12603, Phone (845) 485-3600, Fax (845) 485-3701 and email: cemberger@townofpoughkeepsie-ny.gov or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town's management's beliefs as well as assumptions made by, and information currently available to, the Town's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town's files with the repositories. When used in Town's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

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

Orrick, Herrington & Sutcliffe LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the Town Supervisor pursuant to the power delegated to him by the authorizing note resolutions to sell and deliver the Bonds.

This Official Statement has been duly executed and delivered by the Town Supervisor of the Town of Poughkeepsie.

TOWN OF POUGHKEEPSIE, DUTCHESS COUNTY, NEW YORK

By: s/s JON J. BAISLEY
Town Supervisor and Chief Fiscal Officer

December , 2021

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General & Major Town Funds

Fiscal Year Ending December 31, 2020

	General Fund <u>Town-Wide</u>	General Fund <u>Part-Town</u>	Highway <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Assets:					
Cash	\$ 3,599,409	\$ 5,506,028	\$ 2,755,253	\$ 1,916,384	\$ 3,770,284
Restricted Cash	672,274				
Receivables	69,168	252,042	6,722	1,198,285	979,158
Prepaid Expenses	172,050	636,358	66,286	43,294	24,475
Due from other Funds	43,219	27,128	522,795	1,913,117	153,483
Due from other Governments	421,396	171,572		807	
State & Federal Aid Receivables					310,670
Total Assets	\$ <u>4,977,516</u>	\$ <u>6,593,128</u>	\$ <u>3,351,056</u>	\$ <u>5,071,887</u>	\$ <u>5,238,070</u>
Liabilities:					
Accounts Payable	\$ 308,361	\$ 158,149	72,066	\$ 69,143	\$ 161,031
Accrued Liabilities	62,686	1,395,132	174,864	14,632	12,850
Due to Other Funds	1,483,530	29,890	723,503		543,591
Due to Other Governments				357,948	
Deferred Revenues	13,115			223,456	216,806
Total Liabilities	\$ <u>1,867,692</u>	\$ <u>1,583,171</u>	\$ <u>970,433</u>	\$ <u>665,179</u>	\$ <u>934,278</u>
Fund Equity:					
Nonspendable	172,050	636,358	66,286	43,294	24,475
Restricted	672,274				
Assigned	377,214	4,373,599	2,314,337	4,363,414	4,279,317
Unassigned	1,888,286				
Total Fund Equity	\$ <u>3,109,824</u>	\$ <u>5,009,957</u>	\$ <u>2,380,623</u>	\$ <u>4,406,708</u>	\$ <u>4,303,792</u>
Total Liabilities and Fund Equity	\$ <u>4,977,516</u>	\$ <u>6,593,128</u>	\$ <u>3,351,056</u>	\$ <u>5,071,887</u>	\$ <u>5,238,070</u>

NOTE: This Schedule NOT audited

Sources: Audited Financial Reports of the Town (2020)

Statement of Revenues, Expenditures and Fund Balances
General Fund - Town-Wide

Fiscal Year Ended December 31

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 3,602,805	\$ 3,504,467	\$ 3,466,318	\$ 3,716,589	\$ 3,607,537
Real Property Tax Items	250,678	228,442	104,539	180,356	221,459
Departmental Income	458,500	465,575	165,001	223,835	327,692
Use of Money and Property	72,102	122,122	352,970	449,491	171,147
Licenses & Permits	35,190	43,323	71,979	60,554	32,461
Fines & Forfeitures	913,925	717,425	920,452	964,442	439,121
Sale of Property & Compensation for Loss	23,919	41,925	72,036	25,537	37,463
Miscellaneous	215,455	115,690	236,165	264,161	71,226
State & Federal Aid	1,009,814	1,082,086	1,073,542	1,039,613	1,349,043
Total Revenues	<u>6,582,388</u>	<u>6,321,055</u>	<u>6,463,002</u>	<u>6,924,578</u>	<u>6,257,149</u>
Expenditures:					
General Government Support	3,615,821	3,688,146	3,037,173	3,341,522	3,302,173
Transportation	369,637	388,403	324,840	314,113	324,792
Economic Assistance	79,162	78,279	78,672	77,000	37,260
Culture and Recreation	769,924	774,796	744,225	745,292	593,735
Home and Community Services	171,525	209,322	142,473	133,224	58,513
Employee Benefits	251,046	332,942	1,366,255	1,277,196	1,198,332
Capital Outlay			5,439	448,929	195,623
Debt Service	552,120	405,972	285,788	279,582	277,872
Total Expenditures	<u>5,809,235</u>	<u>5,877,860</u>	<u>5,984,865</u>	<u>6,616,858</u>	<u>5,988,300</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In		400,000	11,667	220,200	20,000
Operating Transfers Out					
Total Other Financing Sources (Uses)	<u>0</u>	<u>400,000</u>	<u>11,667</u>	<u>220,200</u>	<u>20,000</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	773,153	843,195	489,804	527,920	288,849
Fund Balance Beginning of Year	68,722	841,875	1,685,072	2,174,876	2,702,796
Prior Period Adjustment		2			118,179 ^a
Fund Balances - Beginning, as Restated	<u>68,722</u>	<u>841,877</u>	<u>1,685,072</u>	<u>2,174,876</u>	<u>2,820,975</u>
Fund Balance End of Year	<u>\$ 841,875</u>	<u>\$ 1,685,072</u>	<u>\$ 2,174,876</u>	<u>\$ 2,702,796</u>	<u>\$ 3,109,824</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

Sources: Audited Financial Reports of the Town (2016-2020)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
General Fund - Part-Town

	Fiscal Year Ended December 31				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 13,071,476	\$ 13,284,607	\$ 13,289,233	\$ 14,196,203	\$ 14,550,268
Real Property Tax Items	1,117,965	871,316	888,329	886,852	892,368
Non Property Tax Items	2,501,449	3,098,744	3,215,868	3,677,702	3,873,338
Departmental Income	215,766	177,609	349,697	254,995	211,103
Intergovernmental Charges	65,404	11,568	39,599	65,154	24,620
Use of Money and Property	322,904	290,988	306,683	347,351	373,776
Licenses & Permits	797,740	716,473	777,170	878,454	907,425
Fines and Forfeitures			400		650
Sale of Property & Compensation for Loss	3,920	123,682	162,426	93,940	273,373
Miscellaneous	61,606	165,108	336,100	517,538	370,802
State Aid	382,169	289,422	280,511	15,592	63,287
Total Revenues	<u>18,540,399</u>	<u>19,029,517</u>	<u>19,646,016</u>	<u>20,933,781</u>	<u>21,541,010</u>
Expenditures:					
General Government Support	530,463	498,518	586,096	492,170	401,654
Public Safety	15,086,884	15,488,027	10,510,494	11,158,505	10,675,513
Home and Community Services	602,431	2,650,586	395,719	435,622	537,276
Employee Benefits	1,727,761	1,880,649	7,400,726	7,690,858	7,678,931
Capital Outlay			516,387	282,517	519,463
Debt Service	297,714	229,480			
Total Expenditures	<u>18,245,253</u>	<u>20,747,260</u>	<u>19,409,422</u>	<u>20,059,672</u>	<u>19,812,837</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In	12,258				
Operating Transfers Out					
Total Other Financing Sources (Uses)	<u>12,258</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	307,404	(1,717,743)	236,594	874,109	1,728,173
Fund Balance Beginning of Year	2,995,969	3,557,218	1,930,745	2,005,589	2,879,698
Fund Balance Adjustments	253,845	91,270	(161,750)		402,086^a
Fund Balances - Beginning as Restated	<u>3,249,814</u>	<u>3,648,488</u>	<u>1,768,995</u>	<u>2,005,589</u>	<u>3,281,784</u>
Fund Balance End of Year	<u>\$ 3,557,218</u>	<u>\$ 1,930,745</u>	<u>\$ 2,005,589</u>	<u>\$ 2,879,698</u>	<u>\$ 5,009,957</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

NOTE: This Schedule NOT audited.

Sources: Audited Financial Reports of the Town (2016-2020)

Statement of Revenues, Expenditures and Fund Balances
Highway Fund

	Fiscal Year Ended December 31				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 5,993,441	\$ 6,010,985	\$ 6,086,344	\$ 6,303,971	\$ 6,825,491
Use of Money and Property			2,999	22,497	49,999
Licenses & Permits	2,356	2,878	750	2,810	2,815
Sale of Property & Compensation for Loss	83,451		6,384	60,776	58,755
Miscellaneous	94,548	48,429	46,447	38,342	77,510
State & Federal Aid	121,268	83,279	444,076	716,400	483,762
Total Revenues	<u>6,295,064</u>	<u>6,145,571</u>	<u>6,587,000</u>	<u>7,144,796</u>	<u>7,498,332</u>
Expenditures:					
General Government Support	51,726	51,782	50,748	55,901	59,367
Transportation	4,052,297	4,282,391	3,257,598	3,644,090	1,484,888
Employee Benefits	138,680	149,223	1,021,834	1,077,566	1,060,513
Capital Outlay			388,809	761,976	1,872,227
Debt Service	1,774,868	1,755,141	1,982,974	1,570,332	2,027,470
Total Expenditures	<u>6,017,571</u>	<u>6,238,537</u>	<u>6,701,963</u>	<u>7,109,865</u>	<u>6,504,465</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In				441,263	
Operating Transfers Out					
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>441,263</u>	<u>0</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	277,493	(92,966)	(114,963)	476,194	993,867
Fund Balance Adjustments	(2)				
Fund Balance Beginning of Year	841,000	1,118,491	1,025,525	910,562	1,386,756
Transfers of Fund Balance					
Residual Equity Transfer - Risk Retention					
Fund Balance End of Year	<u>\$ 1,118,491</u>	<u>\$ 1,025,525</u>	<u>\$ 910,562</u>	<u>\$ 1,386,756</u>	<u>\$ 2,380,623</u>

Sources: Audited Financial Reports of the Town (2016-2020)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ended December 31				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 1,442,523	\$ 1,312,988	\$ 1,150,789	\$ 1,195,000	\$ 882,515
Non-Property Tax Items	67,194	67,194	67,194	67,194	67,194
Departmental Income	3,716,433	3,712,418	4,555,992	5,668,000	5,907,684
Use of Money and Property	124,588	112,768	99,783	89,694	82,202
Licenses and Permits	9,425	7,335	7,330	9,890	15,115
Sale of Property and Comp. for Loss	5,762	5,661	14,041	41,913	8,429
Miscellaneous	25,119	23,243	22,317	36,989	59,165
State & Federal Aid					
Total Revenues	<u>5,391,044</u>	<u>5,241,607</u>	<u>5,917,446</u>	<u>7,108,680</u>	<u>7,022,304</u>
Expenditures:					
General Support	68,594	65,782	68,830	73,628	82,957
Home and Community Services	3,699,576	3,707,361	3,061,879	4,122,987	5,368,751
Employee Benefits	141,583	100,002	733,656	749,109	755,198
Capital Outlay			119,661	131,837	138,263
Debt Service	1,487,473	1,015,444	1,177,762	1,167,571	882,503
Total Expenditures	<u>5,397,226</u>	<u>4,888,589</u>	<u>5,161,788</u>	<u>6,245,132</u>	<u>7,227,672</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In		(400,000)	(10,000)		
Operating Transfers Out				(256,680)	(10,000)
Total Other Financing Sources (Uses)	0	(400,000)	(10,000)	(256,680)	(10,000)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	(6,182)	(46,982)	745,658	606,868	(215,368)
Fund Balance Adjustments					
Fund Balance Beginning of Year	<u>3,322,714</u>	<u>3,316,532</u>	<u>3,269,550</u>	<u>4,015,208</u>	<u>4,622,076</u>
Fund Balance End of Year	<u>\$ 3,316,532</u>	<u>\$ 3,269,550</u>	<u>\$ 4,015,208</u>	<u>\$ 4,622,076</u>	<u>\$ 4,406,708</u>

Sources: Audited Financial Reports of the Town (2016-2020)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscal Year Ended December 31				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 2,430,983	\$ 2,421,427	\$ 2,798,802	\$ 2,063,861	\$ 1,283,250
Non-Property Tax Items	1,728	1,728	1,728	1,728	1,728
Departmental Income	2,800,022	2,731,520	3,333,484	3,326,315	3,366,135
Use of Money and Property			122,650	158,148	156,600
Sale of Property & Comp. For Loss	9,877	2,669			1,986
Miscellaneous	151,957	15,363	87,940	65,224	107,622
State Aid					310,671
Total Revenues	<u>5,394,567</u>	<u>5,172,707</u>	<u>6,344,604</u>	<u>5,615,276</u>	<u>5,227,992</u>
Expenditures:					
Governmental Support	79,416	69,211	67,506	76,798	80,780
Home and Community Services	4,663,911	4,321,139	4,402,692	4,364,482	3,693,952
Employee Benefits	205,285	207,488	557,890	556,407	544,104
Capital Outlay					947,645
Debt Service	108,260	59,360	686,001	805,228	752,618
Total Expenditures	<u>5,056,872</u>	<u>4,657,198</u>	<u>5,714,089</u>	<u>5,802,915</u>	<u>6,019,099</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In	1,263,873		4,457,385	4,959,286	104,000
Operating Transfers Out	<u>(1,263,873)</u>		<u>(4,459,052)</u>	<u>(4,840,507)</u>	<u>(10,000)</u>
Total Transfers	0	0	(1,667)	118,779	94,000
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	337,695	515,509	628,848	(68,860)	(697,107)
Fund Balance Beginning of Year	3,212,347	3,550,042	4,065,551	4,694,399	4,625,539
Fund Balance Adjustments					375,360 ^a
Fund Balances - Beginning as Restated	<u>3,212,347</u>	<u>3,550,042</u>	<u>4,065,551</u>	<u>4,694,399</u>	<u>5,000,899</u>
Fund Balance End of Year	<u>\$ 3,550,042</u>	<u>\$ 4,065,551</u>	<u>\$ 4,694,399</u>	<u>\$ 4,625,539</u>	<u>\$ 4,303,792</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

Sources: Audited Financial Reports of the Town (2016-2020)

NOTE: This Schedule NOT audited.

Budget Summaries

Fiscal Year Ending December 31, 2021				
	Appropriations	Less Estimated Revenues	Less Unexpected Balance	Amount To Be Raised By Tax
General Fund - Townwide	\$ 6,595,151	\$ 3,106,695	\$ 0	\$ 3,488,456
General Fund - Town- Outside Village	20,397,400	5,683,400	0	14,714,000
Highway Fund-Townwide	7,466,162	542,000	0	6,924,162
Sewer Fund	5,963,021	4,674,625	0	1,288,396
Water Fund	6,804,188	5,924,000	0	880,188
	<u>\$ 47,225,922</u>	<u>\$ 19,930,720</u>	<u>\$ 0</u>	<u>\$ 27,295,202</u>

Source: Adopted Budget of the Town of Poughkeepsie

Budget Summaries

Fiscal Year Ending December 31, 2020				
	Appropriations	Less Estimated Revenues	Less Unexpected Balance	Amount To Be Raised By Tax
General Fund - Townwide	\$ 6,744,249	\$ 3,136,712	\$ 0	\$ 3,607,537
General Fund - Town- Outside Village	20,822,525	6,272,257	0	14,550,268
Highway Fund-Townwide	7,400,491	575,000	0	6,825,491
Sewer Fund	9,248,832	7,963,832	0	1,285,000
Water Fund	6,198,418	5,315,903	0	882,515
	<u>\$ 50,414,515</u>	<u>\$ 23,263,704</u>	<u>\$ 0</u>	<u>\$ 27,150,811</u>

Source: Adopted Budget of the Town of Poughkeepsie

TOWN OF POUGHKEEPSIE

APPENDIX B

**AUDITED FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

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.

FINANCIAL REPORT
AUDITED
TOWN OF POUGHKEEPSIE, NEW YORK
For the Year Ended December 31, 2020

Audited for:

Town Board
TOWN OF POUGHKEEPSIE, NEW YORK

Audited By:

RBT CPAs, LLP
11 Racquet Road
Newburgh, New York 12550
(845) 567-9000

TOWN OF POUGHKEEPSIE, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Town Board
Town of Poughkeepsie, New York
One Overocker Road
Poughkeepsie, New York 12603

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Poughkeepsie New York (the "Town"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Poughkeepsie, New York as of December 31, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note XVII to the financial statements, the spread of global pandemic, corona virus disease (COVID-19), has created economic uncertainty.

The Town has implemented GASB 84, *Fiduciary Activities* for the year ended December 31, 2020. This implementation required that the Statement of Changes in Fiduciary Net Position be presented along with the Statement of Net Position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, schedules of changes in the Town's total Other Postemployment Benefit liability and related ratios, proportionate share of the net pension liability and related ratios, and employer contributions on pages 3 through 8 and 42 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Town of Poughkeepsie, New York's basic financial statements. The accompanying schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of indebtedness is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 8, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
November 8, 2021

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the Town's financial performance has been prepared to provide an overview of the Town's financial activities for the year ended December 31, 2020. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements.

Requests For Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Charles Emberger, Town Comptroller, at One Overrocker Road, Poughkeepsie, New York, 12603.

2020 Financial Highlights

- The Town's net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was a negative \$35,102,672 at December 31.
- The governmental total net position decreased by \$4,567,820 for the year ended December 31.
- At December 31, the Other Postemployment Benefit Liability was included in total liabilities in the amount of \$98,970,573.
- At December 31, the proportionate shares of the net pension liability for both retirement systems included in total liabilities totaled \$20,794,364.
- As of the close of the year, the Town's governmental funds reported an ending fund balance of \$20,337,268, an increase of \$767,723 in comparison with the prior year.
- At the end of the year, unassigned fund balance for the General Fund-Town Wide was \$1,888,286.

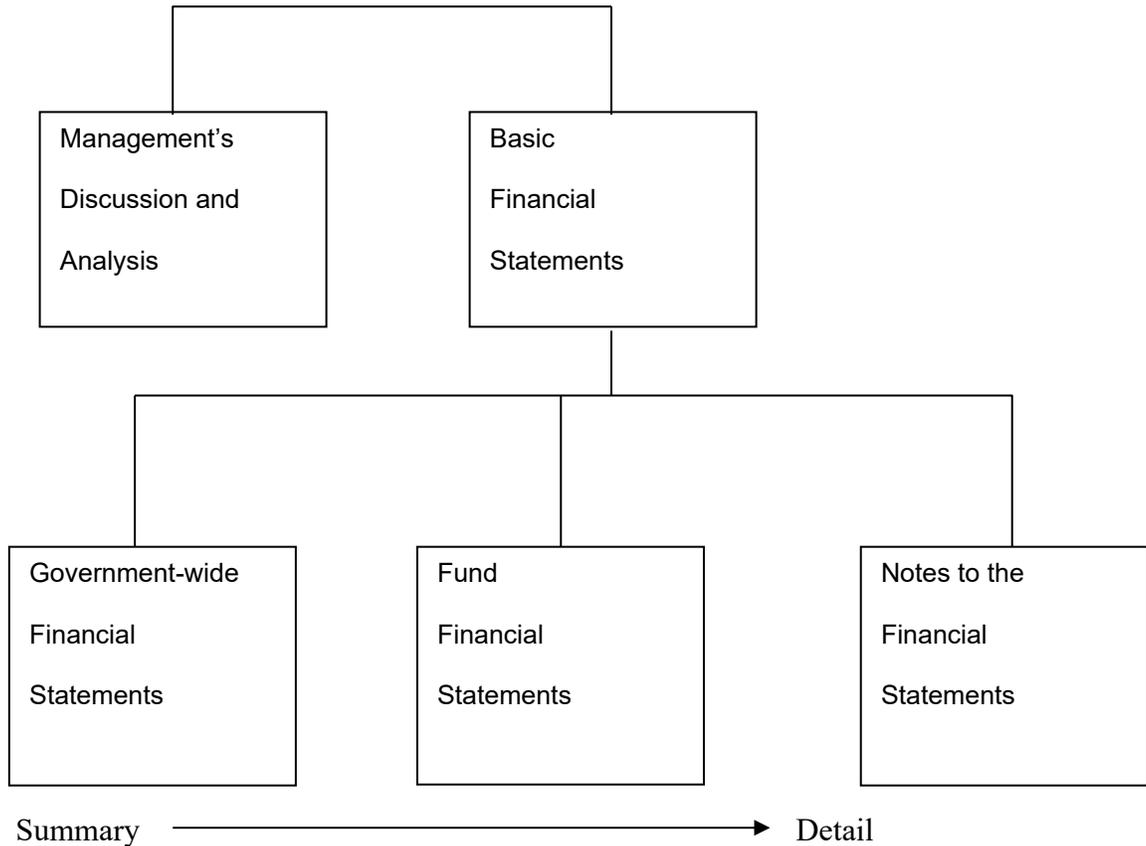
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail following this narrative. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Poughkeepsie, New York.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required Components of the Town's Basic Financial Statements

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, they include: 1) the governmental and fiduciary fund statements and 2) reconciliations to the government-wide financial statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The governmental activities include most of the Town's basic services such as public safety, road maintenance and administration. Property taxes, sales tax, charges for services and state aid finance most of these activities.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as New York State general municipal law and local finance law or the Town's budget regulations. All of the funds of the Town are classified in one of two categories: governmental funds or fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

Fiduciary Funds – The Town acts in an custodial capacity for assets that are ultimately transferred to others, such as unclaimed bail. These funds are excluded from the government-wide financial statements because the Town cannot use these assets to finance operations.

The Town adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates input from the citizens and management of the Town, and the decisions of the Town Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary comparison demonstrates how well the Town complied with the final budget and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the Town Board; 2) the final budget as amended by the Town Board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures. The schedule is presented as required supplementary information.

Notes to the Financial Statements

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

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
NET POSITION**

	2020	2019	\$ Change	% Change
Current and Other Assets	\$ 31,571,368	\$ 29,807,643	\$ 1,763,725	5.92%
Non-Current Assets	87,802,139	87,002,906	799,233	0.92%
Total Assets	119,373,507	116,810,549	2,562,958	2.19%
Deferred Outflows of Resources	15,377,601	28,147,914	(12,770,313)	-45.37%
Other Liabilities	3,358,118	2,179,703	1,178,415	54.06%
Long-Term Liabilities	164,603,485	170,393,365	(5,789,880)	-3.40%
Total Liabilities	167,961,603	172,573,068	(4,611,465)	-2.67%
Deferred Inflows of Resources	1,892,177	2,280,418	(388,241)	-17.02%
Net Position:				
Net Investment in Capital Assets	45,703,608	42,834,765	2,868,843	6.70%
Restricted	806,438	1,223,121	(416,683)	-34.07%
Unrestricted (As Restated)	(81,612,718)	(73,952,909)	(7,659,809)	10.36%
Total Net Position	\$ (35,102,672)	\$ (29,895,023)	\$ (5,207,649)	-17.42%

Management’s Explanation of Changes

Net position shows a \$35.1 million dollar deficit, this is due to GASB 75, wherein municipalities must record an actuarially determined postemployment benefit liability for all employees, active and retired. New York State does not allow funding this liability, as it is an accrual entry to the financials for reporting purposes only. The recording of this liability also caused the decrease in deferred outflows of resources.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION**

	2020	%	2019	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Service	\$ 11,199,102	22.81%	\$ 11,456,748	23.20%	(257,646)	-2.25%
Operating and Capital Grants	1,079,994	2.20%	969,460	1.96%	110,534	11.40%
General Revenues:						
Real Property Taxes	28,130,561	57.31%	28,497,424	57.71%	(366,863)	-1.29%
Real Property Tax Items	1,224,435	2.49%	1,177,649	2.38%	46,786	3.97%
Non Property Taxes	762,708	1.55%	817,799	1.66%	(55,091)	-6.74%
Tax Revenue Sharing	4,459,673	9.09%	3,883,916	7.86%	575,757	14.82%
Use of Money and Property	833,724	1.70%	1,067,181	2.16%	(233,457)	-21.88%
Intergovernmental Charges	376,508	0.77%	436,142	0.88%	(59,634)	-13.67%
Sale of Property and Compensation for Loss	353,261	0.72%	222,166	0.45%	131,095	59.01%
Miscellaneous	667,481	1.36%	855,943	1.73%	(188,462)	-22.02%
Total Revenues	<u>49,087,447</u>	<u>100.00%</u>	<u>49,384,428</u>	<u>100.00%</u>	<u>(296,981)</u>	<u>-0.60%</u>
Expenses:						
General Government Support	6,021,360	11.22%	5,623,894	11.68%	397,466	7.07%
Public Safety	23,681,794	44.14%	20,739,354	43.05%	2,942,440	14.19%
Transportation	8,541,999	15.92%	8,222,130	17.07%	319,869	3.89%
Economic Assistance	94,760	0.18%	134,500	0.28%	(39,740)	-29.55%
Culture and Recreation	909,708	1.70%	1,028,866	2.14%	(119,158)	-11.58%
Home & Community Service	13,037,103	24.30%	10,956,308	22.75%	2,080,795	18.99%
Interest Expense	1,368,543	2.54%	1,464,486	3.04%	(95,943)	-6.55%
Total Expenses	<u>53,655,267</u>	<u>100.00%</u>	<u>48,169,538</u>	<u>100.00%</u>	<u>\$ 5,485,729</u>	<u>11.39%</u>
Increase/(Decrease) in Net Position	<u>\$ (4,567,820)</u>		<u>\$ 1,214,890</u>			

Management's Explanation of Changes

Expenses increased due to an increase in benefit costs, which was due to pension and OPEB actuarial calculations. Home and Community expenses also increased due to an increase in the Town water fund's share of expenses to Joint Water.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Funds Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the year.

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the General Fund was \$1,888,286. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32 percent of total General Fund expenditures.

At December 31, 2020, the governmental funds of the Town reported a combined fund balance of \$20,337,268, a 4 percent increase over the prior year end. Included in this change in fund balance are decreases in the Water, Sewer, Capital and Non-Major Funds and increases in the General A, General B and Highway Funds.

General Fund Budgetary Highlights: During the year, the Town revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental activities as of December 31, 2020, totaled \$59,168,983 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, roads and infrastructure and vehicles.

Debt: As of December 31, 2020, the Town had total debt outstanding for its governmental activities of \$39,803,000. The debt is backed by the full faith and credit of the Town. The Town's debt decreased overall by \$3,304,000 during the 2020 year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 18,614,806
Restricted Cash	806,438
Accounts Receivable (Note I H)	2,508,652
Due from Other Governments	8,388,339
State and Federal Aid Receivable	310,670
Prepaid Expense	942,463
	<u>31,571,368</u>
NON-CURRENT ASSETS	
Capital Assets:	
Capital Assets, Not Being Depreciated	11,220,782
Capital Assets, Being Depreciated	47,948,201
Total Capital Assets, Net (Note V)	<u>59,168,983</u>
Investment in Joint Water Project (Note XII)	28,633,156
Total Assets	<u>119,373,507</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note VI)	15,377,601
Total Deferred Outflows of Resources	<u>15,377,601</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>134,751,108</u>
LIABILITIES	
Accounts Payable	889,328
Accrued Expenditures	2,058,733
Due To Other Governments	410,057
Noncurrent Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note IX)	3,394,000
Installment Purchase Obligations (Note IX)	268,882
Landfill Closure and Post Closure (Note IX)	23,300
Due and Payable More Than One Year:	
Bonds Payable (Note IX)	37,336,940
Installment Purchase Obligations (Note IX)	1,098,709
Landfill Closure and Post Closure (Note IX)	240,425
Compensated Absences (Note IX)	2,476,292
ERS Net Pension Liability-Proportionate Share (Note VI)	6,310,063
PFRS Net Pension Liability-Proportionate Share (Note VI)	14,484,301
Other Postemployment Benefits (Note VII)	98,970,573
Total Liabilities	<u>167,961,603</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Other	13,115
Other Postemployment Benefits (Note VII)	1,172,563
Pension (Note VI)	706,499
Total Deferred Inflows of Resources	<u>1,892,177</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>169,853,780</u>
NET POSITION	
Net Investment in Capital Assets	22,415,452
Net Investment in Joint Water Project	23,288,156
Restricted	806,438
Unrestricted	(81,612,718)
Total Net Position	<u>\$ (35,102,672)</u>

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF ACTIVITIES
DECEMBER 31, 2020

	Program Revenues				Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Government	\$ (6,021,360)	\$ 284,531	\$ -	\$ -	\$ (5,736,829)
Public Safety	(23,681,794)	513,098	258,202	-	(22,910,494)
Transportation	(8,541,999)	-	-	483,762	(8,058,237)
Economic Assistance and Opportunity	(94,760)	-	-	-	(94,760)
Culture and Recreation	(909,708)	275,090	-	-	(634,618)
Home and Community Services	(13,037,103)	10,126,383	-	338,030	(2,572,690)
Interest Expense	(1,368,543)	-	-	-	(1,368,543)
Total Primary Government	<u>\$ (53,655,267)</u>	<u>\$ 11,199,102</u>	<u>\$ 258,202</u>	<u>\$ 821,792</u>	<u>(41,376,171)</u>
General Revenues:					
Real Property Taxes					28,130,561
Real Property Tax Items					1,224,435
Non Property Taxes					762,708
Tax Revenue Sharing					4,459,673
Use of Money and Property					833,724
Intergovernmental Charges					376,508
Sale of Property and Compensation for Loss					353,261
Miscellaneous					667,481
Total General Revenues					<u>36,808,351</u>
Change in Net Position					<u>(4,567,820)</u>
Net Position - Beginning					(29,895,023)
Cumulative Effect and Prior Period Adjustments (Note XVI)					(639,829)
Net Position - Beginning, as Restated					(30,534,852)
Net Position - Ending					<u>\$ (35,102,672)</u>

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund A	General Fund B	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Funds	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$3,599,409	\$5,506,028	\$2,755,253	\$1,916,384	\$3,770,284	\$ 349,438	\$ 624,007	\$ 94,003	\$18,614,806
Restricted Cash	672,274	-	-	-	-	134,164	-	-	806,438
Receivables	69,168	252,042	6,722	1,198,285	979,158	-	-	3,277	2,508,652
Prepaid Expense	172,050	636,358	66,286	43,294	24,475	-	-	-	942,463
Due from Other Funds (Note IV)	43,219	27,128	522,795	1,913,117	153,483	679,030	100	79,586	3,418,458
Due from Other Governments	421,396	171,572	-	807	-	-	7,490,000	-	8,083,775
State and Federal Aid Receivable	-	-	-	-	310,670	-	-	-	310,670
Total Assets	\$4,977,516	\$6,593,128	\$3,351,056	\$5,071,887	\$5,238,070	\$1,162,632	\$8,114,107	\$ 176,866	\$34,685,262
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ 308,361	\$ 158,149	\$ 72,066	\$ 69,143	\$ 161,031	\$ 36,761	\$ -	\$ 83,817	\$ 889,328
Accrued Expenditures	62,686	1,395,132	174,864	14,632	12,850	26,610	-	-	1,686,774
Due to Other Funds (Note IV)	1,483,530	29,890	723,503	-	543,591	513,663	-	124,281	3,418,458
Due to Other Governments	-	-	-	357,948	-	46,480	5,629	-	410,057
Deferred Revenues	13,115	-	-	223,456	216,806	-	7,490,000	-	7,943,377
Total Liabilities	1,867,692	1,583,171	970,433	665,179	934,278	623,514	7,495,629	208,098	14,347,994
Fund Balances:									
Nonspendable	172,050	636,358	66,286	43,294	24,475	-	-	-	942,463
Fund Balance - Restricted									
Reserves	212,500	-	-	-	-	134,164	-	-	346,664
Recreation	383,975	-	-	-	-	-	-	-	383,975
Drainage	75,799	-	-	-	-	-	-	-	75,799
Fund Balance - Assigned									
Assigned for Subsequent Year's Budget	150,000	150,000	75,000	100,000	400,000	-	-	-	875,000
Assigned for Fund Purposes	-	3,884,161	1,702,590	4,203,078	3,780,067	404,954	618,478	273,797	14,867,125
Assigned for Purchase Commitments	227,214	339,438	536,747	60,336	99,250	-	-	-	1,262,985
Fund Balance - Unassigned	1,888,286	-	-	-	-	-	-	(305,029)	1,583,257
Total Fund Balances	3,109,824	5,009,957	2,380,623	4,406,708	4,303,792	539,118	618,478	(31,232)	20,337,268
Total Liabilities and Fund Balances	\$4,977,516	\$6,593,128	\$3,351,056	\$5,071,887	\$5,238,070	\$1,162,632	\$8,114,107	\$ 176,866	\$34,685,262

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 18,614,806	\$ -	\$ -	\$ 18,614,806
Restricted Cash	806,438	-	-	806,438
Receivables	2,508,652	-	-	2,508,652
Inventory	-	-	-	-
Prepaid Expense	942,463	-	-	942,463
Due from Other Funds	3,418,458	-	(3,418,458)	-
Due from Other Governments	8,083,775	304,564	-	8,388,339
State and Federal Aid Receivable	310,670	-	-	310,670
Investment in Joint Water Project	-	28,633,156	-	28,633,156
Capital Assets, Net	-	59,168,983	-	59,168,983
Deferred Outflows of Resources - Pension	-	15,377,601	-	15,377,601
Total Assets and Deferred Outflows	<u>\$ 34,685,262</u>	<u>\$ 103,484,304</u>	<u>\$ (3,418,458)</u>	<u>\$ 134,751,108</u>
LIABILITIES				
Accounts Payable	\$ 889,328	\$ -	\$ -	\$ 889,328
Accrued Expenditures	1,686,774	371,959	-	2,058,733
Bonds Premium Liability	-	927,940	-	927,940
Bonds Payable	-	39,803,000	-	39,803,000
Installment Obligations Payable	-	1,367,591	-	1,367,591
Due to Other Funds	3,418,458	-	(3,418,458)	-
Due to Other Governments	410,057	-	-	410,057
Deferred Revenues	7,943,377	(7,930,262)	-	13,115
Landfill Closure and Post Closure	-	263,725	-	263,725
Compensated Absences	-	2,476,292	-	2,476,292
ERS Net Pension Liability-Proportionate Share	-	6,310,063	-	6,310,063
PFRS Net Pension Liability-Proportionate Share	-	14,484,301	-	14,484,301
Other Postemployment Benefits	-	98,970,573	-	98,970,573
Deferred Inflows of Resources - OPEB	-	1,172,563	-	1,172,563
Deferred Inflows of Resources - Pension	-	706,499	-	706,499
Total Liabilities and Deferred Inflows	<u>14,347,994</u>	<u>158,924,244</u>	<u>(3,418,458)</u>	<u>169,853,780</u>
Total Fund Balances	<u>20,337,268</u>	<u>(55,439,940)</u>	<u>-</u>	<u>(35,102,672)</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 34,685,262</u>	<u>\$ 103,484,304</u>	<u>\$ (3,418,458)</u>	<u>\$ 134,751,108</u>

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund					Capital		Non-Major	Total
	A	General Fund B	Highway	Water	Sewer	Projects	Debt Service	Funds	Governmental
									Funds
Revenues:									
Real Property Taxes	\$3,607,537	\$ 14,550,268	\$6,825,491	\$ 882,515	\$ 1,283,250	\$ -	\$ -	\$ 981,500	\$28,130,561
Real Property Tax Items	221,459	892,368	-	67,194	1,728	-	-	41,686	1,224,435
Non Property Tax Items	-	3,873,338	-	-	-	-	-	-	3,873,338
Departmental Income	327,692	211,103	-	5,907,684	3,366,135	-	-	-	9,812,614
Intergovernmental Income	-	24,620	-	-	-	-	781,888	-	806,508
Use of Money and Property	171,147	373,776	49,999	82,202	156,600	-	-	-	833,724
Licenses and Permits	32,461	907,425	2,815	15,115	-	-	-	-	957,816
Fines and Forfeitures	439,121	650	-	-	-	-	-	-	439,771
Sale of Property and Compensation for Loss	37,463	273,373	58,755	8,429	1,986	-	-	-	380,006
Miscellaneous	71,226	370,802	77,510	59,165	107,622	-	-	-	686,325
State and Federal Aid	1,349,043	63,287	483,762	-	310,671	203,430	-	-	2,410,193
Total Revenues	6,257,149	21,541,010	7,498,332	7,022,304	5,227,992	203,430	781,888	1,023,186	49,555,291
Expenditures:									
General Government	3,302,173	401,654	59,367	82,957	80,780	-	-	33,770	3,960,701
Public Safety	-	10,675,513	-	-	-	210,768	-	-	10,886,281
Transportation	324,792	-	1,484,888	-	-	1,119,230	-	902,569	3,831,479
Economic Assistance and Opportunity	37,260	-	-	-	-	-	-	57,500	94,760
Culture and Recreation	593,735	-	-	-	-	-	-	-	593,735
Home and Community Services	58,513	537,276	-	5,368,751	3,693,952	1,033,585	-	-	10,692,077
Employee Benefits	1,198,332	7,678,931	1,060,513	755,198	544,104	-	-	-	11,237,078
Capital Outlay	195,623	519,463	1,872,227	138,263	947,645	388,188	-	-	4,061,409
Debt Service	277,872	-	2,027,470	882,503	752,618	-	781,888	37,697	4,760,048
Total Expenditures	5,988,300	19,812,837	6,504,465	7,227,672	6,019,099	2,751,771	781,888	1,031,536	50,117,568
Excess/(Deficiency) of Revenues									
Over Expenditures	268,849	1,728,173	993,867	(205,368)	(791,107)	(2,548,341)	-	(8,350)	(562,277)
Other Financing Sources/(Uses):									
Proceeds from Obligations	-	-	-	-	-	1,330,000	-	-	1,330,000
Operating Transfers In	20,000	-	-	-	104,000	-	-	-	124,000
Operating Transfers Out	-	-	-	(10,000)	(10,000)	(104,000)	-	-	(124,000)
Total Other Financing Sources/(Uses)	20,000	-	-	(10,000)	94,000	1,226,000	-	-	1,330,000
Change in Fund Balances	288,849	1,728,173	993,867	(215,368)	(697,107)	(1,322,341)	-	(8,350)	767,723
Fund Balances - Beginning	2,702,796	2,879,698	1,386,756	4,622,076	4,625,539	1,925,659	618,478	(22,882)	18,738,120
Prior Period Adjustment (Note XVI)	118,179	402,086	-	-	375,360	(64,200)	-	-	831,425
Fund Balances - Beginning, as Restated	2,820,975	3,281,784	1,386,756	4,622,076	5,000,899	1,861,459	618,478	(22,882)	19,569,545
Fund Balances - Ending	\$3,109,824	\$ 5,009,957	\$2,380,623	\$ 4,406,708	\$ 4,303,792	\$ 539,118	\$ 618,478	\$ (31,232)	\$20,337,268

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 28,130,561	\$ -	\$ -	\$ -	\$ -	\$ 28,130,561
Real Property Tax Items	1,224,435	-	-	-	-	1,224,435
Non Property Tax Items	3,873,338	-	-	-	-	3,873,338
Departmental Income	9,812,614	(11,099)	-	-	-	9,801,515
Intergovernmental Income	806,508	(430,000)	-	-	-	376,508
Use of Money and Property	833,724	-	-	-	-	833,724
Licenses and Permits	957,816	-	-	-	-	957,816
Fines and Forfeitures	439,771	-	-	-	-	439,771
Sale of Property and Compensation for Loss	380,006	-	(26,745)	-	-	353,261
Miscellaneous	686,325	-	-	-	-	686,325
State and Federal Aid	2,410,193	-	-	-	-	2,410,193
Total Revenues	49,555,291	(441,099)	(26,745)	-	-	49,087,447
Expenditures:						
General Government	3,960,701	-	141,801	(33,720)	1,952,578	6,021,360
Public Safety	10,886,281	-	476,046	-	12,319,467	23,681,794
Transportation	3,831,479	196,268	2,552,015	-	1,962,237	8,541,999
Economic Assistance and Opportunity	94,760	-	-	-	-	94,760
Culture and Recreation	593,735	-	30,386	-	285,587	909,708
Home and Community Services	10,692,077	(117,638)	162,058	-	2,300,606	13,037,103
Employee Benefits	11,237,078	7,583,397	-	-	(18,820,475)	-
Capital Outlay	4,061,409	-	(4,061,409)	-	-	-
Debt Service	4,760,048	(87,505)	-	(3,304,000)	-	1,368,543
Total Expenditures	50,117,568	7,574,522	(699,103)	(3,337,720)	-	53,655,267
Excess/(Deficiency) of Revenues Over Expenditures	(562,277)	(8,015,621)	672,358	3,337,720	-	(4,567,820)
Other Financing Sources/(Uses):						
Proceeds from Obligations	1,330,000	-	-	(1,330,000)	-	-
Operating Transfers In	124,000	-	-	-	(124,000)	-
Operating Transfers Out	(124,000)	-	-	-	124,000	-
Total Other Financing Sources/(Uses)	1,330,000	-	-	(1,330,000)	-	-
Change in Fund Balances	\$ 767,723	\$ (8,015,621)	\$ 672,358	\$ 2,007,720	\$ -	\$ (4,567,820)

See accompanying notes to the financial statements.

**TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 243,849
Total Assets	<u>\$ 243,849</u>
NET POSITION	
Held in Trust	<u>\$ 243,849</u>

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020

	Custodial Fund
REVENUES/EXPENSES:	
Revenue	\$ 52,061
Expenses	<u>37,415</u>
Change in Net Position	14,646
Net Assets Held in Trust - Beginning	<u>229,203</u>
Net Assets Held in Trust - Ending	<u><u>\$ 243,849</u></u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Poughkeepsie, New York (the "Town"), established in 1854, is governed by the laws of the State of New York (the "State") and various local laws. The Town Board is the legislative body responsible for overall operations. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer.

The Town, for financial purposes, includes all of the funds relevant to the operations of the Town of Poughkeepsie, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Under these criteria, no other entities are included in the Town's financial statements.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America for governmental units as established by the Governmental Accounting Standards Board ("GASB"). The notes to the financial statements are an integral part of the statements and are intended to be read with them.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund – Town Wide (A)* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *General Fund – Part-Town (B)* is used to record revenues and expenditures related to services provided to residents living outside the Village of Wappingers Falls, such as police protection, planning and zoning services. The General Fund – Part-Town is considered a major fund and is presented separately.

The *Highway Fund* is used to account for financial resources necessary to repair and maintain the roads within the Town.

The *Water Fund* is used to account for financial resources to be used for the operations and maintenance of the water districts within the Town.

The *Sewer Fund* is used to account for financial resources to be used for the operations and maintenance of the sewer districts within the Town.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The principal source of financing is from the sale of bonds or bond anticipation notes.

The *Debt Service Fund* is used to account for accumulation of financial resources for, and the payment of, general long-term debt principal and interest.

Additionally, the Town reports the following non-major governmental funds:

The *Drainage Fund* is used to account for operation and maintenance transactions related to the Town’s drainage district. Revenues are derived from special district assessments.

The *Lighting Fund* is used to account for operation and maintenance transactions related to the Town’s lighting district. Revenues are derived from special district assessments.

The *Miscellaneous Fund* is used to account for financial resources necessary to support the business improvement district and ambulance fund within the Town.

Fiduciary Funds are used to report assets which are held in a trustee or custodial capacity and are, therefore, not available to support Town programs.

D. Pervasiveness of Estimates

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

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Budgetary Data

The Town's budget policies are as follows:

1. No later than October 5th, the budget officer submits a tentative budget to the Town Board for the year commencing the following January 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds.

a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than November 20.

b. All modifications of the budget must be approved by the Town Board; however, the Town Supervisor is authorized to transfer certain budgeted amounts within the departments.

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

F. Property Taxes

Town real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1 to January 31 at face value and from February 1 to May 31 with interest added. The Town's Receiver of Taxes collects all real estate taxes for Town and County purposes. The Town's Receiver distributes the collected tax money to the Town prior to distributing the remaining balance collected to the County on June 1. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

G. Cash and Investments

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

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

H. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

I. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the interfund balances.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Inventories and Prepaid Items

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

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

K. Capital Assets

Capital assets are reported at historical cost. The Town depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 10,000	20 - 40 years
Improvements Other than Buildings	10,000	20 years
Machinery and Equipment	5,000 - 10,000	3 - 7 years

L. Infrastructure

The Town includes long-lived improvements to roads, property, and water systems as capital assets in the Government-wide statements. Infrastructure is reported at historical cost and is depreciated using the straight-line method over the estimated useful lives.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	<u>Threshold</u>	<u>Useful Life</u>
Town Roads and Other Infrastructure	\$ 10,000	15 - 100 years

M. Vested Employee Benefits

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee may be entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading "Compensated Absences." See Note IX.

The Town's employees participate in the New York State Employees' Retirement System and New York State Police and Fire Retirement System. See Note VI.

In addition to providing pension benefits, the Town provides health insurance coverage for retired employees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Town. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age and at least 20 years of service while working for the Town. See Note VII.

N. Unemployment Insurance

Town employees are covered by unemployment insurance. The Town has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Town's account. The Town is exempt from federal unemployment insurance tax.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Deferred Compensation

The Town, through the New York State Deferred Compensation Board, offers its employees a Deferred Compensation Plan (“the Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The Town does not contribute to this plan.

P. Risk Retention

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

Q. Equity Classification

1. Government-wide Statements

Equity is defined as net position and displayed in three components:

- Net Investment in Capital Assets

Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted Net Position

Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position

The remaining portion of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

2. Fund Financial Statements

Equity is defined as fund balance and displayed in five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

Non-spendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are non-spendable assets because, by definition, the money has already been spent.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Various New York State statutes allow local governments to establish reserve funds for various purposes.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Q. Equity Classification – continued

2. Fund Financial Statements - Continued

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority (the Town Board) before the end of the year. The same level of formal action is required to remove the constraint.

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority or by its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this classification should only be used to report a deficit balance.

3. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Similarly, when an expenditure is incurred for which multiple classifications of fund balance are available, the Town's policy is to apply fund balance in the following order: restricted, committed, assigned, unassigned.

R. Interfund Transfers

The operations of the Town give rise to certain transactions between funds, including transfers to provide services and construct assets. Interfund transfers within fund categories are eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided in Note IV.

S. Subsequent Events

Management has evaluated subsequent events from December 31, 2020, through November 8, 2021, the date on which the financial statements were available to be issued.

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

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

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

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Funds Balance Sheet and Net Position reported on the Statement of Net Position.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

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

Original Cost of Capital Assets	\$ 165,064,550
Accumulated Depreciation	(105,895,567)
Capital Assets, Net	<u>\$ 59,168,983</u>

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

Investment in the Joint Water Project	<u>\$ 28,633,156</u>
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- (3) Interest payable is recognized in the government-wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2020	<u>\$ (371,959)</u>
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- (4) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, these liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds and Installment Obligations Payable	\$ (41,170,591)
Bond Premium Liability	(927,940)
Compensated Absences Payable	(2,476,292)
ERS & PFRS Pension Liability-Proportionate Share	(20,794,364)
Other Postemployment Benefits	(98,970,573)
Landfill Closure and Post Closure Liability	(263,725)
	<u>\$ (164,603,485)</u>

- (5) The governmental funds do not include long-term assets because they are not receivable in the current period. However, these are reported in the Statement of Net Position because they represent economic assets. Additions to balances at year end were:

Due from Other Governments	<u>\$ 304,564</u>
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- (6) Certain revenues are deferred in the governmental funds because they are not expected to be received within 60 days of year end. However, they are recognized as revenues in the Statement of Activities when they are earned.

Deferred Revenues	<u>\$ 7,930,262</u>
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**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

(7) Deferred outflows and inflows are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows - Pensions	\$	15,377,601
Deferred Inflows - Other Postemployment benefits	\$	(1,172,563)
Deferred Inflows - Pensions		(706,499)
		\$ (1,879,062)

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities
Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the statement of activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 49,555,291
Water and Sewer billings are recognized in the entity-wide statements under full accrual accounting, whereas they are recognized when measurable and available in the governmental fund statements. This is the amount by which deferred water and sewer billings for the current year were more than the deferred water and sewer billings for the prior year.	141,183
Joint Water negotiated revenue settlement receipt	(152,282)
The loss on disposal of a fixed asset reduced the sale of property revenue amount.	(26,745)
Debt Service Payments from the Library are recognized in the entity-wide statements under full accrual accounting, whereas they are recognized when measurable and available in the governmental fund statements. This is the amount by which the December 31, 2020 receivable amount decreased over the prior year.	(430,000)
Total expenses reported in the Statement of Activities	\$ 49,087,447

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities -
Continued**

Total Expenditures/Expenses

Total expenditures reported in governmental funds \$ 50,117,568

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which the liability for compensated absences increased during the year. During 2020, a prior period adjustment was posted for \$402,085 to reduce the liability at the fund level. See Note IX. 793,665

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the actuarially determined present value of projected benefit payments to be provided to current and retired employees. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the change in the present value exceeded the amount of financial resources used during the year. 2,884,925

In the Statement of Activities, pension expense related to ERS and PFRS defined benefit plans is measured as the change in the Town's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds, however, these expenditures are recognized as the sum of (1) amounts paid by the employer to the pension plan, and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was greater than the amount of financial resources expended during the year. 3,904,807

Interest payable is recognized in the government-wide statements under full accrual accounting, whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the prior year exceeds the interest payable for the current year. (25,615)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$4,061,409 exceeded depreciation expense of \$3,362,306 in the current year. (699,103)

Repayment of bond and BAN principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. (3,304,000)

Other expenses are recognized in the government-wide statements under full accrual accounting, whereas they are recognized when paid in the governmental fund statements. (16,980)

Total expenses reported in the Statement of Activities \$ 53,655,267

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

III. CASH

At December 31, 2020, the carrying amount of the Town’s deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$19,663,018 and the bank balance was \$20,091,859, which excludes petty cash. The Town’s deposits at December 31, 2020, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Town’s agent bank in the Town’s name. Petty cash is included in Cash and Cash Equivalents and totaled \$2,075 at year end.

IV. INTERFUND ACTIVITY

Interfund receivables and payables at December 31, 2020 were as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General A	\$ 43,219	\$ 1,483,530
General B	27,128	29,890
Highway	522,795	723,503
Water	1,913,117	-
Sewer	153,483	543,591
Debt Service	100	-
Capital Projects	679,030	513,663
Non-Major	79,586	124,281
Total	<u>\$ 3,418,458</u>	<u>\$ 3,418,458</u>

Interfund transfers were as follows for the year ended December 31, 2020:

<u>FUND</u>	<u>INTERFUND TRANSFERS IN</u>	<u>INTERFUND TRANSFERS OUT</u>
General A	\$ 20,000	\$ -
Water	-	(10,000)
Sewer	104,000	(10,000)
Capital Projects	-	(104,000)
Total	<u>\$ 124,000</u>	<u>\$ (124,000)</u>

Interfund transfers were made for the following purposes:

- Water and Sewer transfers to General were for auto center repairs and maintenance on their vehicles.
- Capital Projects transfers to Sewer were for EFC restricted cash.

TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

V. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Governmental activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 10,702,283	\$ -	\$ -	\$ -	\$ 10,702,283
Construction in Progress	391,677	609,311	-	(482,489)	518,499
Total Capital Assets, Not Being Depreciated:	<u>11,093,960</u>	<u>609,311</u>	<u>-</u>	<u>(482,489)</u>	<u>11,220,782</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	15,319,063	-	-	-	15,319,063
Town Roads and Other Infrastructure	116,016,300	764,099	-	-	116,780,399
Improvements Other than Buildings	2,233,836	176,000	-	482,489	2,892,325
Machinery and Equipment	16,691,999	2,511,999	(352,017)	-	18,851,981
Total Capital Assets, Being Depreciated:	<u>150,261,198</u>	<u>3,452,098</u>	<u>(352,017)</u>	<u>482,489</u>	<u>153,843,768</u>
Accumulated Depreciation for:					
Buildings and Improvements	(10,749,399)	(302,110)	-	-	(11,051,509)
Town Roads and Other Infrastructure	(76,765,391)	(2,349,442)	-	-	(79,114,833)
Improvements Other than Buildings	(1,980,427)	(19,787)	-	-	(2,000,214)
Machinery and Equipment	(13,363,316)	(690,967)	325,272	-	(13,729,011)
Total Accumulated Depreciation	<u>(102,858,533)</u>	<u>(3,362,306)</u>	<u>325,272</u>	<u>-</u>	<u>(105,895,567)</u>
Total Capital Assets, Being Depreciated, Net	<u>47,402,665</u>	<u>89,792</u>	<u>(26,745)</u>	<u>482,489</u>	<u>47,948,201</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,496,625</u>	<u>\$ 699,103</u>	<u>\$ (26,745)</u>	<u>\$ -</u>	<u>\$ 59,168,983</u>

Depreciation was charged to governmental activities as follows:

General Government Support	\$ 141,801
Public Safety	476,046
Transportation	2,552,015
Home and Community	162,058
Culture and Recreation	30,386
Total Depreciation Expense	<u>\$ 3,362,306</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. PENSION PLANS

Plan Description

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). These are cost-sharing multiple-employer retirement systems (the "Systems"). The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for Tier 3, 4, 5 and 6 employees who joined ERS after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier 3 or 4 member with ten or more years of membership, or ten years credited service, will not be required to contribute to ERS. Tier 5 and 6 members must continue to contribute throughout their employment.

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Plan Year Ended March 31</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 1,031,727	\$ 2,224,198
2019	\$ 969,599	\$ 2,122,496
2018	\$ 1,001,455	\$ 2,264,251

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

At December 31, 2020, the Town reported liabilities of \$6,310,063 and \$14,484,301 for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2020 for ERS and PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, as actuarially determined. This information was provided to the Town by the ERS and PFRS Systems.

At March 31, 2020, the Town's proportion of the ERS net pension liability was .0238290 %. At March 31, 2019, the Town's proportion of the ERS net pension liability was .02313080%.

At March 31, 2020, the Town's proportion of the PFRS net pension liability was .2709910%. At March 31, 2019, the Town's proportion of the PFRS net pension liability was .26184930%.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. PENSION PLANS – CONTINUED

For the year ended December 31, 2020 the Town recognized pension expense of \$2,225,213 for ERS and \$5,058,389 for PFRS. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows or Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 371,373	\$ 964,502	\$ 1,335,875
Changes of assumptions	127,055	1,238,057	1,365,112
Net difference between projected and actual earnings on pension plan investments	3,234,845	6,522,736	9,757,581
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	224,597	129,759	354,356
Town's contributions subsequent to the measurement date	782,462	1,782,215	2,564,677
Total	\$ 4,740,332	\$ 10,637,269	\$ 15,377,601

	Deferred Inflows or Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 242,610	\$ 242,610
Changes of assumptions	109,710	-	109,710
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	21,215	332,964	354,179
Total	\$ 130,925	\$ 575,574	\$ 706,499

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2021	\$ 679,511	\$ 1,754,446
2022	973,550	1,927,755
2023	1,204,911	2,448,137
2024	968,973	2,049,854
2025	-	99,288
	\$ 3,826,945	\$ 8,279,480

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. PENSION PLANS – CONTINUED

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
	6.8%	6.8%
	compounded annually net of investment expense	compounded annually net of investment expense
Investment Rate of Return	4.2%	5.0%
Projected Salary Increases	April 1, 2010 - March 31, 2015	April 1, 2010 - March 31, 2015
Decrement Tables	System's Experience	System's Experience
Inflation Rate	2.50%	2.50%
Mortality Improvement	Society of Actuaries Scale MP - 2018	Society of Actuaries Scale MP - 2018

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for both retirement systems are summarized below:

Measurement Date	<u>ERS and PFRS</u>	
	March 31, 2020	
	Target	Long-Term
Asset Class:	Allocation	Expected Real
	Rate of Return	
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds and Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-indexed Bonds	4%	0.50%
	<u>100%</u>	

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 6.8% for PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the ERS and PFRS net pension liabilities calculated using the discount rates referred to above, as well as what the Town's proportionate share of each net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate referred to above:

	1% Decrease	Current Assumption	1% Increase
<u>ERS</u>	5.80%	6.80%	7.80%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$(11,580,748)	\$ (6,310,063)	\$ (1,455,741)
	1% Decrease	Current Assumption	1% Increase
<u>PFRS</u>	5.80%	6.80%	7.80%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$(25,898,226)	\$(14,484,301)	\$ (4,262,874)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	(Dollars in Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
Employers' total pension liability	\$ (194,596,261)	\$ (35,309,017)
Plan net position	168,115,682	29,964,080
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ (5,344,937)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	84.86%

Payables to the Pension Plan

For ERS, employer contributions for the plan year ended March 31, 2021 were paid to the System in December 2020. Prepaid retirement contributions as of December 31, 2020, amounted to \$260,822.

For PFRS, employer contributions for the plan year ended March 31, 2021 were paid to the System in December 2020. Prepaid retirement contributions as of December 31, 2020 amounted to \$594,071.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts and human resource policies. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements. A trust that meets the criteria in paragraph 4 of GASB Statement 75 has not been established.

Benefits Provided

The Town's OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses and dependent children. Eligibility is based on the respective rules of ERS as well as the provisions of the Town's agreements with its employees. The following eligibility rules current apply to the Town's employees:

- CSEA: eligibility for retirement under ERS; 10 years of Town service
- Staff: eligibility for retirement under ERS; 10 years of Town service
- Police: eligibility for retirement under ERS; upon hiring by the Town

Medical and prescription drug benefits are offered to retirees on a Town-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Town's plan providing an additional layer of coverage. The Town reimburses Medicare Part B premiums for retirees and their spouses, and those of surviving spouses.

The benefit terms are dependent on which contract covers each employee. Contribution rates for new retirees are as follows:

Group	Provider Options	Years of Service		Town Contributions (Fixed)				Reimburse Part B Premium		
				Individual and Family				Surviving Spouse		
				Individual	Spouse	Children	Family	Individual	Spouse	Spouse
Non-Union & CSEA	Empire (NYSHIP)	0 - 10	under 65	\$ -	N/A	N/A	\$ -	Y	Y	Y
		0 - 10	over 65	-	N/A	N/A	-			
		10 - 19	under 65	362	N/A	N/A	837			
		10 - 19	over 65	137	N/A	N/A	611			
		20 - 29	under 65	517	N/A	N/A	1,195			
		20 - 29	over 65	196	N/A	N/A	874			
		30 +	under 65	828	N/A	N/A	1,912			
Police	Empire (NYSHIP)	0 - 30+	under 65	1,034	N/A	N/A	2,388	Y	Y	Y
			over 65	391	N/A	N/A	1,747			
Non-Union & CSEA	MVP HMO	0 - 10	under 65	-	-	-	-	Y	Y	Y
		10 - 19	under 65	382	878	878	936			
		20 - 29	under 65	546	1,255	1,255	1,337			
		30 +	under 65	873	2,008	2,008	2,139			
Police	MVP HMO	0 - 30+	under 65	1,091	2,510	2,510	2,674	Y	Y	Y
Non-Union & CSEA	MVP POS	0 - 10	under 65	-	-	-	-	Y	Y	Y
		10 - 19	under 65	462	925	925	1,202			
		20 - 29	under 65	660	1,321	1,321	1,717			
		30 +	under 65	1,057	2,113	2,113	2,747			
Police	MVP POS	0 - 30+	under 65	1,321	2,642	2,642	3,434	Y	Y	Y
Non-Union & CSEA	MVP Post-65	0 - 10	over 65	-	N/A	N/A	N/A	Y	Y	Y
		10 - 19	over 65	137	N/A	N/A	N/A			
		20 - 29	over 65	196	N/A	N/A	N/A			
		30 +	over 65	313	N/A	N/A	N/A			
Police	MVP Post-65	0 - 30+	over 65	391	N/A	N/A	N/A	Y	Y	Y

The Town's contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, net of their contributions, estimated to be \$2,454,400 during the year ended December 31, 2020.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by benefit terms:

Active employees	187
Retired	<u>123</u>
Total employees covered by benefit terms	<u><u>310</u></u>

Total OPEB Liability

The Town obtained an actuarial valuation report as of December 31, 2020. The liability for other postemployment benefits was measured as of December 31, 2020 and totaled \$98,970,573.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	Not Applicable
Projected Salary Increases, Including Wage Inflation	Not Applicable
Discount Rate	2.02%
Healthcare Cost Trend Rates	Pre-65: 7.0% for 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for 2026 and later years
	Post-65: Same
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement

- The discount rate was based on an average of three 20 year bond indices as of December 31, 2020.
- Mortality rates used were the RP 2014 Healthy Male and Female Tables based on the Employee and Annuitant Table for both pre and post-retirement with adjustments for mortality improvements based on the SOA Scale MP-2019.
- The actuarial assumptions pertaining to turnover, disability and rate of retirement used in the valuation for the year ended December 31, 2020 are based on tables and assumptions used by the NYS Employees Retirement and Police and Fire Retirement Systems released in 2015.

OPEB expense and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Town recognized OPEB expense of \$5,339,325. At December 31, 2020, the Town reported the following deferred inflows of resources related to OPEB.

	<u>Deferred Inflows of Resources</u>
Changes of Assumptions or Other Inputs	<u>\$ (1,172,563)</u>
Total	<u><u>\$ (1,172,563)</u></u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Town contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts recognized in the deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>For Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 193,172
2022	193,172
2023	193,172
2024	193,172
2025	193,172
Thereafter	<u>(2,138,423)</u>
	<u>\$ (1,172,563)</u>

Changes in the Total OPEB Liability during the year ended December 31, 2020:

Balance - Beginning	\$ 117,855,761
Changes for the Year:	
Service Cost	1,649,817
Interest	2,355,897
Changes in Assumptions	(20,436,502)
Benefit Payments	<u>(2,454,400)</u>
Net Changes	<u>(18,885,188)</u>
Balance - Ending	<u>\$ 98,970,573</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
	1.02%	2.02%	3.02%
Total OPEB Liability	\$ 123,828,992	\$ 98,970,573	\$ 80,894,594

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 79,890,492	\$ 98,970,573	\$ 125,392,100

VIII. SHORT-TERM DEBT

State law requires that Bond Anticipation Notes (“BANs”) issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Town did not have any outstanding bond anticipation notes as of December 31, 2020.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. LONG-TERM LIABILITIES

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

FUND	BALANCE JANUARY 1, 2020	ISSUED/ EARNED	REDEEMED/ PAID	BALANCE DECEMBER 31, 2020	AMOUNTS DUE WITHIN ONE YEAR
Bonds Payable	\$ 43,107,000	\$ -	\$ (3,304,000)	\$ 39,803,000	\$ 3,394,000
Bonds Premium Liability	989,830	-	(61,890)	927,940	-
Subtotal	44,096,830	-	(3,365,890)	40,730,940	3,394,000
Installment Purchase Obligations	71,311	1,330,000	(33,720)	1,367,591	268,882
Compensated Absences	2,084,712	793,665	(402,085) *	2,476,292	-
Landfill Closure and Post Closure	254,488	9,237	-	263,725	23,300
Net Pension Liability	6,030,263	14,764,101	-	20,794,364	-
Other Postemployment Benefits	117,855,761	-	(18,885,188)	98,970,573	-
Totals	<u>\$170,393,365</u>	<u>\$ 16,897,003</u>	<u>\$ (22,686,883)</u>	<u>\$ 164,603,485</u>	<u>\$ 3,686,182</u>

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

*During 2020, the Town posted a prior period adjustment to write-off a compensated absence accrual of \$402,085 at the fund level. This amount is included in the January 1, 2020 balance noted above.

Long-term Debt

The Town borrows money for various purposes, including acquiring land and equipment or constructing buildings and improvements. This borrowing enables the cost of these capital assets to be borne by the present and future taxpayers who benefit from the capital assets. The debt is backed by the full faith and credit of the Town.

At December 31, 2020 the total long-term bond principal indebtedness outstanding of the Town, was \$39,803,000. See Schedule of Indebtedness.

Interest expense incurred on long-term debt during the year was:

Interest Paid	\$1,456,048
Less: Interest accrued - prior year	(397,574)
Plus: Interest accrued - current year	371,959
Less: Bond Premium Amortization	<u>(61,890)</u>
	<u>\$1,368,543</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. LONG-TERM LIABILITIES – CONTINUED

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

	<u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021		\$ 3,394,000	\$ 1,341,899	\$ 4,735,899
2022		3,454,000	1,225,512	4,679,512
2023		3,092,000	1,115,182	4,207,182
2024		2,432,000	1,008,638	3,440,638
2025		2,492,000	931,376	3,423,376
2026-2030		11,194,000	3,423,582	14,617,582
2031-2035		5,430,000	2,007,144	7,437,144
2035-2040		3,800,000	1,237,857	5,037,857
2041-2045		3,135,000	622,883	3,757,883
2046-2047		1,380,000	72,745	1,452,745
Total		<u>\$ 39,803,000</u>	<u>\$ 12,986,818</u>	<u>\$ 52,789,818</u>

Capital Lease Program

The Town has entered into capital leases for a phone system, highway vehicles and certain hardware and software with a total asset cost of \$2,386,347 with accumulated amortization of \$1,021,413. Amortization expense of capital lease assets is included in depreciation expense. These leases are considered to be capital leases for accounting purposes, wherein, at the end of the lease the Town may purchase the asset for a nominal amount. At December 31, 2020, the annual capital lease principal and interest payments are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PAYMENTS</u>
2021	\$ 284,327
2022	246,637
2023	246,637
2024	161,672
2025	161,672
Thereafter	<u>323,343</u>
Total Minimum Lease Payments	1,424,288
Less: Amount Representing Interest	<u>(56,697)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,367,591</u></u>

X. OPERATING LEASES

The Town leases office equipment and communication equipment. The total minimum rental commitment at December 31, 2020, under the leases mentioned above, is due during the following fiscal years:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PAYMENTS</u>
2021	\$ 173,487
2022	164,957
2023	85,697
2024	80,335
2025	67,284
Thereafter	<u>21,247</u>
Total Minimum Lease Payments	<u><u>\$ 593,007</u></u>

Rental expense included in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended December 31, 2020 related to the leases mentioned above was \$176,522.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XI. RENTAL INCOME

The Town has agreements with various organizations for the rental of part of the Town’s building and for the rental of land and antenna space. Rental income totaled \$297,307 for the year ended December 31, 2020. Minimum future rental income is as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>RENTAL INCOME</u>
2021	\$ 305,550
2022	275,941
2023	177,864
2024	182,823
2025	187,922
Thereafter	84,066
Total Minimum Rental Income	<u>\$1,214,166</u>

XII. JOINT VENTURES

The following activities have been undertaken by the Town jointly with other municipalities. These activities are excluded from the financial statements of the Town. Separate financial statements are issued for these joint ventures.

Tri-Municipal Sewer Commission

In 1975, the Town joined with the Village of Wappingers Falls and the Towns of Wappinger and LaGrange to construct and operate an inter-municipal sewer treatment system. In 1982, the Towns of Wappinger and LaGrange elected to discontinue participation in the system, and the Town of Poughkeepsie and the Village of Wappingers Falls continued joint construction and operation of the system under the name, Tri-Municipal Sewer Commission.

Operation and maintenance costs are allocated between the parties based on waste flow. For the year ended December 31, 2020, the Town incurred costs of \$223,467 for its share of operation and maintenance costs. The Town is also allocated a share of capital improvement costs based on design flow. For the year ended December 31, 2020, the Town incurred no additional costs for its share of capital improvements.

The following is a summary of unaudited financial information at December 31, 2020, included in the financial statements issued for this joint venture. A copy of the Commission’s financial statements can be obtained from the Tri-Municipal Sewer Commission.

Total Assets (Excluding Fixed Assets)	<u>\$ 1,453,696</u>
Total Liabilities	<u>\$ 839,834</u>
Joint Venture Equity	<u>\$ 613,862</u>
Total Revenues	<u>\$ 1,803,047</u>
Total Expenditures	<u>\$ 1,614,414</u>
Total Fixed Assets	<u>\$ 43,810,376</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. JOINT VENTURES – CONTINUED

Poughkeepsie Joint Water Project

In August 1995, the Town entered into an inter-municipal agreement with the City of Poughkeepsie to provide for the planning, design, technological enhancement, construction or expansion, and operation and maintenance of the above named water treatment facility. This agreement amends and supersedes an agreement dated October 11, 1991, covering a joint water project. Under the terms of the 1995 agreement, the Town obtained an one-half interest in the City’s Water treatment plant; the Town would finance studies for and upgrades and/or expansions to the plant to increase capacity; the Town would pay 50% of the cost to design and build an aluminum sludge treatment plant; and the Town would pay for administrative costs related to obtaining approvals to enable the project to proceed. The agreement also provided for the creation of a joint board to administer planning, design, construction, as well as operations and maintenance of the facility. It is made up of three members from each municipality. Water rates for each municipality are also described in the agreement. Operations as a joint venture began in 1996.

The following is a summary of financial information included in financial statements issued for the joint venture. These financial statements are issued separately and can be obtained from the Joint Water Project at 62 Civic Center Plaza, Poughkeepsie, NY 12601.

	Balances at December 31, 2020*
Total Assets (Excluding Fixed Assets)	<u>\$ 4,323,322</u>
Total Liabilities	<u>\$ 4,323,322</u>
Joint Venture Equity	<u>\$ 29,364,497</u>
Total Revenues	<u>\$ 5,213,710</u>
Total Expenditures	<u>\$ 5,213,710</u>
Total Fixed Assets, Net of Depreciation	<u>\$ 29,364,497</u>

*Information obtained from the joint venture’s Annual Financial Report for the year ended December 31, 2020 as the audited financial statement for the year ended December 31, 2020 was not available as of report date.

The Town’s share of operating expenditures amounted to \$3,499,477, and its share of third party revenues amounted to \$1,098,695, resulting in a net cost of water provided by the Joint Water Project to be \$2,400,782, which is recorded in the Water Fund - Home and Community Service. Included in Due to Other Governments is \$357,948 representing the balance due to the Joint Water Board for operations, including prior year adjustments. As a result of settling differences in interpretations of the Memorandum of Agreement between the Town and the City of Poughkeepsie regarding third party revenues, the Town is due an additional \$304,564, payable in annual installments of \$152,282 through 2022.

As part of the Joint Project agreement described above, the Town has committed to financing studies and a portion of construction costs related to expansions of the Joint Water treatment facility. The current expansion project’s total construction costs approximate \$19,363,000 with \$11,232,000 being financed by the Town and \$8,131,000 being financed by the City of Poughkeepsie. The Town has issued serial bonds to fund this commitment. The project is expected to be completed and final payments made in 2021. As of December 31, 2020, the outstanding serial bond balances total \$5,345,000.

The Town has presented its investment in the Joint Venture in the Statement of Net Assets as \$28,633,156, representing the Town’s capital expenditures to date, and the amount of net assets invested in the Joint Venture, net of outstanding debt as \$23,288,156.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. JOINT VENTURES – CONTINUED

Poughkeepsie-Wappingers-LaGrange Joint Landfill

The Town has shared in the monitoring costs of a closed landfill, the Poughkeepsie-Wappinger-LaGrange Joint Landfill. This joint activity includes the City and Town of Poughkeepsie, New York, the Village of Wappingers Falls, New York, the Town of LaGrange, New York and the Town of Wappinger, New York. All costs associated with monitoring are recognized as incurred.

The following is a summary of unaudited financial information at December 31, 2020, which is included in the separate financial statements available from the Joint Landfill Board of Governors c/o Town of Poughkeepsie, Poughkeepsie, New York, 12603.

Total Assets	<u>\$</u>	<u>33,600</u>
Total Liabilities	<u>\$</u>	<u>-</u>
Total Venture Equity	<u>\$</u>	<u>33,600</u>
Total Revenues	<u>\$</u>	<u>12,087</u>
Total Expenditures	<u>\$</u>	<u>16,067</u>

XIII. CONTINGENCIES

Grant Funding

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

Certiorari Proceedings

Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Property taxes previously collected by the Town. Any such refunds resulting from adverse settlements will be provided for when determinable.

Judgments and Claims

A few claims against the Town are presently pending for miscellaneous matters. Although final outcome of these matters is not known at this time, management of the Town does not believe that the final settlement of these matters will have a materially adverse effect on the financial condition of the Town.

XIV. ECONOMIC DEPENDENCY

The Town receives approximately 10% of its real property taxes from ten corporate taxpayers. A significant reduction in these corporate taxpayers' real property taxes could have a significant impact on the Town's programs and services.

XV. PROPERTY TAX ABATEMENTS

The Town has 7 real property tax abatement agreements entered into by the Town under Article 18-A of the real property law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes ("PILOT") in compliance with RPTL 412-A, Article V & XI of the Private Housing Finance Law, Title I of Article 18-A of NYS GML Exemption Policy. In accordance with this policy, the Town of Poughkeepsie and the Dutchess County IDA grant PILOTs for various activities, such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XV. PROPERTY TAX ABATEMENTS - CONTINUED

The following provides information related to the PILOT agreements in effect for the year ended December 31, 2020:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	Pilot Received	Taxes Abated
2012	IBM	\$ 109,779,000	10.0200	\$ 1,099,986	\$ 934,015	\$ 165,971
2014	Taylor	1,450,000	10.0200	\$ 14,529	13,906	\$ 623
2016	Tinkleman	4,007,000	10.0200	\$ 40,150	22,757	\$ 17,393
2014	6 Neptune	2,505,000	10.0200	\$ 25,100	6,467	\$ 18,633
2014	2 Neptune	2,549,000	10.0200	\$ 25,541	9,212	\$ 16,329
2016	2275 South Road	485,000	10.0200	\$ 4,860	7,086	\$ (2,226)
2015	Lutheran Care	1,577,000	10.0200	\$ 15,802	9,534	\$ 6,268

XVI. CUMMULATIVE EFFECT AND PRIOR PERIOD ADJUSTMENTS

The Town implemented GASB 84, *Fiduciary Activities*, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position as described below. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues. The Town's net position has been restated as follows:

Net Position Beginning of Year	\$(29,895,023)
Cumulative Effect Adjustment GASB 84 Implementation:	
Change to General Fund	24,774
Change to Sewer Fund	311,163
Prior Period Adjustments:	
Adjustment for OPEB (government-wide only)	(1,471,254)
Adjustment for Liability Over Accrual in Prior Years	402,086
Adjustment for Under Accrual of State Aid in Previous Year	<u>93,402</u>
Prior Period Adjustments	<u>(639,829)</u>
Net Position Beginning of Year, as Restated	<u><u>\$(30,534,852)</u></u>

XVII. UNCERTAINTY

Beginning in March 2020, local, U.S., and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. There is unprecedented uncertainty surrounding the duration of the pandemic and its long-term economic ramifications. Accordingly, while management cannot quantify the financial and any other impacts to the Town as of November 8, 2021, management does believe that a material impact on the Town's financial position and results of future operations is reasonably possible.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XVIII. SUBSEQUENT EVENTS

In July 2021, the Town received \$2,202,693 of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021. The Town is scheduled to receive a second installment of \$2,202,693, in 2022.

XIX. NEW ACCOUNTING PRINCIPLES

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No.84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Town implemented this standard for the year ended December 31, 2020.

In June 2017, GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town is required to implement this standard for year ending December 31, 2022. The Town has not evaluated the effect of GASB 87 on its financial statements.

In March 2018, GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The Town implemented GASB 88 for the year ended December 31, 2020.

GASB has also issued Statements 86, 89 through 94, 96 and 97 none of which are expected to have any substantive effects on the Town's net position. GASB Statement 95 extended the implementation date of several standards. The dates above are reflective of those changes.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS

<u>Total OPEB Liability</u>	12/31/20	12/31/19	12/31/18
Service Cost	\$ 1,649,817	\$ 1,014,475	\$ 803,812
Interest	2,355,897	3,325,861	3,445,833
Changes in Assumptions or Other Inputs	(20,436,502)	22,068,804	-
Benefit Payments	(2,454,400)	(2,338,890)	(2,287,891)
Net Change in Total OPEB Liability	(18,885,188)	24,070,250	1,961,754
Total OPEB liability - beginning	117,855,761	93,785,511	91,823,757
Total OPEB liability - ending ("a")	<u>\$ 98,970,573</u>	<u>\$ 117,855,761</u>	<u>\$ 93,785,511</u>
<u>Plan Fiduciary net position</u>			
Contributions - Employer	\$ 2,454,400	\$ 2,338,890	\$ 2,287,891
Net Investment Income	-	-	-
Benefit Payments	(2,454,400)	(2,338,890)	(2,287,891)
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary net position - beginning	-	-	-
Plan Fiduciary net position - ending ("b")	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's net OPEB liability - ending (a) - (b)	\$ 98,970,573	\$ 117,855,761	\$ 93,785,511
Plan Fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered Payroll Used by Actuary	\$ 16,296,770	\$ 15,949,703	\$ 15,949,703
Total OPEB Liability as a percentage of covered payroll	607%	739%	588%

Notes to Schedule:

Changes in Assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

12/31/2018	3.80%
12/31/2019	2.90%
12/31/2020	2.02%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB 75 required that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees' Retirement System					
3/31/2020	0.02382900%	\$ 6,310,063	\$ 7,378,936	85.51%	86.39%
3/31/2019	0.02313080%	\$ 1,633,886	\$ 7,108,787	22.98%	96.27%
3/31/2018	0.02352460%	\$ 759,246	\$ 6,624,364	11.46%	98.24%
3/31/2017	0.02234650%	\$ 2,099,726	\$ 5,697,780	36.85%	94.70%
3/31/2016	0.02336980%	\$ 3,750,925	\$ 5,667,489	66.18%	90.70%
3/31/2015	0.02356990%	\$ 796,250	\$ 6,174,030	12.90%	97.90%

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Police and Fire Retirement System					
3/31/2020	0.27099100%	\$ 14,484,301	\$ 8,601,286	168.40%	84.86%
3/31/2019	0.26184930%	\$ 4,391,377	\$ 8,164,173	53.79%	95.09%
3/31/2018	0.27363100%	\$ 2,743,940	\$ 7,712,427	35.58%	96.93%
3/31/2017	0.26699690%	\$ 5,533,917	\$ 9,569,026	57.83%	93.50%
3/31/2016	0.29139980%	\$ 8,627,727	\$ 9,370,329	92.07%	90.20%
3/31/2015	0.29009190%	\$ 798,506	\$ 8,571,940	9.32%	99.00%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
Employees' Retirement System					
3/31/2020	\$ 1,031,727	\$ 1,031,727	\$ -	\$ 7,378,936	13.98%
3/31/2019	\$ 969,599	\$ 969,599	\$ -	\$ 7,108,787	13.64%
3/31/2018	\$ 1,001,455	\$ 1,001,455	\$ -	\$ 6,624,364	15.12%
3/31/2017	\$ 1,241,364	\$ 1,241,364	\$ -	\$ 5,697,780	21.79%
3/31/2016	\$ 1,120,529	\$ 1,120,529	\$ -	\$ 5,667,489	19.77%
3/31/2015	\$ 987,226	\$ 987,226	\$ -	\$ 6,174,030	15.99%

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
Police and Fire Retirement System					
3/31/2020	\$ 2,224,198	\$ 2,224,198	\$ -	\$ 8,601,286	25.86%
3/31/2019	\$ 2,122,496	\$ 2,122,496	\$ -	\$ 8,164,173	26.00%
3/31/2018	\$ 2,264,251	\$ 2,264,251	\$ -	\$ 7,712,427	29.36%
3/31/2017	\$ 2,409,668	\$ 2,409,668	\$ -	\$ 9,569,026	25.18%
3/31/2016	\$ 2,350,986	\$ 2,350,986	\$ -	\$ 9,370,329	25.09%
3/31/2015	\$ 2,287,824	\$ 2,287,824	\$ -	\$ 8,571,940	26.69%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully available for 10 years. The data will be accumulated over time and presented according to GASB 68.

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND – A
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 3,607,537	\$ 3,607,537	\$ 3,607,537	\$ -
Real Property Tax Items	220,000	220,000	221,459	1,459
Departmental Income	156,500	166,550	327,692	161,142
Use of Money and Property	194,587	194,587	171,147	(23,440)
Licenses and Permits	64,625	54,575	32,461	(22,114)
Fines and Forfeitures	925,000	925,000	439,121	(485,879)
Sale of Property and Compensation for Loss	15,000	35,887	37,463	1,576
Miscellaneous Local Sources	91,000	93,928	71,226	(22,702)
State Aid	950,000	950,350	1,349,043	398,693
Total Revenues	6,224,249	6,248,414	6,257,149	8,735
Expenditures:				
General Government Support	3,342,911	3,487,803	3,302,173	185,630
Transportation	337,350	373,063	324,792	48,271
Economic Assistance and Opportunity	69,000	53,250	37,260	15,990
Culture and Recreation	810,743	741,214	593,735	147,479
Home and Community Services	271,250	315,498	58,513	256,985
Employee Benefits	1,431,980	1,343,630	1,198,332	145,298
Capital Outlay	219,575	190,430	195,623	(5,193)
Debt Service	261,440	277,940	277,872	68
Total Expenditures	6,744,249	6,782,828	5,988,300	794,528
Excess/(Deficiency) of Revenues over Expenditures	<u>(520,000)</u>	<u>(534,414)</u>	<u>268,849</u>	<u>803,263</u>
Other Financing Sources/(Uses)				
Operating Transfers In	<u>420,000</u>	<u>420,000</u>	<u>20,000</u>	<u>(400,000)</u>
Total Other Financing Sources/(Uses)	<u>420,000</u>	<u>420,000</u>	<u>20,000</u>	<u>(400,000)</u>
Net Change in Fund Balance	<u>(100,000)</u>	<u>(114,414)</u>	<u>288,849</u>	<u>403,263</u>
Appropriated Fund Balance	<u>100,000</u>	<u>114,414</u>	<u>-</u>	<u>(114,414)</u>
Total Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,849</u>	<u>\$ 288,849</u>

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND – B
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 14,550,268	\$ 14,550,268	\$ 14,550,268	\$ -
Real Property Tax Items	888,000	888,000	892,368	4,368
Non Property Tax Items	3,280,000	3,280,000	3,873,338	593,338
Departmental Income	314,500	322,811	211,103	(111,708)
Intergovernmental Income	-	-	24,620	24,620
Use of Money and Property	408,000	408,000	373,776	(34,224)
Licenses and Permits	790,250	790,750	907,425	116,675
Fines and Forfeitures	-	-	650	650
Sale of Property and Compensation for Loss	-	136,870	273,373	136,503
Miscellaneous Local Sources	366,507	118,287	370,802	252,515
State Aid	125,000	387,509	63,287	(324,222)
Total Revenues	<u>20,722,525</u>	<u>20,882,495</u>	<u>21,541,010</u>	<u>658,515</u>
Expenditures:				
General Government Support	382,135	410,650	401,654	8,996
Public Safety	11,472,972	11,746,923	10,675,513	1,071,410
Home and Community Services	530,129	656,350	537,276	119,074
Employee Benefits	8,205,439	8,147,689	7,678,931	468,758
Capital Outlay	231,850	383,235	519,463	(136,228)
Debt Service	-	-	-	-
Total Expenditures	<u>20,822,525</u>	<u>21,344,847</u>	<u>19,812,837</u>	<u>1,532,010</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(100,000)</u>	<u>(462,352)</u>	<u>1,728,173</u>	<u>2,190,525</u>
Net Change in Fund Balance	<u>(100,000)</u>	<u>(462,352)</u>	<u>1,728,173</u>	<u>2,190,525</u>
Appropriated Fund Balance	<u>100,000</u>	<u>462,352</u>	<u>-</u>	<u>(462,352)</u>
Total Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,728,173</u>	<u>\$ 1,728,173</u>

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 6,825,491	\$ 6,825,491	\$ 6,825,491	\$ -
Use of Money and Property	50,000	50,000	49,999	(1)
Licenses and Permits	-	-	2,815	2,815
Sale of Property and Compensation for Loss	10,000	63,194	58,755	(4,439)
Miscellaneous Local Sources	15,000	16,712	77,510	60,798
State Aid	450,000	450,000	483,762	33,762
Total Revenues	7,350,491	7,405,397	7,498,332	92,935
Expenditures:				
General Government Support	59,200	59,400	59,367	33
Transportation	3,489,665	3,309,150	1,484,888	1,824,262
Employee Benefits	1,180,625	1,180,625	1,060,513	120,112
Capital Outlay	688,000	1,035,405	1,872,227	(836,822)
Debt Service	1,983,001	1,983,001	2,027,470	(44,469)
Total Expenditures	7,400,491	7,567,581	6,504,465	1,063,116
Excess/(Deficiency) of Revenues over Expenditures	(50,000)	(162,184)	993,867	1,156,051
Net Change in Fund Balance	(50,000)	(162,184)	993,867	1,156,051
Appropriated Fund Balance	50,000	162,184	-	(162,184)
Total Change in Fund Balance	\$ -	\$ -	\$ 993,867	\$ 993,867

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 882,515	\$ 774,215	\$ 882,515	\$ 108,300
Real Property Tax Items	67,000	67,000	67,194	194
Departmental Income	5,153,903	5,603,903	5,907,684	303,781
Use of Money and Property	60,000	103,426	82,202	(21,224)
Licenses and Permits	10,000	10,000	15,115	5,115
Sale of Property and Compensation for Loss	-	-	8,429	8,429
Miscellaneous Local Sources	25,000	52,996	59,165	6,169
Total Revenues	6,198,418	6,611,540	7,022,304	410,764
Expenditures:				
General Government Support	78,750	82,975	82,957	18
Home and Community Services	3,842,304	4,505,225	5,368,751	(863,526)
Employee Benefits	814,849	834,649	755,198	79,451
Capital Outlay	180,000	165,850	138,263	27,587
Debt Service	882,515	797,841	882,503	(84,662)
Total Expenditures	5,798,418	6,386,540	7,227,672	(841,132)
Excess/(Deficiency) of Revenues over Expenditures	400,000	225,000	(205,368)	(430,368)
Other Financing Sources/(Uses)				
Operating Transfers Out	(400,000)	(225,000)	(10,000)	215,000
Total Other Financing Sources/(Uses)	(400,000)	(225,000)	(10,000)	215,000
Net Change in Fund Balance	-	-	(215,368)	(215,368)
Appropriated Fund Balance	-	-	-	-
Total Change in Fund Balance	\$ -	\$ -	\$ (215,368)	\$ (215,368)

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 1,283,250	\$ 1,283,250	\$ 1,283,250	\$ -
Real Property Tax Items	1,750	1,750	1,728	(22)
Departmental Income	3,657,660	3,657,660	3,366,135	(291,525)
Use of Money and Property	150,000	150,000	156,600	6,600
Sale of Property and Compensation for Loss	-	-	1,986	1,986
Miscellaneous Local Sources	30,000	30,000	107,622	77,622
State Aid	-	310,671	310,671	-
Total Revenues	5,122,660	5,433,331	5,227,992	(205,339)
Expenditures:				
General Government Support	83,450	83,450	80,780	2,670
Home and Community Services	4,997,252	3,720,114	3,693,952	26,162
Employee Benefits	605,696	592,996	544,104	48,892
Capital Outlay	90,000	450,988	947,645	(496,657)
Debt Service	1,594,187	797,092	752,618	44,474
Total Expenditures	7,370,585	5,644,640	6,019,099	(374,459)
Excess/(Deficiency) of Revenues over Expenditures	<u>(2,247,925)</u>	<u>(211,309)</u>	<u>(791,107)</u>	<u>(579,798)</u>
Other Financing Sources/(Uses)				
Operating Transfers In	1,502,925	211,309	104,000	(107,309)
Operating Transfers Out	-	-	(10,000)	(10,000)
Total Other Financing Sources/(Uses)	1,502,925	211,309	94,000	(117,309)
Net Change in Fund Balance	(745,000)	-	(697,107)	(697,107)
Appropriated Fund Balance	745,000	-	-	-
Total Change in Fund Balance	\$ -	\$ -	\$ (697,107)	\$ (697,107)

**OTHER
SUPPLEMENTARY
INFORMATION**

**TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF BONDED INDEBTEDNESS
DECEMBER 31, 2020**

	Date of Issue	Date of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid/Amortized During Fiscal Year	Outstanding End of Fiscal Year	Interest Paid During Fiscal Year	Interest Accrued at 12/31/2020	Due Within the Next Year
<u>SERIAL BONDS</u>										
Environmental Improvements 2012B	02/14/02	10/15/23	1.51 - 4.98%	\$ 1,735,000	\$ -	\$ (415,000)	\$ 1,320,000	\$ 86,850	\$ 13,987	\$ 430,000
Public Improvements	03/16/11	03/01/22	2.50 - 3.50%	1,225,000	-	(390,000)	835,000	35,050	5,553	410,000
Landfill	09/10/09	10/01/23	.286 - 3.564%	995,000	-	(245,000)	750,000	32,872	6,428	245,000
Public Improvements	03/13/14	03/01/27	2.00 - 4.00%	4,285,000	-	(475,000)	3,810,000	129,506	36,803	495,000
Water Flushing Program	08/20/15	04/01/26	4.600%	217,000	-	(29,000)	188,000	9,531	2,065	29,000
Library Purpose Bonds, 2014	03/13/14	12/15/37	3.00 - 4.00%	2,985,000	-	(120,000)	2,865,000	105,138	4,451	130,000
EFC Corporation SRF Series 2017 D	11/09/17	07/01/47	1.503 - 3.754%	4,120,000	-	(95,000)	4,025,000	138,832	69,000	100,000
EFC Corporation SRF Series 2017 C	11/09/17	08/01/47	1.061 - 3.976%	10,260,000	-	(300,000)	9,960,000	313,204	103,543	305,000
Library Purpose Refunding Bond 2018	12/18/18	12/01/31	3.00 - 5.00%	4,935,000	-	(310,000)	4,625,000	246,750	19,640	325,000
Public Improvements 2019 Series	03/07/19	03/01/39	3.00 - 3.50%	12,350,000	-	(925,000)	11,425,000	358,315	110,489	925,000
TOTAL SERIAL BONDS				43,107,000	-	(3,304,000)	39,803,000	1,456,048	371,959	3,394,000
Bonds Premium Liability				989,830	-	(61,890)	927,940	N/A	N/A	-
TOTAL BONDED INDEBTEDNESS				\$44,096,830	\$ -	\$ (3,365,890)	\$40,730,940	\$ 1,456,048	\$ 371,959	\$ 3,394,000

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Supervisor and
Members of the Town Board
Town of Poughkeepsie, New York
One Overrocker Road
Poughkeepsie, New York 12603

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Poughkeepsie, New York (the "Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2020-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2020-02 to be a significant deficiency.

Compliance and Other Matters

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

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

RBT CPAs, LLP

Newburgh, New York
November 8, 2021

**TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

A. Internal Control Findings

Material Weakness

Finding 2020-01:

Recording of Other Receivable Collections:

Condition:	The Town does not periodically reconcile its water receivables and revenues to billing reports.
Criteria:	The Town's system of internal controls should include processes wherein balances are periodically verified to supporting documentation.
Cause:	Town annually verifies its re-levy amounts to reports but does not verify, in the form of reports and reconciliations, year-end receivable and revenue balances. In the case of the Water Fund, receivables and revenues were reduced by \$189,000 as a result of reconciliations; however, recorded revenues still exceeded expected revenues by nearly \$200,000.
Effect:	Asset and revenue balances can be significantly under or overstated during the year, resulting in inaccurate reports which can negatively impact decision-making.
Recommendation:	RBT recommends that the Town institute a quarterly revenue and receivable reconciliation process to detect and resolve any discrepancies when they occur.
Management's Response:	We will periodically review the receivables. This has not been a problem in the past, however with COVID things may have been overlooked or missed. We also had a major problem when we upgraded the software that took us over 2 months to resolve.

Significant Deficiency

Finding 2020-02:

Capital Assets:

Condition:	The Town does not maintain a complete annually updated fixed assets listing.
Criteria:	A complete, annually updated listing should include important information, such as the date that each item was purchased, date of disposal (if applicable) and historical costs.
Cause:	The Town relies on the auditor to maintain the fixed assets listing.
Effect:	The Town does not have its own complete fixed assets records.
Recommendation:	RBT recommends that the Town maintain a complete asset listing and also calculate the depreciation expense in the schedule and maintain it on an ongoing basis.
Management's Response:	We are looking to get a program that will help us maintain a complete fixed asset inventory.

B. Compliance Findings

None Noted

APPENDIX C

BOND COUNSEL OPINION

FORM OF BOND COUNSEL'S OPINION

December 29, 2021

Town of Poughkeepsie
County of Dutchess,
State of New York

Re: Town of Poughkeepsie, Dutchess County, New York
\$2,865,000 Public Improvement Refunding (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$2,865,000 Public Improvement Refunding (Serial) Bonds, 2021 (the "Obligation"), of the Town of Poughkeepsie, Dutchess County, New York (the "Obligor"), dated the date of delivery, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (_____%) per annum as to bonds maturing in the following amounts: \$ _____ on March 1, 2022, \$ _____ on March 1, 2023, \$ _____ on March 1, 2024, \$ _____ on March 1, 2025, \$ _____ on March 1, 2026, and \$ _____ on March 1, 2027 with interest thereon payable on March 1, 2022, September 1, 2022 and semi-annually thereafter in each year to maturity.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted.

Town of Poughkeepsie

December 29, 2021

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The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP