

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 14, 2022

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

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

VILLAGE OF HIGHLAND FALLS ORANGE COUNTY, NEW YORK (the "Village")

\$3,000,000

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

Dated Date: September 29, 2022

Maturity Date: September 29, 2023

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 21, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about September 29, 2022 in New York, New York, or as otherwise agreed to by the Village and the purchaser.

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

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* * *

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* * *

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

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OFFICIAL STATEMENT

Relating to

VILLAGE OF HIGHLAND FALLS ORANGE COUNTY, NEW YORK

\$3,000,000 BOND ANTICIPATION NOTES – 2022 SERIES B (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Village of Highland Falls (the “Village”) and presents certain information relating to the Village’s \$3,000,000 Bond Anticipation Notes – 2022 Series B (the “Notes”). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the “State”) and acts and proceedings of the Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

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

THE NOTES

Description of the Notes

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

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

The Village Clerk will act as Fiscal Agent for the Notes and the purchaser may act as paying agent for any Notes registered in the name of the purchaser. Paying agent fees, if any, will be paid by the purchaser(s). The Village’s contact information is as follows: Ralph Walters, Village Treasurer, Village of Highland Falls, 303 Main Street, Highland Falls, NY 10928, Phone (845) 446-3400, Fax (845) 446-2952, email: rwalters@highlandfallsny.org.

Optional Redemption

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

Description of Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

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

Authorization and Purpose

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

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>	<u>Total Amount to be Issued</u>
05/07/2018	Construction of Improvements to the Village Wastewater Treatment Facility	\$2,200,000	\$ 0	\$1,000,000
04/18/2022	Construction of Sewer System Improvements	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
Total:		<u>\$4,200,000</u>	<u>\$ 0</u>	<u>\$3,000,000</u>

Security and Source of Payment

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

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

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

RISK FACTORS

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

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

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

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

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

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

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

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Village, could impair the financial condition of such entities, including the Village, and the ability of such entities, including the Village, to pay debt service on the Notes.

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

REMEDIES UPON DEFAULT

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

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

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

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

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE VILLAGE OF HIGHLAND FALLS

The Village, with a population of 3,826 (2020 U.S. Census) is located in the east-central portion of Orange County on the Hudson River about 45 miles north of New York City and 15 miles south of the City of Newburgh. On a valuation basis, it comprises about 61% of both the Town of Highlands and the Highland Falls - Fort Montgomery Central School District. The Village is primarily commercial and residential in nature, providing shopping facilities and services to the surrounding suburban population.

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

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

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

Government

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

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

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

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

Employees

The Village provides services through approximately 21 full-time employees and 25 part-time employees.

The Highland Falls Patrolmen’s Benevolent Association, Inc. represents 15 employees whose contract expired on May 31, 2022 and is currently in negotiation.

The Department of Public Works Employee Association represents 7 employees whose contract expired on May 31, 2022.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

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

<u>Year</u>	<u>Village</u>	<u>Orange County</u>	<u>New York State</u>
1980	4,187	259,603	17,557,288
1990	4,008	307,647	17,990,455
2000	3,678	341,367	18,976,457
2010	3,900	372,813	19,378,102
2020	3,826	382,077	19,514,849

Source: U.S. Bureau of the Census

Per Capita Money Income

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Village of Highland Falls	\$16,807	\$24,100	\$29,006	\$40,051
County of Orange	15,198	21,597	27,862	35,616
State of New York	16,501	23,389	30,948	40,898

Source: U.S. Bureau of the Census

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

Median Family Income

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Village of Highland Falls	\$42,472	\$57,885	\$73,672	\$102,163
County of Orange	44,039	60,355	79,883	97,542
State of New York	32,965	51,591	55,217	87,270

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

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

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>
2017	4.5	4.6
2018	3.9	4.1
2019	3.8	4.0
2020	8.4	10.0
2021	5.0	7.2
2022 (7 Months)	3.4	4.7

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of September 6, 2022)

Fiscal Year Ending <u>May 31:</u>	Assessed <u>Valuation</u>	State Equal. <u>Rate (%)</u>	<u>Full Valuation</u>
2019	\$302,698,271	100.00	\$302,698,271
2020	302,540,050	100.00	302,540,050
2021	291,293,250	93.00	313,218,548
2022	302,258,715	96.00	314,852,828
2023	303,774,461	78.30	387,962,275
Total Five Year Full Valuation			\$1,621,271,972
Average Five Year Full Valuation			324,254,394
Debt Limit - 7% of Average Full Valuation			22,697,808
Inclusions:			
General Purpose Bonds			3,325,000
Water Purpose Bonds			320,000
Bond Anticipation Notes			790,750
Total Inclusions			<u>4,435,750</u>
Exclusions:			
Excluded Water Debt			320,000
Note Appropriations			0
Bond Appropriations			30,000
Total Exclusions			<u>350,000</u>
Total Net Indebtedness Before Issuing the Notes			<u>4,085,750</u>
The Notes			3,000,000
Less: BANs Being Redeemed by the Notes			0
Net Effect of the Notes			<u>3,000,000</u>
Total Net Indebtedness After Issuing the Notes			<u>7,085,750</u>
Net Debt Contracting Margin			<u><u>\$15,612,058</u></u>
Percent of Debt Contracting Margin Exhausted (%)			31.22

Debt Service Requirements – Outstanding Bonds ^a

Fiscal Year Ending May 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$290,000	\$128,213	\$418,213
2024	300,000	116,998	416,998
2025	310,000	104,308	414,308
2026	285,000	91,321	376,321
2027	310,000	79,139	389,139
2028	320,000	66,211	386,211
2029	335,000	52,724	387,724
2030	225,000	41,922	266,922
2031	235,000	33,948	268,948
2032	245,000	26,357	271,357
2033	250,000	18,539	268,539
2034	225,000	10,950	235,950
2035	230,000	3,675	233,675
Totals:	<u>\$3,560,000</u>	<u>\$774,305</u>	<u>\$4,334,305</u>

a. Does not reflect payments made to date.

Details of Short-Term Indebtedness Outstanding

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

<u>Date Due</u>	<u>Purpose</u>	<u>Amount</u>
06/07/2021	Acquisition of Various Equipment	\$252,000
11/04/2021	Road Improvements	400,000
11/04/2021	Drainage Improvements	<u>138,750</u>
	Total	<u>\$790,750</u>

Authorized But Unissued Indebtedness

As of the date of this Official Statement, the Village has authorized but unissued indebtedness in the amount of \$230,000 for a wastewater treatment plant grit system replacement, \$3,318,280 to finance the installation of a water transmission line, \$3,444,495 for improvements to the water system and \$2,200,000 for improvements to the Wastewater Treatment Plant, \$2,400,000 for water drainage improvements and \$2,000,000 for sewer system improvements. The Notes will finance \$3,000,000 of such amounts. (See “*Authorization on Purpose*” herein). Such amounts are expected to be paid for from the proceeds of grants and budgeted appropriations.

Capital Project Plans

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

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$4,965,000	\$4,560,000	\$4,110,000	\$3,840,000	\$3,560,000
BAN's	450,000	485,000	735,000	585,000	958,750
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding:	<u>\$5,415,000</u>	<u>\$5,045,000</u>	<u>\$4,845,000</u>	<u>\$4,425,000</u>	<u>\$4,518,750</u>

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Orange County	06/27/22	1.05	\$2,568,710	\$2,380,025
Town of Highlands	12/31/20	59.71	1,431,811	1,431,811
Highland Falls - Fort Montgomery CSD	05/18/21	60.73	<u>11,001,240</u>	<u>2,750,310</u>
Totals:			<u>\$15,001,761</u>	<u>\$6,562,146</u>

Debt Ratios
(As of September 6, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$ 4,435,750	\$1,159	1.143
Net Direct Debt	4,085,750	1,068	1.053
Total Direct & Applicable Total Overlapping Debt	19,437,511	5,080	5.010
Net Direct & Applicable Net Overlapping Debt	10,647,896	2,783	2.745

a. The current estimated population of the village is 3,826.

b. The full valuation of taxable real property in the Village for 2022-23 is \$387,962,275.

FINANCES OF THE VILLAGE

Independent Audit Procedures

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an Audited Financial Report is available is the fiscal year ended May 31, 2020. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village also prepares an Annual Financial Report Update Document for submission to the Comptroller. A copy of the Unaudited Annual Financial Report Update Document for the fiscal year ended May 31, 2021 is attached hereto as Appendix B. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

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

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

Basis of Accounting

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

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

Investment Policy

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

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

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Village, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

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

Budgetary Procedures

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

Financial Operations

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

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

Revenues

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

Real Property Taxes

See "Tax Information", herein.

State Aid

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

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. In 2020, due to the outbreak of COVID-19, the State declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it negatively impacted the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "IMPACT OF COVID" herein.)

In October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State had announced that in the absence of Federal funding to offset this revenue loss, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

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 Village 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 Village 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 Village’s General Fund revenue comprised of State aid for each of the fiscal years 2017 through 2021 and 2022 and 2023 budgeted amounts.

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to</u> <u>Revenues (%)</u>
2017	\$4,524,546	\$77,643	1.72
2018	4,838,101	294,559	6.09
2019	4,669,954	83,123	1.78
2020	5,882,641	790,083	13.43
2021 (Unaudited)	5,026,506	66,617	1.33
2022 (Budgeted)	5,410,705	95,000	1.76
2023 (Budgeted)	5,579,183	95,000	1.70

Source: Audited Financial Statements (2017 through 2020), Annual Financial Report Update Documents (2021), and Adopted Budget for fiscal years ended May 31, 2022 and 2023.

Expenditures

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

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Village as “No Designation”. (Fiscal Score: 3.3%; Environmental Score: 16.7%). See the State Comptroller’s official website for more information on FSMS.

In addition, the Office of the State Comptroller assists 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. There have been no audits in the five most recent fiscal years.

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

Employee Pension System

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

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

The Village has decided not to amortize any pension contributions.

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

Payments to the Retirement Systems

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Retirement</u> <u>Contributions</u> ^a
2018	\$333,368
2019	330,262
2020	326,686
2021	327,875
2022	388,049

a. Total amounts contributed for ERS and PFRS.

Other Post-Employment Benefits

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

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

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

Beginning after June 15, 2017, the Village adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

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

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

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending May 31, 2021:</u>
Total OPEB liability as of May 31, 2020	\$14,836,508
Changes for the year:	
Service Cost	483,275
Interest	384,722
Changes in Benefit Terms	
Differences between actual and expected experience	778,544
Changes in Assumptions and Other Inputs	2,664,155
Benefit payments	(416,591)
Total Changes	<u>\$3,894,105</u>
Total OPEB liability as of May 31, 2021	<u>\$18,730,613</u>

Length of Service Award Program

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

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

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

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

As of May 31, 2021, the Village’s LOSAP is fully funded.

TAX INFORMATION

Real Property Taxes

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

Sales Tax

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

The County presently imposes a sale and use tax of 3 ¾%, in addition to the 4% tax imposed by the State and a 3/8% levied by the Metropolitan Transportation Authority, for a countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement, shares the proceeds of the County’s 3 ¾% sales and use tax with the three cities, twenty towns and nineteen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis.

Tax Collection Procedure

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

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

Fiscal Year <u>Ending May 31:</u>	Total <u>Revenue</u>	Property <u>Taxes</u>	Property Taxes To <u>Revenues (%)</u>	<u>Sales Tax</u>	Sales Tax To <u>Revenues (%)</u>
2017	\$4,524,546	\$3,040,596	67.20	\$1,275,128	28.18
2018	4,838,101	3,080,353	63.67	1,294,155	26.75
2019	4,669,954	3,149,999	67.45	1,324,591	28.36
2020	5,882,641	3,186,170	54.16	1,383,745	23.52
2021 (Unaudited)	5,026,506	3,021,485	60.11	1,282,177	25.51
2022 (Budgeted)	5,410,705	3,175,960	58.70	1,335,000	24.67
2023 (Budgeted)	5,579,183	3,288,890	58.95	1,320,000	23.66

Tax Levy Limit Law

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

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

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

Tax Limit

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

Five-year Average Full Valuation	\$304,167,762
Tax Limit - 2% thereof	6,083,355
Tax Levy for General Village Purposes	3,288,905
Less: Exclusions	384,139
Tax Levy Subject to Tax Limit	\$2,904,766
Constitutional Tax Margin	\$3,178,589

Tax Levies and Rates

	<u>Fiscal Year Ending May 31:</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Levy	\$3,150,000	\$3,186,171	\$3,202,885	\$3,175,960	\$3,288,905
Taxes Rate per \$1,000 of Assessed Valuation	\$10.41	\$10.53	\$10.61	\$10.51	\$10.83

Selected Listing of Large Taxable Properties 2021-2022 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Sidamon-Eristoff	Various	\$7,669,300
Quaker Hill Housing	Apartments	3,925,000
Wabno Hotels	Motel/Commercial	2,149,700
Orange & Rockland Utilities	Utility	3,575,346
Regency Arms	Apartments	2,610,000
Koutsourades/WP Motel	Motel/Commercial	1,850,000
Piepenkotter Living Trust	Building	1,675,000
The Sea Partnership	Residential	1,573,200
NY Central Lines	Railroad	1,969,626
Putnam Apartments	Apartments	1,430,000
Fatsis, George & Soula	Various	1,077,200
Pentagon FCU	Bank	559,300
Peregrine Realty	Commercial	990,600
McDonalds	Motel/Commercial	861,700
	Total ^a	\$31,915,972

a. Represents 10.51% of the total taxable assessed valuation for 2022-23.

LITIGATION

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

CYBERSECURITY

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

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results. 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 Village's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The Village 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") is a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services was signed into law on March 11, 2021. 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.

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the Village (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Village in connection with the Notes, and Bond Counsel has assumed compliance by the Village with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Village with respect to the Notes, which will be available at the time of delivery of the Notes, substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the Village will provide an executed copy of its Undertaking to Provide Continuing Disclosure with respect to the Notes substantially in the form set forth in Appendix D.

Compliance History

On July 13, 2017, the Village filed a material event notice for the failure to file its 2016 audited financial statements in a timely manner.

On July 13, 2019, the Village filed a material event notice for the failure to file an updated list of Largest Employers in its Statement of Financial and Operating Information.

On July 8, 2020 the Village filed a material event notice for the failure to file its 2019 audited financial statement in a timely manner.

On June 3, 2022, the Village filed a material event notice for the failure to file its 2021 audited financial statements in a timely manner.

RATING

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

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Village on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Village Treasurer's office, Ralph Walters, Village Treasurer, Village of Highland Falls, 303 Main Street, Highland Falls, NY 10928, Phone (845) 446-3400, Fax (845) 446-2952, email: rwalters@highlandfallsny.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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 Village's management's beliefs as well as assumptions made by, and information currently available to, the Village'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 Village's files with the repositories. When used in Village'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 Notes.

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

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

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

By: s/s RALPH WALTERS
Village Treasurer and Chief Fiscal Officer
Village of Highland Falls
Highland Falls, New York

September , 2022

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending May 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 3,040,596	\$ 3,080,353	\$ 3,149,999	\$ 3,186,170	\$ 3,021,485
Real Property Tax Items	21,475	21,628	22,197	20,138	40,783
Non-Property Tax Items	1,275,128	1,294,155	1,324,592	1,383,745	1,282,177
Departmental Income	22,395	31,473	22,315	28,121	106,543
Intergovernmental Charges	3,291				9,900
Use of Money and Property	1,379	3,084	3,996	4,430	353
Licenses & Permits	6,775	4,050	7,850	34,950	188,900
Fines & Forfeitures	21,870	22,431	12,602	11,023	3,745
Sale of Property & Compensation for Loss	22,628	22,840	931	2,066	16,781
State & Federal Aid	77,643	294,559	83,123	790,083	263,222
Miscellaneous	5,366	37,528	16,349	395,915	66,617
Interfund Revenues	26,000	26,000	26,000	26,000	26,000
Total Revenues	<u>4,524,546</u>	<u>4,838,101</u>	<u>4,669,954</u>	<u>5,882,641</u>	<u>5,026,506</u>
Expenditures:					
General Government Support	826,243	734,687	788,091	1,148,882	883,212
Public Safety	1,389,764	1,474,083	1,212,823	1,497,331	1,448,423
Health	1,120	1,392	50		2,240
Transportation	486,638	963,697	549,764	1,092,290	1,243,123
Culture and Recreation	84,524	58,258	104,939	98,106	119,826
Home and Community Services	9,309	11,196	31,257	15,063	43,578
Employee Benefits	1,230,853	1,298,521	1,402,043	1,420,934	1,379,470
Debt Service	333,845	359,375	362,679	353,427	303,633
Total Expenditures	<u>4,362,296</u>	<u>4,901,209</u>	<u>4,451,646</u>	<u>5,626,033</u>	<u>5,423,506</u>
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds from Obligations					
Operating Transfers In	100,000	100,000	100,000	162,278	100,000
Operating Transfers Out					
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>162,278</u>	<u>100,000</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	262,250	36,892	318,308	418,886	(297,000)
Fund Balance Beginning of Year	<u>871,201</u>	<u>1,255,871</u>	<u>1,292,765</u>	<u>1,611,073</u>	<u>1,853,039</u>
Prior Period Adjustment	122,420	2		(176,920)	219,222
Fund Balance End of Year	<u>\$ 1,255,871</u>	<u>\$ 1,292,765</u>	<u>\$ 1,611,073</u>	<u>\$ 1,853,039</u>	<u>\$ 1,775,261</u>

Source: Audited Annual Financial Reports of the Village (2017-2020) & Annual Financial Report Update Document (2021)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ending May 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Departmental Income	\$ 572,361	\$ 593,011	\$ 576,632	\$ 552,540	\$ 595,369
Intergovernmental Charges	245,212	277,460	304,880	300,433	293,857
Use of Money and Property	178	694	898	813	62
Sale of Property & Compensation for Loss	1,500	1,310	1,700	1,540	5,055
State & Federal Aid					
Miscellaneous	100	5,935	225	1,471	150
Total Revenues	819,351	878,410	884,335	856,797	894,493
Expenditures:					
General Government Support	38,253	39,509	43,540	45,769	41,796
Home and Community Services	345,518	349,781	338,383	416,511	497,684
Employee Benefits	82,575	83,709	87,317	82,957	86,459
Debt Service	186,282	217,253	241,278	239,416	230,092
Total Expenditures	652,628	690,252	710,518	784,653	856,031
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds from Obligations					
Operating Transfers In				25,000	25,000
Operating Transfers Out	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	(25,000)	(25,000)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	116,723	138,158	123,817	47,144	13,462
Fund Balance Beginning of Year	526,264	578,531	716,689	840,506	887,650
Prior Period Adjustment	(64,456)				1,899
Fund Balance End of Year	\$ 578,531	\$ 716,689	\$ 840,506	\$ 887,650	\$ 903,011

Source: Audited Annual Financial Reports of the Village (2016-2020) & Annual Financial Report Update Document (2021)
NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscal Year Ending May 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Departmental Income	\$ 1,120,264	\$ 1,104,486	\$ 1,141,161	\$ 1,084,520	\$ 1,090,983
Intergovernmental Charges	1,328	1,314	1,258	1,493	1,687
Use of Money and Property	294	890	899	811	63
Sale of Property & Compensation for Loss					5,792
Federal Aid	12				
Miscellaneous	150	118	51	25	
Total Revenues	<u>1,122,048</u>	<u>1,106,808</u>	<u>1,143,369</u>	<u>1,086,849</u>	<u>1,098,525</u>
Expenditures:					
General Government Support				7,610	
Home and Community Services	554,314	547,831	430,363	520,184	567,395
Employee Benefits	129,827	133,750	145,141	145,403	143,903
Debt Service	329,814	339,832	169,038	32,140	31,622
Total Expenditures	<u>1,013,955</u>	<u>1,021,413</u>	<u>744,542</u>	<u>705,337</u>	<u>742,920</u>
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds from Obligations					
Operating Transfers In					
Operating Transfers Out	(50,000)	(50,000)	(200,000)	(335,000)	(335,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(200,000)</u>	<u>(335,000)</u>	<u>(335,000)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	58,093	35,395	198,827	46,512	20,605
Fund Balance Beginning of Year	645,605	653,433	688,828	887,654	934,166
Prior Period Adjustment	<u>(50,265)</u>				
Fund Balance End of Year	<u>\$ 653,433</u>	<u>\$ 688,828</u>	<u>\$ 887,655</u>	<u>\$ 934,166</u>	<u>\$ 954,770</u>

Source: Audited Annual Financial Reports of the Village (2017-2020) & Annual Financial Report Update Document (2021)

NOTE: This Schedule NOT audited.

Balance Sheet
General, Water, and Sewer Funds

	Fiscal Year Ending May, 31, 2021		
	General	Water	Sewer
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Assets:			
Cash and Investments	\$ 1,661,756	\$ 665,795	\$ 370,747
Accounts Receivable	31,471	93,610	75,340
Due from Other Funds	19,943	97,725	483,274
Due from Other Governments	128,785		
Restricted Assets	418,915	72,189	72,189
Total Assets	\$ 2,260,871	\$ 929,319	\$ 1,001,550
Liabilities			
Accounts Payable	\$ 146,826	\$ 23,504	\$ 28,165
Due to Other Funds	295,366	632	13,378
Due to Other Governments	55,370	4,071	5,234
Accrued Liabilities			
Other Liabilities			
Total Liabilities	497,562	28,208	46,778
Fund Equity:			
Restricted	418,915	72,189	72,189
Assigned	598,245	828,922	882,583
Unassigned	746,149		
Total Fund Equity	1,763,309	901,111	954,772
Total Liabilities and Fund Equity	\$ 2,260,871	\$ 929,319	\$ 1,001,550

Source: Annual Financial Report Update Document (2021).

NOTE: This Schedule NOT audited.

Balance Sheet
General, Water, and Sewer Funds

	Fiscal Year Ending May, 31, 2020		
	General Fund	Water Fund	Sewer Fund
Assets:			
Cash and Investments	\$ 1,295,325	\$	
Accounts Receivable	9,777	132,774	93,199
Due from Other Funds	6,565	62,569	102,615
Due from Other Governments	694,012		
Restricted Assets	328,586	736,653	802,921
Total Assets	\$ 2,334,265	\$ 931,996	\$ 998,735
Liabilities			
Accounts Payable	\$ 83,965	\$ 41,035	\$ 60,312
Due to Other Funds	350,184		
Due to Other Governments	47,077	3,311	4,257
Accrued Liabilities			
Other Liabilities			
Total Liabilities	481,226	44,346	64,569
Fund Equity:			
Restricted	328,586	887,650	934,166
Assigned	579,545		
Unassigned	944,908		
Total Fund Equity	1,853,039	887,650	934,166
Total Liabilities and Fund Equity	\$ 2,334,265	\$ 931,996	\$ 998,735

Source: Annual Financial Report Update Document (2020).

NOTE: This Schedule NOT audited.

Budget Summaries
Fiscal Year Ending May 31, 2022

	<u>General</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>
Revenues:			
Real Property Taxes	\$ 3,175,960	\$	
Real Property Tax Items	20,000		
Non Property Tax Items	1,335,000		
Departmental Income	19,500	879,500	1,101,389
Use of Money and Property	6,000	1,000	100
Licenses & Permits	25,000		
Fines & Forfeitures	10,000		
State Aid	95,000		
Interfund Revenues	26,000		
Miscellaneous			
Interfund Transfers	100,000	25,000	
Appropriated Fund Balance	598,245		
	<u>598,245</u>	<u>25,000</u>	<u> </u>
Total Revenues	\$ <u>5,410,705</u>	\$ <u>905,500</u>	\$ <u>1,101,489</u>
Expenditures:			
General Government Support	\$ 1,047,894	\$ 125,000	\$ 35,000
Public Safety	1,577,182		
Health	1,000		
Transportation	749,017		
Culture and Recreation	121,500		
Home and Community Services	53,500	394,853	537,833
Employee Benefits	1,394,848	93,770	152,532
Interfund Transfers	115,000	210,000	345,000
Debt Service	350,764	81,877	31,124
	<u>350,764</u>	<u>81,877</u>	<u>31,124</u>
Total Expenditures	\$ <u>5,410,705</u>	\$ <u>905,500</u>	\$ <u>1,101,489</u>

Source: 2021-2022 Budget Adopted by the Village of Highland Falls

Budget Summaries
Fiscal Year Ending May 31, 2023

	<u>General</u>	<u>Water</u>	<u>Sewer</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:			
Real Property Taxes	\$ 3,288,890	\$	
Real Property Tax Items	20,000		
Non Property Tax Items	1,440,000		
Departmental Income	21,000	872,500	1,013,046
Use of Money and Property	1,000	1,000	
Licenses & Permits	25,000		
Fines & Forfeitures	10,000		
State Aid	95,000		
Intefund Transfers	100,000	25,000	
Interfund Revenues	26,000		
Appropriated Fund Balance	<u>552,293</u>	<u>207,369</u>	
Total Revenues	<u>\$ 5,579,183</u>	<u>\$ 1,105,869</u>	<u>\$ 1,013,046</u>
Expenditures:			
General Government Support	\$ 1,115,682	\$ 139,000	\$ 48,000
Public Safety	1,701,721		
Health	1,000		
Transportation	607,277		
Culture and Recreation	120,000		
Home and Community Services	29,900	541,875	592,380
Employee Benefits	1,472,263	133,625	162,268
Interfund Transfers	95,000	210,000	180,000
Debt Service	<u>436,340</u>	<u>81,369</u>	<u>30,398</u>
Total Expenditures	<u>\$ 5,579,183</u>	<u>\$ 1,105,869</u>	<u>\$ 1,013,046</u>

Source: 2022-2023 Adopted Budget for the Village of Highland Falls

VILLAGE OF HIGHLAND FALLS

APPENDIX B

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED MAY 31, 2021**

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

Not Audited or prepared in accordance with Generally Accepted Accounting Principles.

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

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
VILLAGE of Highland Falls
County of Orange
For the Fiscal Year Ended 05/31/2021

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

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

VILLAGE OF Highland Falls

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2020 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2021:

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

All amounts included in this update document for 2020 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

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

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

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(A) GENERAL

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash	779,663	A200	1,145,751
Cash In Time Deposits	515,263	A201	515,606
Petty Cash	400	A210	400
TOTAL Cash	1,295,326		1,661,756
Accounts Receivable	9,775	A380	31,471
TOTAL Other Receivables (net)	9,775		31,471
Due From Other Funds	6,565	A391	19,943
TOTAL Due From Other Funds	6,565		19,943
Due From Other Governments	694,012	A440	128,785
TOTAL Due From Other Governments	694,012		128,785
Cash Special Reserves	297,522	A230	418,915
TOTAL Restricted Assets	297,522		418,915
TOTAL Assets and Deferred Outflows of Resources	2,303,199		2,260,871

VILLAGE OF Highland Falls
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(A) GENERAL

Balance Sheet

Code Description	2020	EdpCode	2021
Accounts Payable	89,851	A600	146,826
TOTAL Accounts Payable	89,851		146,826
Accrued Liabilities		A601	
TOTAL Accrued Liabilities	0		0
Due To Other Funds	325,184	A630	295,366
TOTAL Due To Other Funds	325,184		295,366
Due To Employees' Retirement System	47,077	A637	55,370
TOTAL Due To Other Governments	47,077		55,370
TOTAL Liabilities	462,112		497,562
Fund Balance			
Reserve For Repairs	297,522	A882	418,915
TOTAL Restricted Fund Balance	297,522		418,915
Assigned Appropriated Fund Balance	579,545	A914	598,245
TOTAL Assigned Fund Balance	579,545		598,245
Unassigned Fund Balance	964,020	A917	746,149
TOTAL Unassigned Fund Balance	964,020		746,149
TOTAL Fund Balance	1,841,087		1,763,309
TOTAL Liabilities, Deferred Inflows And Fund Balance	2,303,199		2,260,871

VILLAGE OF Highland Falls
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(A) GENERAL

Results of Operation

Code Description	2020	EdpCode	2021
Revenues			
Real Property Taxes	3,186,170	A1001	3,201,485
TOTAL Real Property Taxes	3,186,170		3,201,485
Interest & Penalties On Real Prop Taxes	20,138	A1090	40,783
TOTAL Real Property Tax Items	20,138		40,783
Non Prop Tax Dist By County	1,261,983	A1120	1,166,374
Utilities Gross Receipts Tax	49,907	A1130	47,056
Franchises	71,855	A1170	68,746
TOTAL Non Property Tax Items	1,383,745		1,282,177
Clerk Fees	5,525	A1255	2,000
Other General Departmental Income		A1289	87,347
Vital Statistics Fees	990	A1603	1,260
Parking Meter Fees Non-Taxable	15,729	A1741	15,936
TOTAL Departmental Income	22,244		106,543
Public Safety Services For Other Govts	5,877	A2260	9,900
TOTAL Intergovernmental Charges	5,877		9,900
Interest And Earnings	863	A2401	353
TOTAL Use of Money And Property	863		353
Business & Occupational License	34,950	A2501	188,900
TOTAL Licenses And Permits	34,950		188,900
Fines And Forfeited Bail	11,023	A2610	3,745
TOTAL Fines And Forfeitures	11,023		3,745
Sales, Other	582	A2655	5,405
Insurance Recoveries	1,484	A2680	11,376
TOTAL Sale of Property And Compensation For Loss	2,066		16,781
Gifts And Donations	3,072	A2705	5,179
AIM Related Payments	37,299	A2750	37,299
Unclassified (specify)	138,534	A2770	24,139
TOTAL Miscellaneous Local Sources	178,905		66,617
Interfund Revenues	26,000	A2801	26,000
TOTAL Interfund Revenues	26,000		26,000
St Aid, Revenue Sharing		A3001	
St Aid, Mortgage Tax	36,297	A3005	16,500
St Aid - Other (specify)	703,058	A3089	124,465
St Aid, Other Public Safety	13,429	A3389	56,783
St Aid, Consolidated Highway Aid		A3501	65,475
St Aid-Other Cul & Rec St Aid		A3889	
TOTAL State Aid	752,784		263,222
TOTAL Revenues	5,624,763		5,206,506
Interfund Transfers	162,277	A5031	100,000
TOTAL Interfund Transfers	162,277		100,000
TOTAL Other Sources	162,277		100,000
TOTAL Detail Revenues And Other Sources	5,787,040		5,306,506

VILLAGE OF Highland Falls
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(A) GENERAL

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Legislative Board, Pers Serv	19,823	A10101	19,668
Legislative Board, Contr Expend	4,315	A10104	5,603
TOTAL Legislative Board	24,138		25,272
Mayor, Pers Serv	18,893	A12101	19,267
Mayor, Contr Expend	4,652	A12104	3,010
TOTAL Mayor	23,545		22,277
Treasurer, Pers Serv	25,254	A13251	27,672
Treasurer, Contr Expend	33,401	A13254	27,564
TOTAL Treasurer	58,655		55,236
Budget, Pers Serv	2,500	A13401	2,500
Budget, Contr Expend	44	A13404	261
TOTAL Budget	2,544		2,761
Purchasing, Pers Serv	5,767	A13451	19,953
Purchasing, Equip & Cap Outlay	774	A13452	1,377
Purchasing, Contr Expend	8,194	A13454	8,040
TOTAL Purchasing	14,735		29,371
Clerk,pers Serv	198,256	A14101	197,840
Clerk,equip & Cap Outlay		A14102	1,100
Clerk,contr Expend	8,276	A14104	5,316
TOTAL Clerk	206,532		204,256
Law, Contr Expend	69,086	A14204	83,272
TOTAL Law	69,086		83,272
Engineer, Contr Expend	288,032	A14404	95,414
TOTAL Engineer	288,032		95,414
Elections, Contr Expend		A14504	3,243
TOTAL Elections	0		3,243
Operation of Plant Contr Expend	64,394	A16204	52,602
TOTAL Operation of Plant Contr Expend	64,394		52,602
Central Garage Pers Serv	60,210	A16401	72,660
Central Garage Equip & Cap Outlay	4,753	A16402	
Central Garage Contr Expend	18,024	A16404	19,188
TOTAL Central Garage Contr Expend	82,988		91,848
Central Data Process, Contr Expend	31,054	A16804	23,491
TOTAL Central Data Process	31,054		23,491
Unallocated Insurance, Contr Expend	169,556	A19104	181,764
TOTAL Unallocated Insurance	169,556		181,764
Municipal Assn Dues, Contr Expend	2,303	A19204	2,203
TOTAL Municipal Assn Dues	2,303		2,203
Judgements And Claims, Contr Expend	39,800	A19304	2,282
TOTAL Judgements And Claims	39,800		2,282
Payment of MTA Payroll Tax, Contr Expend	7,267	A19804	7,923
TOTAL Payment of MTA Payroll Tax	7,267		7,923
TOTAL General Government Support	1,084,629		883,212
Public Safety Comm Sys, Pers Serv	218,757	A30201	221,430

VILLAGE OF Highland Falls
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(A) GENERAL

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Public Safety Comm Sys, Contr Expend	28,319	A30204	31,240
TOTAL Public Safety Comm Sys	247,076		252,670
Police, Pers Serv	933,809	A31201	936,844
Police, Equip & Cap Outlay	94,277	A31202	33,833
Police, Contr Expend	94,237	A31204	92,855
TOTAL Police	1,122,323		1,063,532
Traffic Control, Pers Serv	7,122	A33101	3,119
Traffic Control, Contr Expen		A33104	
TOTAL Traffic Control	7,122		3,119
On-Street Parking, Pers Serv	4,419	A33201	6,671
On-Street Parking, Equipment & Cap Outlay	6,500	A33202	
On-Street Parking, Contr Expend	3,496	A33204	820
TOTAL On-Street Parking	14,415		7,491
Fire, Equip & Cap Outlay	53,862	A34102	22,008
Fire, Contr Expend	103,921	A34104	99,302
TOTAL Fire	157,783		121,310
Other Animal Control, Contr Expend		A35204	300
TOTAL Other Animal Control	0		300
TOTAL Public Safety	1,548,718		1,448,423
Registrar of Vital Statistics, Pers Serv		A40201	2,240
TOTAL Registrar of Vital Statistics	0		2,240
TOTAL Health	0		2,240
Street Admin, Pers Serv	20,020	A50101	29,620
Street Admin, Contr Expend	1,062	A50104	1,631
TOTAL Street Admin	21,082		31,251
Maint of Streets, Pers Serv	256,600	A51101	298,003
Maint of Streets, Equip & Cap Outlay	760	A51102	
Maint of Streets, Contr Expend	428,924	A51104	182,035
TOTAL Maint of Streets	686,283		480,038
Perm Improve Highway, Equip & Cap Outlay	3,205	A51122	
TOTAL Perm Improve Highway	3,205		0
Snow Removal, Pers Serv	7,709	A51421	19,651
Snow Removal, Equip & Cap Outlay	4,845	A51422	3,267
Snow Removal, Contr Expend	64,973	A51424	46,878
TOTAL Snow Removal	77,526		69,796
Street Lighting, Contr Expend	74,717	A51824	68,756
TOTAL Street Lighting	74,717		68,756
Sidewalks, Contr Expend	229,476	A54104	593,282
TOTAL Sidewalks	229,476		593,282
TOTAL Transportation	1,092,290		1,243,123
Parks, Pers Serv		A71101	
Parks, Equip & Cap Outlay		A71102	
Parks, Contr Expend	75,077	A71104	67,054
TOTAL Parks	75,077		67,054

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(A) GENERAL

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Celebrations, Contr Expend	8,289	A75504	17,128
TOTAL Celebrations	8,289		17,128
Other Culture And Rec, Contr Expend	14,740	A79894	35,644
TOTAL Other Culture And Rec	14,740		35,644
TOTAL Culture And Recreation	98,106		119,826
Planning, Contr Expend		A80204	2,670
TOTAL Planning	0		2,670
Storm Sewers, Contr Expend	8,225	A81404	27,958
TOTAL Storm Sewers	8,225		27,958
Refuse & Garbage, Contr Expend		A81604	
TOTAL Refuse & Garbage	0		0
Street Cleaning, Contr Expend	6,838	A81704	12,950
TOTAL Street Cleaning	6,838		12,950
TOTAL Home And Community Services	15,063		43,578
State Retirement System	106,260	A90108	104,836
Police & Firemen Retirement, Empl Bnfts	175,850	A90158	185,972
Local Pension Fund, Empl Bnfts	58,569	A90258	59,012
Social Security, Employer Cont	136,859	A90308	144,501
Worker's Compensation, Empl Bnfts	133,512	A90408	125,019
Unemployment Insurance, Empl Bnfts	2,163	A90508	
Hospital & Medical (dental) Ins, Empl Bnft	774,351	A90608	760,130
TOTAL Employee Benefits	1,387,564		1,379,470
Debt Principal, Serial Bonds	199,000	A97106	199,087
Debt Principal, Installment Bonds		A97206	
TOTAL Debt Principal	199,000		199,087
Debt Interest, Serial Bonds	129,158	A97107	104,546
TOTAL Debt Interest	129,158		104,546
TOTAL Expenditures	5,554,527		5,423,506
Transfers, Other Funds		A99019	
TOTAL Operating Transfers	0		0
TOTAL Other Uses	0		0
TOTAL Detail Expenditures And Other Uses	5,554,527		5,423,506

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(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2020	EdpCode	2021
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	1,612,348	A8021	1,841,087
Prior Period Adj -Increase In Fund Balance		A8012	39,223
Prior Period Adj -Decrease In Fund Balance	3,774	A8015	
Restated Fund Balance - Beg of Year	1,608,574	A8022	1,880,310
ADD - REVENUES AND OTHER SOURCES	5,787,040		5,306,506
DEDUCT - EXPENDITURES AND OTHER USES	5,554,527		5,423,506
Fund Balance - End of Year	1,841,087	A8029	1,763,309

VILLAGE OF Highland Falls
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(A) GENERAL

Budget Summary

Code Description	2021	EdpCode	2022
Estimated Revenues			
Est Rev - Real Property Taxes	3,202,885	A1049N	3,175,960
Est Rev - Real Property Tax Items	20,000	A1099N	20,000
Est Rev - Non Property Tax Items	1,333,000	A1199N	1,335,000
Est Rev - Departmental Income	18,000	A1299N	19,500
Est Rev - Use of Money And Property	4,000	A2499N	6,000
Est Rev - Licenses And Permits	20,000	A2599N	25,000
Est Rev - Fines And Forfeitures	15,000	A2649N	10,000
Est Rev - Miscellaneous Local Sources	0	A2799N	0
Est Rev - Interfund Revenues	26,000	A2801N	26,000
Est Rev - State Aid	95,000	A3099N	95,000
TOTAL Estimated Revenues	4,733,885		4,712,460
Estimated - Interfund Transfer	100,000	A5031N	100,000
Appropriated Fund Balance	579,545	A599N	598,245
TOTAL Estimated Other Sources	679,545		698,245
TOTAL Estimated Revenues And Other Sources	5,413,430		5,410,705

VILLAGE OF Highland Falls
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(A) GENERAL

Budget Summary

Code Description	2021	EdpCode	2022
Appropriations			
App - General Government Support	1,057,785	A1999N	1,047,894
App - Public Safety	1,684,095	A3999N	1,577,182
App - Health	1,000	A4999N	1,000
App - Transportation	706,057	A5999N	749,017
App - Culture And Recreation	89,939	A7999N	121,500
App - Home And Community Services	31,300	A8999N	53,500
App - Employee Benefits	1,449,619	A9199N	1,394,848
App - Debt Service	303,635	A9899N	350,764
TOTAL Appropriations	5,323,430		5,295,705
Other Budgetary Purposes	90,000	A962N	115,000
TOTAL Other Uses	90,000		115,000
TOTAL Appropriations And Other Uses	5,413,430		5,410,705

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(CD) SPECIAL GRANT

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash	63,568	CD200	36,820
TOTAL Cash	63,568		36,820
TOTAL Assets and Deferred Outflows of Resources	63,568		36,820

VILLAGE OF Highland Falls
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(CD) SPECIAL GRANT

Balance Sheet

Code Description	2020	EdpCode	2021
Fund Balance			
Assigned Unappropriated Fund Balance	63,568	CD915	36,820
TOTAL Assigned Fund Balance	63,568		36,820
TOTAL Fund Balance	63,568		36,820
TOTAL Liabilities, Deferred Inflows And Fund Balance	63,568		36,820

VILLAGE OF Highland Falls
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(CD) SPECIAL GRANT

Results of Operation

Code Description	2020	EdpCode	2021
Revenues			
Interest And Earnings		CD2401	
TOTAL Use of Money And Property	0		0
Federal Aid Rental Assistance Program	783,736	CD4915	794,599
TOTAL Federal Aid	783,736		794,599
TOTAL Revenues	783,736		794,599
TOTAL Detail Revenues And Other Sources	783,736		794,599

VILLAGE OF Highland Falls
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(CD) SPECIAL GRANT

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Rent Subsidy, Contr Expend	769,599	CD86104	821,347
TOTAL Rent Subsidy	769,599		821,347
TOTAL Home And Community Services	769,599		821,347
TOTAL Expenditures	769,599		821,347
TOTAL Detail Expenditures And Other Uses	769,599		821,347

VILLAGE OF Highland Falls
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(CD) SPECIAL GRANT

Analysis of Changes in Fund Balance

Code Description	2020	EdpCode	2021
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	49,431	CD8021	63,568
Restated Fund Balance - Beg of Year	49,431	CD8022	63,568
ADD - REVENUES AND OTHER SOURCES	783,736		794,599
DEDUCT - EXPENDITURES AND OTHER USES	769,599		821,347
Fund Balance - End of Year	63,568	CD8029	36,818

VILLAGE OF Highland Falls
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(FX) WATER

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash	674,326	FX200	665,595
Petty Cash	200	FX210	200
TOTAL Cash	674,526		665,795
Water Rents Receivable	155,874	FX350	93,610
TOTAL Other Receivables (net)	155,874		93,610
Due From Other Funds	37,569	FX391	97,725
TOTAL Due From Other Funds	37,569		97,725
Cash Special Reserves	62,127	FX230	72,189
TOTAL Restricted Assets	62,127		72,189
TOTAL Assets and Deferred Outflows of Resources	930,096		929,319

VILLAGE OF Highland Falls
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(FX) WATER

Balance Sheet

Code Description	2020	EdpCode	2021
Accounts Payable	41,035	FX600	23,504
TOTAL Accounts Payable	41,035		23,504
Due To Other Funds		FX630	632
TOTAL Due To Other Funds	0		632
Due To Employees' Retirement System	3,311	FX637	4,071
TOTAL Due To Other Governments	3,311		4,071
TOTAL Liabilities	44,346		28,208
Fund Balance			
Reserve For Repairs	62,127	FX882	72,189
TOTAL Restricted Fund Balance	62,127		72,189
Assigned Unappropriated Fund Balance	823,623	FX915	828,922
TOTAL Assigned Fund Balance	823,623		828,922
TOTAL Fund Balance	885,751		901,112
TOTAL Liabilities, Deferred Inflows And Fund Balance	930,096		929,319

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(FX) WATER

Results of Operation

Code Description	2020	EdpCode	2021
Revenues			
Metered Water Sales	541,703	FX2140	580,868
Water Service Charges	300	FX2144	5,825
Interest & Penalties On Water Rents	10,538	FX2148	8,676
TOTAL Departmental Income	552,540		595,369
Service For Other Govts	300,433	FX2378	293,857
TOTAL Intergovernmental Charges	300,433		293,857
Interest And Earnings	813	FX2401	62
TOTAL Use of Money And Property	813		62
Sales, Other	1,540	FX2655	5,055
TOTAL Sale of Property And Compensation For Loss	1,540		5,055
Unclassified (specify)	1,471	FX2770	150
TOTAL Miscellaneous Local Sources	1,471		150
TOTAL Revenues	856,797		894,493
Interfund Transfers	25,000	FX5031	25,000
TOTAL Interfund Transfers	25,000		25,000
TOTAL Other Sources	25,000		25,000
TOTAL Detail Revenues And Other Sources	881,797		919,493

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(FX) WATER

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Credit Card Fees		FX13754	
TOTAL Credit Card Fees	0		0
Central Garage, Contr Expend	4,603	FX16404	
TOTAL Central Garage	4,603		0
Taxes & Assess On Munic Prop, Contr Expend	41,167	FX19504	41,796
TOTAL Taxes & Assess On Munic Prop	41,167		41,796
TOTAL General Government Support	45,769		41,796
Water Administration, Contr Expend	18,406	FX83104	15,151
TOTAL Water Administration	18,406		15,151
Water Purification, Pers Serv	106,371	FX83301	161,641
Water Purification, Equip & Cap Outlay	13,708	FX83302	
Water Purification, Contr Expend	199,277	FX83304	189,510
TOTAL Water Purification	319,355		351,151
Water Trans & Distrib, Pers Serv	35,457	FX83401	1,317
Water Trans & Distrib, Equip & Cap Outlay	39,953	FX83402	948
Water Trans & Distrib, Contr Expend	5,240	FX83404	129,117
TOTAL Water Trans & Distrib	80,649		131,382
TOTAL Home And Community Services	418,410		497,684
State Retirement, Empl Bnfts	17,891	FX90108	18,400
Social Security, Empl Bnfts	11,070	FX90308	12,540
Workers Compensation, Empl Bnfts	18,003	FX90408	15,265
Hospital & Medical (dental) Ins, Empl Bnft	35,993	FX90608	40,255
TOTAL Employee Benefits	82,957		86,459
Debt Principal, Serial Bonds	46,000	FX97106	45,913
Debt Principal, Bond Anticipation Notes	150,000	FX97306	150,000
TOTAL Debt Principal	196,000		195,913
Debt Interest, Serial Bonds	35,526	FX97107	31,830
Debt Interest, Bond Anticipation Notes	7,890	FX97307	2,348
TOTAL Debt Interest	43,416		34,179
TOTAL Expenditures	786,552		856,032
Transfers, Other Funds	50,000	FX99019	50,000
TOTAL Operating Transfers	50,000		50,000
TOTAL Other Uses	50,000		50,000
TOTAL Detail Expenditures And Other Uses	836,552		906,032

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(FX) WATER

Analysis of Changes in Fund Balance

Code Description	2020	EdpCode	2021
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	840,507	FX8021	885,752
Prior Period Adj -Increase In Fund Balance		FX8012	1,898
Restated Fund Balance - Beg of Year	840,507	FX8022	887,650
ADD - REVENUES AND OTHER SOURCES	881,797		919,493
DEDUCT - EXPENDITURES AND OTHER USES	836,552		906,032
Fund Balance - End of Year	885,752	FX8029	901,112

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(FX) WATER

Budget Summary

Code Description	2021	EdpCode	2022
Estimated Revenues			
Est Rev - Departmental Income	570,418	FX1299N	597,500
Est Rev - Intergovernmental Charges	282,000	FX2399N	282,000
Est Rev - Sale of Prop And Comp For Loss	1,000	FX2699N	1,000
TOTAL Estimated Revenues	853,418		880,500
Estimated - Interfund Transfer	25,000	FX5031N	25,000
TOTAL Estimated Other Sources	25,000		25,000
TOTAL Estimated Revenues And Other Sources	878,418		905,500

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(FX) WATER

Budget Summary

Code Description	2021	EdpCode	2022
Appropriations			
App - General Government Support	107,000	FX1999N	125,000
App - Home And Community Services	387,684	FX8999N	394,853
App - Employee Benefits	92,990	FX9199N	93,770
App - Debt Service	230,744	FX9899N	81,877
TOTAL Appropriations	818,418		695,500
Other Budgetary Purposes	10,000	FX962N	10,000
App - Interfund Transfer	50,000	FX9999N	200,000
TOTAL Other Uses	60,000		210,000
TOTAL Appropriations And Other Uses	878,418		905,500

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(G) SEWER

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash	740,794	G200	370,747
TOTAL Cash	740,794		370,747
Sewer Rents Receivable	93,199	G360	75,340
TOTAL Other Receivables (net)	93,199		75,340
Due From Other Funds	102,615	G391	483,274
TOTAL Due From Other Funds	102,615		483,274
Cash Special Reserves	62,127	G230	72,189
TOTAL Restricted Assets	62,127		72,189
TOTAL Assets and Deferred Outflows of Resources	998,735		1,001,550

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(G) SEWER

Balance Sheet

Code Description	2020	EdpCode	2021
Accounts Payable	60,310	G600	28,165
TOTAL Accounts Payable	60,310		28,165
Due To Other Funds		G630	13,378
TOTAL Due To Other Funds	0		13,378
Due To Employees' Retirement System	4,257	G637	5,234
TOTAL Due To Other Governments	4,257		5,234
TOTAL Liabilities	64,567		46,778
Fund Balance			
Reserve For Repairs	62,127	G882	72,189
TOTAL Restricted Fund Balance	62,127		72,189
Assigned Unappropriated Fund Balance	872,041	G915	882,583
TOTAL Assigned Fund Balance	872,041		882,583
TOTAL Fund Balance	934,168		954,773
TOTAL Liabilities, Deferred Inflows And Fund Balance	998,735		1,001,550

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(G) SEWER

Results of Operation

Code Description	2020	EdpCode	2021
Revenues			
Sewer Rents	1,060,400	G2120	1,067,619
Sewer Charges		G2122	600
Interest & Penalties On Sewer Accts	24,120	G2128	22,764
TOTAL Departmental Income	1,084,520		1,090,983
Sewer Serv Other Govts	1,493	G2374	1,687
TOTAL Intergovernmental Charges	1,493		1,687
Interest And Earnings	812	G2401	62
TOTAL Use of Money And Property	812		62
Insurance Recoveries		G2680	5,792
TOTAL Sale of Property And Compensation For Loss	0		5,792
Unclassified (specify)	25	G2770	
TOTAL Miscellaneous Local Sources	25		0
TOTAL Revenues	1,086,850		1,098,525
TOTAL Detail Revenues And Other Sources	1,086,850		1,098,525

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(G) SEWER

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Sewer Administration, Contr Expend	23,719	G81104	20,856
TOTAL Sewer Administration	23,719		20,856
Sanitary Sewers, Equip & Cap Outlay	13,419	G81202	
Sanitary Sewers, Contr Expend	55,240	G81204	53,785
TOTAL Sanitary Sewers	68,659		53,785
Sewage Treat Disp, Pers Serv	224,301	G81301	262,658
Sewage Treat Disp, Equip & Cap Outlay	2,082	G81302	
Sewage Treat Disp, Contr Expend	209,032	G81304	230,096
TOTAL Sewage Treat Disp	435,415		492,753
TOTAL Home And Community Services	527,793		567,395
State Retirement, Empl Bnfts	26,882	G90108	27,937
Social Security , Empl Bnfts	17,197	G90308	20,132
Worker's Compensation, Empl Bnfts	16,717	G90408	15,265
Hospital & Medical (dental) Ins, Empl Bnft	84,606	G90608	80,569
TOTAL Employee Benefits	145,403		143,903
Debt Principal, Serial Bonds	25,000	G97106	25,000
TOTAL Debt Principal	25,000		25,000
Debt Interest, Serial Bonds	7,140	G97107	6,622
TOTAL Debt Interest	7,140		6,622
TOTAL Expenditures	705,335		742,919
Transfers, Other Funds	50,000	G99019	50,000
Transfers, Capital Projects Fund	285,000	G99509	285,000
TOTAL Operating Transfers	335,000		335,000
TOTAL Other Uses	335,000		335,000
TOTAL Detail Expenditures And Other Uses	1,040,335		1,077,919

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(G) SEWER

Analysis of Changes in Fund Balance

Code Description	2020	EdpCode	2021
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	887,653	G8021	934,168
Restated Fund Balance - Beg of Year	887,653	G8022	934,168
ADD - REVENUES AND OTHER SOURCES	1,086,850		1,098,525
DEDUCT - EXPENDITURES AND OTHER USES	1,040,335		1,077,919
Fund Balance - End of Year	934,168	G8029	954,773

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(G) SEWER

Budget Summary

Code Description	2021	EdpCode	2022
Estimated Revenues			
Est Rev - Departmental Income	1,098,481	G1299N	1,099,989
Est Rev - Intergovernmental Charges	1,400	G2399N	1,400
Est Rev - Use of Money And Property	100	G2499N	100
TOTAL Estimated Revenues	1,099,981		1,101,489
TOTAL Estimated Revenues And Other Sources	1,099,981		1,101,489

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(G) SEWER

Budget Summary

Code Description	2021	EdpCode	2022
Appropriations			
App - General Government Support	35,000	G1999N	35,000
App - Home And Community Services	536,166	G8999N	537,833
App - Employee Benefits	152,192	G9199N	152,532
App - Debt Service	31,623	G9899N	31,124
TOTAL Appropriations	754,981		756,489
Other Budgetary Purposes	10,000	G962N	10,000
App - Interfund Transfer	335,000	G9999N	335,000
TOTAL Other Uses	345,000		345,000
TOTAL Appropriations And Other Uses	1,099,981		1,101,489

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash	324,660	H200	1,319,243
Cash In Time Deposits	2,574	H201	2,574
TOTAL Cash	327,233		1,321,817
Due From Other Funds	185,000	H391	
TOTAL Due From Other Funds	185,000		0
TOTAL Assets and Deferred Outflows of Resources	512,233		1,321,817

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2020	EdpCode	2021
Accounts Payable		H600	
TOTAL Accounts Payable	0		0
Bond Anticipation Notes Payable	335,000	H626	585,000
TOTAL Notes Payable	335,000		585,000
Due To Other Funds		H630	285,000
TOTAL Due To Other Funds	0		285,000
TOTAL Liabilities	335,000		870,000
Fund Balance			
Assigned Unappropriated Fund Balance	177,233	H915	451,817
TOTAL Assigned Fund Balance	177,233		451,817
TOTAL Fund Balance	177,233		451,817
TOTAL Liabilities, Deferred Inflows And Fund Balance	512,233		1,321,817

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2020	EdpCode	2021
Revenues			
Interest And Earnings	4	H2401	0
TOTAL Use of Money And Property	4		0
Insurance Recoveries		H2680	1,302,162
TOTAL Sale of Property And Compensation For Loss	0		1,302,162
Grants From Local Governments		H2706	137,851
TOTAL Miscellaneous Local Sources	0		137,851
TOTAL Revenues	4		1,440,013
Interfund Transfers	285,000	H5031	285,000
TOTAL Interfund Transfers	285,000		285,000
Bans Redeemed From Appropriations	150,000	H5731	150,000
TOTAL Proceeds of Obligations	150,000		150,000
TOTAL Other Sources	435,000		435,000
TOTAL Detail Revenues And Other Sources	435,004		1,875,013

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2020	EdpCode	2021
Expenditures			
Maint of Streets, Equip & Cap Outlay	5,478	H51102	420,282
TOTAL Maint of Streets	5,478		420,282
TOTAL Transportation	5,478		420,282
Parks, Equip & Cap Outlay	51,897	H71102	
TOTAL Parks	51,897		0
TOTAL Culture And Recreation	51,897		0
Sewage Treat Disp, Equip & Cap Outlay	488,961	H81302	1,039,923
TOTAL Sewage Treat Disp	488,961		1,039,923
Storm Sewers, Equip & Cap Outlay	96,454	H81402	
TOTAL Storm Sewers	96,454		0
Water Capital Projects, Equip & Cap Outlay		H83972	
TOTAL Water Capital Projects	0		0
Drainage, Equip & Cap Outlay		H85402	115,224
TOTAL Drainage	0		115,224
TOTAL Home And Community Services	585,415		1,155,147
TOTAL Expenditures	642,790		1,575,429
Transfers, Other Funds	87,277	H99019	25,000
TOTAL Operating Transfers	87,277		25,000
TOTAL Other Uses	87,277		25,000
TOTAL Detail Expenditures And Other Uses	730,067		1,600,429

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2020	EdpCode	2021
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	472,296	H8021	177,233
Prior Period Adj -Decrease In Fund Balance		H8015	
Restated Fund Balance - Beg of Year	472,296	H8022	177,233
ADD - REVENUES AND OTHER SOURCES	435,004		1,875,013
DEDUCT - EXPENDITURES AND OTHER USES	730,067		1,600,429
Fund Balance - End of Year	177,233	H8029	451,817

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Land	483,311	K101	483,311
Buildings	5,681,802	K102	5,681,802
Improvements Other Than Buildings	7,827,035	K103	7,827,035
Machinery And Equipment	2,968,553	K104	2,968,553
TOTAL Fixed Assets (net)	16,960,701		16,960,701
TOTAL Assets and Deferred Outflows of Resources	16,960,701		16,960,701

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2020	EdpCode	2021
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	16,960,701	K159	16,960,701
TOTAL Investments in Non-Current Government Assets	16,960,701		16,960,701
TOTAL Fund Balance	16,960,701		16,960,701
TOTAL	16,960,701		16,960,701

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(TA) AGENCY

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash	317,413	TA200	
TOTAL Cash	317,413		0
Service Award Program Assets	1,076,133	TA461	
TOTAL Investments	1,076,133		0
TOTAL Assets and Deferred Outflows of Resources	1,393,546		0

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(TA) AGENCY

Balance Sheet

Code Description	2020	EdpCode	2021
Due To Other Funds	6,565	TA630	
TOTAL Due To Other Funds	6,565		0
Service Awards	1,076,133	TA13	
State Retirement	2,175	TA18	
Additional Description 5			
Group Insurance	252	TA20	
Nys Income Tax		TA21	
Federal Income Tax		TA22	
Social Security Tax		TA26	
Guaranty & Bid Deposits	88,670	TA30	
Other Funds (specify)	219,752	TA85	
TOTAL Agency Liabilities	1,386,981		0
TOTAL Liabilities	1,393,546		0
TOTAL Liabilities, Deferred Inflows And Fund Balance	1,393,546		0

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(TC) CUSTODIAL

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Cash		TC200	266,081
TOTAL Cash	0		266,081
Service Award Program Assets		TC461	1,164,666
TOTAL Restricted Assets	0		1,164,666
TOTAL Assets and Deferred Outflows of Resources	0		1,430,747

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(TC) CUSTODIAL

Balance Sheet

Code Description	2020	EdpCode	2021
Other Liabilities (Specify)		TC688	253,618
Service Award Program Payable		TC713	1,164,666
Group Insurance		TC720	156
TOTAL Other Liabilities	0		1,418,440
Due to Other Funds		TC630	6,565
TOTAL Due To Other Funds	0		6,565
State Retirement		TC718	5,742
TOTAL Due To Other Governments	0		5,742
TOTAL Liabilities	0		1,430,747
TOTAL Liabilities, Deferred Inflows And Fund Balance	0		1,430,747

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

Results of Operation

Code Description	2020	EdpCode	2021
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VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

Results of Operation

Code Description	2020	EdpCode	2021
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VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

Analysis of Changes in Fund Balance

Code Description	2020	EdpCode	2021
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VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2020	EdpCode	2021
Assets			
Total Non-Current Govt Liabilities	21,227,447	W129	20,777,447
TOTAL Provision To Be Made In Future Budgets	21,227,447		20,777,447
TOTAL Assets and Deferred Outflows of Resources	21,227,447		20,777,447

VILLAGE OF Highland Falls
Annual Update Document
For the Fiscal Year Ending 2021

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2020	EdpCode	2021
Net Pension Liability -Proportionate Share	2,100,939	W638	2,100,939
Total OPEB Liability	14,836,508	W683	14,836,508
TOTAL Other Liabilities	16,937,447		16,937,447
Bonds Payable	4,290,000	W628	3,840,000
TOTAL Bond And Long Term Liabilities	4,290,000		3,840,000
TOTAL Liabilities	21,227,447		20,777,447
TOTAL Liabilities	21,227,447		20,777,447

**VILLAGE OF Highland Falls
Statement of Indebtedness
For the Fiscal Year Ending 2021**

11/3/2021

County of: Orange

Municipal Code: 330439202290

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2015	BAN N	Various Purposes-2015			03/06/2015	02/26/2021	2.57%		\$1,532,500	\$150,000	\$150,000	\$0	\$0		\$0
2020	BAN N	DRAINAGE			11/05/2019	11/04/2021	0.57%		\$185,000	\$185,000	\$0	\$0	\$0		\$185,000
2021	BAN N	PAVING			11/04/2020	11/04/2021	0.57%		\$400,000	\$0			\$0		\$400,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$400,000	\$335,000	\$150,000	\$0	\$0	\$0	\$585,000
2010	BOND N	VARIOUS PURPOSE			08/01/2009	08/01/2035	4.50%		\$3,100,000	\$2,320,000		\$0	(\$2,320,000)		\$0
2012	BOND N	VARIOUS PURPOSE-ADV REFUNDING			05/01/2012	05/01/2035	2.25%	Y	\$3,145,000	\$1,460,000	\$115,000	\$0	\$0		\$1,345,000
2016	BOND N	ROAD IMPROVEMENTS		Y	03/02/2016	03/01/2025	1.844%		\$262,500	\$140,000	\$30,000	\$0	\$0		\$110,000
2021	BOND N	VARIOUS PURPOSE-ADV REFUNDING			06/25/2019	08/01/2034	5.00%			\$0	\$100,000		\$2,140,000		\$2,040,000
2013	BOND N	Sewer 2 - EFC			11/15/2012	10/16/2032	4.64%		\$540,000	\$370,000	\$25,000	\$0	\$0		\$345,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$0	\$4,290,000	\$270,000	\$0	(\$180,000)	\$0	\$3,840,000
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year									\$400,000	\$4,625,000	\$420,000	\$0	(\$180,000)	\$0	\$4,425,000

VILLAGE OF Highland Falls
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2021

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$600.00
Demand Deposits	9Z2011	\$4,367,530.53
Time Deposits	9Z2021	\$518,179.26
Total		\$4,886,309.79
 COLLATERAL:		
- FDIC Insurance	9Z2014	\$750,000.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$3,684,722.66
Total		\$4,434,722.66
 INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	_____
Market Value at Balance Sheet Date	9Z4502	_____
Collateralized with securities held in possession of municipality or its agent	9Z4504A	_____
 - Repurchase Agreements (451)		
Book Value (cost)	9Z4511	_____
Market Value at Balance Sheet Date	9Z4512	_____
Collateralized with securities held in possession of municipality or its agent	9Z4514A	_____

VILLAGE OF Highland Falls
Bank Reconciliation
For the Fiscal Year Ending 2021

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-7927	\$1,037,834	\$0	\$0	\$1,037,834
****-0118	\$99,721	\$0	\$0	\$99,721
****-0178	\$8,139	\$0	\$1,441	\$6,698
****-2230	\$515,606	\$0	\$0	\$515,606
****-1068	\$498	\$0	\$0	\$498
****-2474	\$92,574	\$0	\$91,574	\$1,000
****-0037	\$663,254	\$2,342	\$0	\$665,595
****-0045	\$370,747	\$0	\$0	\$370,747
****-9511	\$1,319,526	\$0	\$283	\$1,319,243
****-2617	\$2,574	\$0	\$0	\$2,574
****-0110	\$36,820	\$0	\$0	\$36,820
****-5064	\$9,894	\$0	\$6,349	\$3,545
****-6227	\$90,266	\$0	\$0	\$90,266
****-9902	\$39,851	\$0	\$0	\$39,851
****-0142	\$81,036	\$0	\$0	\$81,036
****-0086	\$51,384	\$0	\$0	\$51,384
****-1	\$71,386	\$0	\$0	\$71,386
****-3	\$203,187	\$0	\$0	\$203,187
****-4	\$31,095	\$0	\$0	\$31,095
****-5	\$67,642	\$0	\$0	\$67,642
****-6	\$72,189	\$0	\$0	\$72,189
****-7	\$72,189	\$0	\$0	\$72,189
****-8	\$45,605	\$0	\$0	\$45,605

Total Adjusted Bank Balance	\$4,885,710
Petty Cash	\$600.00
Adjustments	\$0.00
Total Cash	9ZCASH * \$4,886,310
Total Cash Balance All Funds	9ZCASHB * \$4,886,310

* Must be equal

VILLAGE OF Highland Falls
 Local Government Questionnaire
 For the Fiscal Year Ending 2021

	Response
1) Does your municipality have a written procurement policy?	Yes
2) Have the financial statements for your municipality been independently audited? If not, are you planning on having an audit conducted?	No
	Yes
3) Does your local government participate in an insurance pool with other local governments?	No
4) Does your local government participate in an investment pool with other local governments?	No
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	Yes
6) Does your municipality have a Capital Plan?	Yes
7) Has your municipality prepared and documented a risk assessment plan? If yes, has your municipality used the results to design the system of internal controls?	No
8) Have you had a change in chief executive or chief fiscal officer during the last year?	No
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	Yes

VILLAGE OF Highland Falls
Employee and Retiree Benefits
For the Fiscal Year Ending 2021

Total Full Time Employees:		20			
Total Part Time Employees:		24			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$151,173.00	16	2	
90158	Police and Fire Retirement	\$185,972.00	5	3	
90258	Local Pension Fund	\$59,012.00			
90308	Social Security	\$177,173.00	20	24	
90408	Worker's Compensation Insurance	\$155,549.00	20	24	
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance				
90608	Hospital and Medical (Dental) Insurance	\$880,954.00	20		20
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$1,609,833.00			
Computed Total From Financial Section (comparative purposes only)		\$1,609,832.09			

VILLAGE OF Highland Falls
 Energy Costs and Consumption
 For the Fiscal Year Ending 2021

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$9,924	5,371	gallons	
Diesel Fuel	\$7,246	4,048	gallons	
Fuel Oil	\$26,108	15,378	gallons	
Natural Gas	\$9,007	7,357	cubic feet	
Electricity	\$149,082	847,897	kilowatt-hours	
Coal			tons	
Propane	\$567	144	gallons	

CERTIFICATION OF CHIEF FISCAL OFFICER

I, RALPH J. WALTERS, hereby certify that I am the Chief Fiscal Officer of the VILLAGE of HIGHLAND FALLS, and that the information provided in the annual financial report of the VILLAGE of HIGHLAND FALLS, for the fiscal year ended 05/31/2021, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the VILLAGE of HIGHLAND FALLS, and adopted by me as my signature for use in conjunction with the filing of the VILLAGE of HIGHLAND FALLS's annual financial report, I am evidencing my express intent to authenticate my certification of the VILLAGE of HIGHLAND FALLS's annual financial report for the fiscal year ended 05/31/2021 and filed by means of electronic data transmission.

Name of Report Preparer if different than Chief Fiscal Officer

RALPH J. WALTERS
Name

(845) 446-3400
Telephone Number

TREASURER
Title

303 MAIN ST., HIGHLAND FALLS, N
Official Address

11/03/2021
Date of Certification

(845) 446-3400
Official Telephone Number

VILLAGE OF Highland Falls
Financial Comments
For the Fiscal Year Ending 2021

(A) GENERAL

Adjustment Reason

Account Code A8012 PRIOR YEAR AUDIT ADJUSTMENTS
Account Code A8015 PRIOR YEAR AUDIT ADJUSTMENTS

(FX) WATER

Adjustment Reason

Account Code FX8012 PRIOR YEAR AUDIT ADJUSTMENT

(H) CAPITAL PROJECTS

Adjustment Reason

Account Code H8015 PRIOR YEAR AUDIT ADJUSTMENT

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

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

September , 2022

The Board of Trustees of the
Village of Highland Falls, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Highland Falls (the “Village”), in the County of Orange, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$3,000,000 Bond Anticipation Notes – 2022 Series B (the “Notes”) of the Village dated and delivered on the date hereof.

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

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the Village of Highland Falls, in the County of Orange, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Village Treasurer as of September 22, 2022.

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

“Securities” shall mean the Issuer’s **\$3,000,000 Bond Anticipation Notes-2022 Series B**, dated September 29, 2022, maturing September 29, 2023, and delivered on the date hereof.

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

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

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

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

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 29, 2022**.

VILLAGE OF HIGHLAND FALLS, NEW YORK

By: _____
Village Treasurer