

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 4, 2023

RENEWALS

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters" herein.

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

TOWN OF PHILIPSTOWN PUTNAM COUNTY, NEW YORK (the "Town")

\$1,593,063

BOND ANTICIPATION NOTES, 2023 SERIES A (RENEWALS)

Dated Date: January 19, 2023

Maturity Date: January 19, 2024

Security and Sources of Payment: The Notes will constitute general obligations of the Town and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the Town will be subject to the levy of ad valorem taxes, for such purpose, subject to applicable statutory limitations. See "Tax Levy Limitation Law" herein.

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

At the option of the purchaser(s), the Notes may either be registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes. Note certificates shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser at such interest rate.

Form and Denomination: The Notes to be issued in book-entry form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee, which will act as the securities depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Individual purchases of the Notes to be issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$8,063. Noteholders will not receive certificates representing their ownership interest in the Notes to be issued in book-entry form purchased. See "Book-Entry System" herein.

Payment: Payment of the principal of and interest on the Notes to be issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry System" herein. Payment of the principal of and interest on the Notes issued in the form registered to the purchaser(s) will be payable at such bank of trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on January 11, 2023 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or such other place as may be agreed upon with the purchaser(s) on or about January 19, 2023.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. IN ADDITION, THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. (SEE "DISCLOSURE UNDERTAKING," HEREIN).

**TOWN OF PHILIPSTOWN
PUTNAM COUNTY, NEW YORK**

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* * *

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* * *

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No person has been authorized by the Town of Philipstown to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Philipstown since the date hereof.

TABLE OF CONTENTS

	Page
THE NOTES	1
DESCRIPTION OF THE NOTES	1
OPTIONAL REDEMPTION.....	1
BOOK-ENTRY SYSTEM	2
DISCLOSURE UNDERTAKING	3
AUTHORIZATION AND PURPOSE	4
NATURE OF OBLIGATION.....	4
TAX LEVY LIMITATION LAW.....	6
SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT.....	6
GENERAL MUNICIPAL LAW CONTRACT CREDITORS’ PROVISION	6
EXECUTION/ATTACHMENT OF MUNICIPAL PROPERTY	6
AUTHORITY TO FILE FOR MUNICIPAL BANKRUPTCY	6
STATE DEBT MORATORIUM LAW	7
CONSTITUTIONAL NON-APPROPRIATION PROVISION.....	9
DEFAULT LITIGATION	9
NO PAST DUE DEBT	9
THE TOWN	9
GOVERNMENTAL AND SERVICES	9
EMPLOYEES.....	10
SELECTED WEALTH AND INCOME INDICATORS	10
POPULATION.....	10
BUILDING PERMIT ACTIVITY	10
SELECTED LISTING OF LARGE EMPLOYERS WITHIN PUTNAM COUNTY.....	11
UNEMPLOYMENT RATE STATISTICS	11
INDEBTEDNESS OF THE TOWN	11
CONSTITUTIONAL REQUIREMENTS	11
STATUTORY PROCEDURE.....	12
COMPUTATION OF DEBT LIMIT AND CALCULATION OF NET DEBT CONTRACTING MARGIN.....	13
DEBT SERVICE REQUIREMENTS - OUTSTANDING BONDS	14
TREND OF TOWN INDEBTEDNESS.....	14
DETAILS OF SHORT-TERM INDEBTEDNESS OUTSTANDING	14
CAPITAL PROGRAM	14
AUTHORIZED BUT UNISSUED INDEBTEDNESS	15
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS.....	15
DEBT RATIOS	15
FINANCES OF THE TOWN	15
FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES.....	15
<i>Fund Structure and Accounts</i>	<i>15</i>
<i>Basis of Accounting</i>	<i>16</i>

TABLE OF CONTENTS - CONTINUED

	Page
CERTAIN INFORMATION OBTAINED FROM FINANCIAL STATEMENTS	16
INVESTMENT POLICY	16
FINANCIAL OPERATIONS	16
REVENUES	17
<i>Real Property Taxes</i>	17
STATE AID	17
EXPENDITURES	17
THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM	17
PENSION SYSTEMS	18
CONTRIBUTIONS TO THE RETIREMENT SYSTEMS	19
OTHER POST EMPLOYMENT BENEFITS	19
REAL PROPERTY TAX INFORMATION	20
REAL PROPERTY TAXES	20
VALUATIONS, LEVIES AND TAX RATES	21
TAX COLLECTION PROCEDURE	22
LARGE TAXABLE PROPERTIES	22
TAX CERTIORARI CLAIMS	22
LITIGATION	22
IMPACT OF COVID-19	23
CYBERSECURITY	23
MARKET AND RISK FACTORS	23
TAX MATTERS	24
LEGAL MATTERS	26
RATING	26
MUNICIPAL ADVISOR	26
OTHER MATTERS	26
ADDITIONAL INFORMATION	26
APPENDIX A: FINANCIAL INFORMATION	
APPENDIX B: FORM OF BOND COUNSEL’S OPINION	
APPENDIX C: AUDITED FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020	

OFFICIAL STATEMENT

Relating to

TOWN OF PHILIPSTOWN PUTNAM COUNTY, NEW YORK

\$1,593,063

BOND ANTICIPATION NOTES, 2023 SERIES A (RENEWALS)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town of Philipstown, Putnam County, New York (the "Town") and presents certain information relating to the Town's \$1,593,063 Bond Anticipation Notes, 2023 Series A (Renewals) (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 Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town 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 Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "MARKET AND RISK FACTORS" and "IMPACTS OF COVID-19" herein.

THE NOTES

Description of the Notes

The Notes will be dated January 19, 2023 and will mature, without right of redemption prior to maturity, on January 19, 2024, with interest payable at maturity.

At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes registered to the purchaser(s), a single note certificate shall be delivered to the purchaser(s), for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at the office of the Town Clerk in Philipstown, New York.

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their respective interests in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof, except of one necessary odd denomination which is or includes \$8,063. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry System" herein.

The Town will act as Paying Agent for the Notes. The Town's contact information is as follows: John Van Tassel, Supervisor, Town of Philipstown, 238 Main Street, P.O. Box 155, Cold Spring, New York 10516, Phone (845) 265-3329, and email: supervisor@philipstown.com.

Optional Redemption

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

Book-Entry System

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

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

Purchases of the 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 bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests 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 effect 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 account 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.

Redemption notices shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 Town 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 Town, on 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 or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

Disclosure Undertaking

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

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and 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 Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation (as defined in the Rule) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a "financial obligation" of the Town, any of which affect noteholders, 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 Town, any of which reflect financial difficulties.

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and 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 Town.

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

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

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

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

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law and a bond resolution adopted by the Town Board. The project that will be financed by such amount is as follows:

<u>Date</u> <u>Authorized</u>	<u>Project Name</u>	<u>Amount</u> <u>Outstanding</u>	<u>Amount to</u> <u>be Paid</u>	<u>Amount to</u> <u>be Issued</u>
09/5/2019	Reconstruction of Town Hall	\$ <u>1,770,000</u>	\$ <u>176,937</u>	\$ <u>1,593,063</u>
	TOTALS	\$ <u>1,770,000</u>	\$ <u>176,937</u>	\$ <u>1,593,063</u>

Nature of Obligation

Each of the Notes when duly issued and paid for will constitute a contract between the Town and the holder thereof.

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

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

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

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

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

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

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

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

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

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

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

Tax Levy Limitation Law

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

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

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision

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

Execution/Attachment of Municipal Property

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

Authority to File For Municipal Bankruptcy

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

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

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

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

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

State Debt Moratorium Law

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town is presently not working with the FRB and does not reasonably anticipate doing so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

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

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

Default Litigation

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

No Past Due Debt

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

THE TOWN

The Town was originally acquired from the Wappinger Indians in 1691 by two Dutch traders in what might seem to be considered the first ever real estate deal in which the traders obtained a license from New York State permitting their purchase of a deed from the Native Americans then living in what is now Philipstown. The Town officially became a township on March 7, 1788. The Town, located in the western part of Putnam County, has a total area of 51.5 square miles, of which 48.8 square miles is land and 2.7 square miles, or 5.22%, is water. The population was 9,720 as of the 2020 census.

The Town is known as one of the most attractive communities in the metropolitan New York region. It features a rugged topography, quaint village center, ample private and public recreational opportunities, a corridor of preserves along its twelve-mile shoreline, and spectacular views of the Hudson River – all within an hour-and-a-half of Manhattan.

Governmental and Services

There are two distinct and autonomous villages in Philipstown. The two villages, Nelsonville and Cold Spring are both located entirely within the Town of Philipstown. Village residents are also residents of Philipstown and they pay taxes to the Town, vote in Town elections, may be elected to Town office and serve on Town Boards.

The Town is governed by a Town Board. The Town Hall is located at 238 Main Street (New York Route 301) in Cold Spring, New York. Primary law enforcement services in Philipstown are provided by the New York State Police and the Putnam County Sheriff's Department. The Village of Cold Spring has its own police department. Fire and medical emergency services are provided by the Continental Village Fire Department, the Garrison Fire Department, the North Highlands Fire Department, and the Village of Cold Spring Fire Department. Three school districts are located in Philipstown which include Haldane, Garrison and Lakeland School Districts.

Employees

The Town provides services through approximately 29 full-time employees, 17 part-time employees and 88 seasonal employees. Union representation of full time employees is as follows:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
Highway Civil Service Employees Association	14	12/31/2026

Selected Wealth and Income Indicators

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Philipstown	NA	NA	\$42,000	\$56,583
County of Putnam	20,536	30,127	37,915	47,533
State of New York	16,501	23,389	30,791	40,898

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Philipstown	\$53,471	\$75,746	\$77,784	117,926
County of Putnam	58,892	82,197	101,576	122,394
State of New York	39,741	51,691	67,405	87,270

Source: United States Bureau of the Census

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

Population

<u>Year</u>	<u>Town of Philipstown</u>	<u>Putnam County</u>	<u>State of New York</u>
1990	NA	\$ 83,941	\$17,990,455
2000	NA	95,745	18,976,457
2010	9,669	99,710	19,378,102
2020	9,720	98,714	19,514,849

Source: United States Bureau of the Census

Building Permit Activity

<u>Year</u>	<u>Number of Building Permits Issued</u>	<u>Value of Building Permits Issued</u>
2016	284	12,000,200
2017	326	21,253,100
2018	323	26,086,900
2019	394	23,240,600
2020	394	42,446,100
2021	437	21,651,600

Selected Listing of Large Employers within Putnam County

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
Putnam Hospital Center	Healthcare	900
Green Chimneys	Services	519
Ace Endico	Food Services	507
The Arc of Putnam	Services	375
Hudson Valley Cerebral Palsy Assoc	Services	264
Putnam Precision Products, Inc	Manufacturing	250
Big V Shop Rite Supermarkets Inc	Retail	250
Home Depot	Retail	250
Arms Acres, Inc.	Services	230
CareMount Medical PC	Health Services	223

Source: Putnam County office of Planning, Development & Public Transportation

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>County of Putnam(%)</u>	<u>New York State (%)</u>
2017	4.5	5.1
2018	3.7	4.1
2019	3.7	4.0
2020	7.6	10.0
2021	4.2	6.9
2022 (10 months Average)	3.0	4.5

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond ordinance approved by at least two-thirds of the members of the Town Board, the finance board of the Town.

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

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 notes 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 Town Board may delegate, and has delegated, power to issue and sell bonds, to the Town Supervisor, the chief fiscal officer of the Town.

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of January 4, 2023)

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2017	\$1,178,926,440	46.85	\$2,516,385,144
2018	1,183,245,281	46.95	2,520,224,241
2019	1,191,485,465	45.85	2,598,659,684
2020	1,198,443,054	44.65	2,684,082,988
2021	1,208,994,697	44.60	2,710,750,442
Total Five Year Full Valuation			13,030,102,498
Average Five Year Full Valuation			2,606,020,500
Debt Limit - 7% of Full Valuation			182,421,435
Inclusions:			
Outstanding Bonds			\$32,155
Bond Anticipation Notes			4,030,257
Total Indebtedness			<u>4,062,412</u>
Exclusions			
Water Debt			0
Appropriations for Bonds			32,155
Appropriations for Notes			176,937
Total Exclusions			<u>209,092</u>
Total Net Indebtedness Before the Issuance of the Notes			<u>3,853,320</u>
The Notes			1,593,063
BANs to be Redeemed by the Issuance of the Notes			<u>1,593,063</u>
Net Effect of the Notes			<u>0</u>
Total Net Indebtedness After the Issuance of the Notes			<u>3,853,320</u>
Net Debt Contracting Margin			<u><u>\$178,568,115</u></u>
Per Cent of Debt Contracting Margin Exhausted			2.11%

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$32,155	\$1,688	\$33,843
	<u>\$32,155</u>	<u>\$1,688</u>	<u>\$33,843</u>

Trend of Town Indebtedness

	Fiscal Year Ending December 31				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Outstanding End of Year:					
Bonds	\$116,000	\$215,620	\$ 154,465	\$ 93,310	\$ 32,155
Bond Anticipation Notes	820,528	576,636	2,491,643	2,306,429	4,030,257
Total:	<u>\$936,528</u>	<u>\$792,256</u>	<u>\$2,646,108</u>	<u>\$2,399,739</u>	<u>\$4,062,412</u>

Details of Short-Term Indebtedness Outstanding

<u>Maturity Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
08/04/2023	Garrison Landing Water District	\$ 109,261
04/14/2023	Cortlandt Laker Dam	47,500
09/29/2023	Dahila Annex	210,409
01/20/2023	Reconstruction of Town Hall	163,087
07/07/2023	Construction of a new Highway Garage	<u>3,500,000</u>
	Total	<u>\$ 4,030,257</u>

Capital Program

The Town is generally responsible for providing services as required to the citizens on a Town-wide basis. The Town 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 Town owns, operates, maintains and improves recreation facilities. In general, needs for capital funding for the above described projects which the Town has responsibility are anticipated to continue and to be in approximately the same amounts or less than has prevailed in the past.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has no authorized and unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Putnam	06/29/2022	18.47	\$ 8,910,482	\$ 8,340,683
School District:				
Haldane CSD	12/13/2022	96.00	7,540,800	4,901,520
Lakeland CSD	12/16/2022	5.00	874,767	323,664
Garrison UFSD	06/10/2022	94.68	8,410,509	7,569,458
Totals:			\$25,736,558	\$21,135,324

Debt Ratios (As of January 4, 2023)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$ 4,062,412	\$ 418	0.150
Net Direct Debt	3,853,320	396	0.142
Total Direct & Applicable Total Overlapping Debt	29,798,970	3,066	1.099
Net Direct & Applicable Net Overlapping Debt	24,988,644	2,571	0.922

a. The current estimated population of the Town is 9,720.

b. The full valuation of taxable real property in the Town for 2020-21 is \$2,710,750,442.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

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

Fund Structure and Accounts

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

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

The Town presently maintains the following governmental funds: General Fund, Town Outside Villages Funds, Highway Fund, Special Districts Funds, Capital Projects Fund, Debt Service Fund and Non-major governmental. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

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

Certain Information Obtained from Financial Statements

Summary financial statements for the five years ended December 31, 2016 through December 31, 2020 are presented in Appendix A hereto. Such statements were compiled from the audited financial statements of the Town, however, the presentation of these statements has not been audited. The statements are not considered audited under auditing standards generally accepted in the United States of America because the notes to the statements and the auditors' report thereon have been omitted.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by or deposit placement programs with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the Town; and (6) in the case of the Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law.

Consistent with the above statutory limitations, it is the Town's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America, (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, (4) Certificates of Participation (COPs) issued pursuant to GML §109-b and (5) obligations of this local government, but only with any moneys in a reserve fund established pursuant to §§6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n. In the case of obligations of the United States government, the Town may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third part custodian.

Financial Operations

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

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

Town finances are operated primarily through the General Fund, Town Outside Villages Fund, and Highway Fund. Real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has water, sewer and other special districts, which are accounted for within separate funds. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year for operating and reporting purposes.

Revenues

The Town receives most of its revenues from real property taxes and assessments. A summary of such revenues for the five recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

Based on the audited financials of the Town, the Town received approximately 9.44% of its total General Fund operating revenue from State aid in 2020. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

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

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

The following table sets forth the percentage of the Town's General Fund revenue comprised of State Aid for each of the fiscal years 2016 through 2020 and as budgeted for 2021 through 2022.

<u>Fiscal Year Ending December 31:</u>	<u>Town General Fund Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2016	\$4,013,930	\$376,139	9.37%
2017	4,141,430	440,825	10.64%
2018	4,232,536	423,863	10.01%
2019	4,520,309	393,746	8.71%
2020	4,091,329	386,253	9.44%
2021 (Budgeted)	4,455,130	393,746	8.84%
2022 (Budgeted)	4,641,409	393,746	8.48%

Source: Audited financial statements (2016-2020), and the Adopted Budget for (2021-2022).

Expenditures

The major categories of expenditure for the Town are General Government Support, Health, Public Safety, Economic Development and Opportunity, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years 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 OSC designates the Town as "No Designation" (Fiscal Score: N/A; Environmental Score: N/A). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit was released on May 24, 2019. The purpose of the audit was determine whether the Board provided proper oversight of water billing operations for the period January 1, 2017 – December 31, 2017. The complete report may be found on the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS" or "Retirement System"). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement 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, as discussed below, whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, a new Tier 5 was created, which was effective for new ERS employees hired between January 1, 2010 and March 31, 2012. New ERS employees in Tier 5 contribute 3% of their salaries to the pensions. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also requires a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

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

The Town is required to contribute an actuarially determined rate. The required contributions for the five most recently completed fiscal years are as follows:

Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	<u>Amount</u>
2018	\$264,991
2019	269,552
2020	285,071
2021	322,217
2022	224,163

Other Post Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

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

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, 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.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending December 31, 2020:</u>
Total OPEB liability as of December 31, 2019	\$11,095,675
Changes for the year:	
Service Cost	548,487
Interest	357,288
Changes of benefit terms	
Differences between actual and expected experience	(90,617)
Changes in Assumptions and Other Inputs	2,303,765
Benefit payments	<u>(271,831)</u>
Total Changes	<u>\$2,847,092</u>
Total OPEB liability as of December 31, 2020	<u>\$13,942,767</u>

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current requirement for the Town to partially fund its actuarial accrued OPEB liability.

The OSC has proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. Under the State Comptroller’s proposal, there are no limits on how much a local government can deposit into the trust. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2016 through 2020 inclusive and budgeted amounts for 2021-2022.

<u>Fiscal Year Ending December 31:</u>	<u>Town General Fund Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenue (%)</u>
2016	\$4,141,430	\$2,695,082	65.08
2017	4,232,536	2,692,954	63.63
2018	4,473,420	2,819,133	63.02
2019	4,520,309	3,015,799	66.72
2020	4,091,329	3,163,163	77.31
2021 (Budgeted)	4,455,130	2,857,110	64.13
2022 (Budgeted)	4,641,409	2,950,789	63.58

The following table presents the total tax levy, by purpose, with adjustments and collection performance for recent fiscal years.

Valuations, Levies and Tax Rates

	Fiscal Year Ended December 31:				
	2018	2019	2020	2021	2022
Town Tax Items:					
General Fund	\$2,542,804	\$2,739,249	\$2,886,792	\$2,857,061	\$2,950,280
Protata - Village	329	557	369	49	509
General -Outside Village	125,970	122,738	131,169	156,361	167,225
Highway - Townwide					
Highway - Outside Village	2,742,985	2,665,383	2,731,278	2,897,113	2,956,793
Protata - Outside Village	3,128	1,233	1,897	3,165	6,639
JLB Library					310
Continental Village Fire	276,000	275,999	276,000	276,000	275,690
Philipstown Fire	269,150	274,350	279,600	281,950	287,500
North Highland Fire	69,643	65,146	62,970	62,970	55,571
Garrison Fire	764,984	780,028	789,823	790,975	812,784
Continental Village Park District	771,302	787,170	796,882	775,150	787,350
Continental Village Water District	132,053	122,892	122,195	120,985	129,188
Unpaid Continental Village Water	103,820	113,475	115,045	116,760	123,660
Town Share of County Budget	33,438	33,852	35,273	34,953	34,988
Prorata Tax	6,773,600	6,776,573	6,840,154	7,237,479	7,129,489
Relevied School Tax	4,492	3,058	2,872	3,493	8,320
Relevied Village	1,741,753	1,641,899	1,423,297	1,853,562	1,867,581
	53,140	76,317	27,372	13,635	82,058
Total Tax Levy	<u>\$16,408,592</u>	<u>\$16,479,919</u>	<u>\$16,522,988</u>	<u>\$17,481,660</u>	<u>\$17,675,932</u>
Tax Rate:					
County					
Town-Outside Village	\$6.60	\$6.58	\$6.60	\$6.93	\$6.77
Town-Inside Village	5.91	5.98	6.19	6.35	6.47
Cold Spring Fire	2.48	2.65	2.78	2.74	2.80
North Highlands Fire	1.68	1.56	1.48	1.47	1.29
Garrison Fire	2.59	2.63	2.67	2.67	2.70
Continental Village Fire	2.02	2.05	2.06	2.00	2.02
JLB Library	2.04	2.08	2.12	2.14	2.17
Continental Village Park District	0.27	0.26	0.27	0.26	0.26
Continental Village Water District	1.27	1.17	1.17	1.15	1.22

Tax Collection Procedure

Town taxes are due January 1st. Two payments options are available:

Single Payment – Total taxes paid in one payment. No interest penalty imposed if paid by January 31st. There is a 1% interest penalty for February payments and a 2% interest penalty for March payments. On April 1st, a list of all unpaid taxes is given to the County. All taxes paid to the County after April 1st are subject to a 5% penalty, plus interest at a variable rate determined by the New York State Commissioner of Taxation and Finance.

Two Equal Payments – First payment must be postmarked no later than January 31st. The second payment must be postmarked on or before July 31st. The second payment is subject to interest on such installments at the variable rate determined by the New York State Commissioner of Taxation and Finance to the Town Receiver/Collector. On July 31st, a list of all unpaid taxes is given to the County. All taxes paid to the County on or after August 1st are subject to a 5% penalty plus interest.

Responsibility for the collection of unpaid taxes rests with the County and any deficiency in tax collection is the County's liability. The Town is thereby assured of full tax collection.

Large Taxable Properties 2022 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
State of New York	State Owned Land	\$37,204,593
Central Hudson	Utilities	6,632,989
Mark Williams	Residential	4,832,725
Butterfield Realty	Residential/Commercial	3,524,200
Garrison Golf LLC	Commercial/ Vacant	3,454,800
H&E Group	Residential	2,926,000
Nancy Olnick Spanu	Residential	2,678,800
Will, Randall	Residential	2,462,150
Cloudbank House LLC	Residential	2,287,700
Frederic Rich	Residential	1,896,200
	Total ^a	\$67,900,157

^a. Represents 2.50% of the total taxable Assessed Valuation of the Town for 2022.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money.

LITIGATION

In common with other municipalities, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town, after consultation with the Town 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 Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial condition of the Town, in view of the Town's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law.

IMPACT OF COVID-19

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (“ARPA”). Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, September 30, 2024.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The Town is expected to receive \$727,792 in aid through the ARPA which was signed into law on March 11, 2021 and has thus far received \$727,792.

CYBERSECURITY

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Notes is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the Town or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

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

RATING

The Notes are not rated.

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 financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial 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 assisted the District as to the plan of finance and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

OTHER MATTERS

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

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

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

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of John Van Tassel, Supervisor, Town of Philipstown, 238 Main Street, P.O. Box 155, Cold Spring, New York 10516, Phone (845) 265-3329, and email: supervisor@philipstown.com 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>.

So far as 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 such opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing with regard to the Notes is to be construed as a contract with the holders of the Notes.

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 Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

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

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

TOWN OF PHILIPSTOWN, NEW YORK

By: s/s JOHN VAN TASSEL
Town Supervisor and Chief Fiscal Officer

January , 2023

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEETS
GOVERNMENTAL FUNDS

	Fiscal Year Ending December 31, 2020			
	General Fund	Outside Village	Highway Funds	Special District
Assets:				
Cash & Cash Equivalents	\$ 1,344,494	\$ 370,868	\$ 1,103,700	\$ 201,342
Accounts Receivable	27,184	23,348		39,673
State and Federal Aid Receivables	23,600		216,373	
Due From Other Governments			3,065	
Due From Other Funds	49,828	61,248	62,788	7,852
Restricted Assets	271,518			
Total Assets	\$ 1,716,624	\$ 455,464	1,385,926	\$ 248,867
Liabilities:				
Accounts Payable	\$ 57,245	\$ 15,828	\$ 56,733	\$ 9,233
Other Deposits	538,925			
Due to Other Funds	65,449	40,189	48,049	65,239
Due to Other Governments	3,728			
Due to Retirement System	78,721	28,348	100,016	7,731
Total Liabilities	744,068	84,365	204,798	82,203
Fund Balance:				
Restricted	316,126			5,592
Assigned	275,000	371,099	1,181,128	161,072
Unassigned	381,430			
Total Fund Balance	972,556	371,099	1,181,128	166,664
Total Liabilities and Fund Balances	\$ 1,716,624	\$ 455,464	\$ 1,385,926	\$ 248,867

Sources: Audited Financial Reports of the Town (2020)

NOTE: This Schedule is NOT audited.

BALANCE SHEETS
GOVERNMENTAL FUNDS

	Fiscal Year Ending December 31, 2019			
	General Fund	Outside Village	Highway Funds	Special District
Assets:				
Cash & Cash Equivalents	\$ 796,259	\$ 308,229	\$ 1,626,608	\$ 147,042
Investments	243,167			
Accounts Receivable	34,004	52,877	5,555	41,557
State and Federal Aid Receivables	40,150		6,581	
Due From Other Governments		20,000		
Due From Other Funds	100,107	4,340	25,010	10,432
Total Assets	\$ 1,213,687	\$ 385,446	1,663,754	\$ 199,031
Liabilities:				
Accounts Payable	\$ 116,872	\$ 6,367	\$ 46,648	\$ 13,454
Due to Other Funds	24,950	40,189	48,049	67,440
Due to Other Governments	10,563			
Due to Retirement System	73,068	27,189	94,240	7,669
Total Liabilities	225,453	73,745	188,937	88,563
Fund Balance:				
Nonspendable				
Restricted	277,636			5,506
Assigned	255,000	311,701	1,474,817	104,962
Unassigned	455,598			
Total Fund Balance	988,234	311,701	1,474,817	110,468
Total Liabilities and Fund Balances	\$ 1,213,687	\$ 385,446	\$ 1,663,754	\$ 199,031

Sources: Audited Financial Reports of the Town (2019)

NOTE: This Schedule is NOT audited.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - TOWN WIDE**

	Fiscal Years Ending December 31:				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 2,695,082	\$ 2,692,954	\$ 2,819,133	\$ 3,015,799	\$ 3,163,163
Other Property Tax Items	164,063	171,627	163,282	173,402	154,776
Departmental Income	667,616	703,486	699,473	727,502	227,583
Net Change in Fair Value of Investments	9,836				
Use of Money and Property	1,103	32,267	1,477	54,786	43,061
Licenses and Permits	2,782	3,593	3,309	4,589	3,231
Fines and Forfeitures	95,953	78,675	72,327	100,369	64,185
State Aid	376,139	440,825	423,863	393,746	386,253
Federal Aid					
Miscellaneous	1,356	18,003	49,672	50,116	49,077
Total Revenues	<u>4,013,930</u>	<u>4,141,430</u>	<u>4,232,536</u>	<u>4,520,309</u>	<u>4,091,329</u>
Expenditures:					
General Government Support	890,291	1,010,282	1,130,584	1,267,502	1,262,283
Public Safety	24,160	24,428	24,013	23,320	23,320
Health	445,479	443,265	509,795	582,388	596,975
Transportation	163,625	174,712	180,120	186,090	188,620
Economic Assistance & Opportunity	400	400		400	
Culture and Recreation	1,358,521	1,361,953	1,493,569	1,473,142	943,886
Home & Community Services	20,053	26,031	37,994	37,397	39,316
Employee Benefits	766,573	842,224	904,357	879,389	921,845
Debt Service	93,540	58,133	67,508	100,922	83,440
Total Expenditures	<u>3,762,642</u>	<u>3,941,428</u>	<u>4,347,940</u>	<u>4,550,550</u>	<u>4,059,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	251,288	200,002	(115,404)	(30,241)	31,644
Other Financing Sources (Uses):					
Sale of Real Property					
Transfers In	2,101				
Transfers Out	(88,156)	(120,438)	(79,781)	(47,322)	(47,322)
Total Other Financing Sources (Uses)	<u>(86,055)</u>	<u>(120,438)</u>	<u>(79,781)</u>	<u>(47,322)</u>	<u>(47,322)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	165,233	79,564	(195,185)	(77,563)	(15,678)
Fund Balance, Beginning of Year	<u>821,802</u>	<u>1,181,418</u>	<u>1,260,982</u>	<u>1,065,797</u>	<u>988,234</u>
Adjustment to Fund Balance Due to Accounting Changes	194,383				
Fund Balance, Beginning of Year, as Restated	<u>1,016,185</u>	<u>1,181,418</u>	<u>1,260,982</u>	<u>1,065,797</u>	<u>988,234</u>
Fund Balance, End of Year	<u>\$ 1,181,418</u>	<u>\$ 1,260,982</u>	<u>\$ 1,065,797</u>	<u>\$ 988,234</u>	<u>\$ 972,556</u>

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

NOTE: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - TOWN OUTSIDE VILLAGES

	Fiscal Years Ending December 31:				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 226,795	\$ 217,398	\$ 129,097	\$ 123,971	\$ 133,066
Departmental Income	200,243	356,322	359,366	351,092	447,810
Miscellaneous Local Sources	<u>275</u>	<u> </u>	<u> </u>	<u> </u>	<u>23,200</u>
Total Revenues	<u>427,313</u>	<u>573,720</u>	<u>488,463</u>	<u>475,063</u>	<u>604,076</u>
Expenditures:					
General Government Support	1,727	4,377	2,408	1,611	3,395
Public Safety	167,711	184,887	196,418	206,548	237,537
Home & Community Services	142,337	160,700	178,785	183,267	179,929
Employee Benefits	97,921	100,417	117,387	124,060	123,817
Debt Service	<u>7,651</u>	<u>7,662</u>	<u>7,661</u>	<u>7,650</u>	<u> </u>
Total Expenditures	<u>417,347</u>	<u>458,043</u>	<u>502,659</u>	<u>523,136</u>	<u>544,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,966	115,677	(14,196)	(48,073)	59,398
Other Financing Sources (Uses):					
Transfers In:					
Premium on Obligations					
Transfers Out	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	9,966	115,677	(14,196)	(48,073)	59,398
Fund Balance, Beginning of Year	248,327	258,293	373,970	359,774	311,701
Adjustment to Fund Balance Due to Accounting Changes	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Beginning of Year, as Restated	<u>248,327</u>	<u>258,293</u>	<u>373,970</u>	<u>359,774</u>	<u>311,701</u>
Fund Balance, End of Year	<u>\$ 258,293</u>	<u>\$ 373,970</u>	<u>\$ 359,774</u>	<u>\$ 311,701</u>	<u>\$ 371,099</u>

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

NOTE: This Schedule NOT audited.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY FUND**

	Fiscal Years Ending December 31:				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 2,641,204	\$ 2,643,823	\$ 2,742,985	\$ 2,665,383	\$ 2,731,278
Other Real Property Tax Items					
Departmental Income					
Intergovernmental Charges	26,163	31,193	38,276	37,445	23,316
Use of Money and Property	2,101	2,556	15,625	29,472	5,155
Licenses and Permits					
Sale of Property	5,328	33,670	5,250		5,992
Interfund Revenues					
State Aid	288,159	265,169	220,554	147,961	216,373
Federal Aid	241,767				
Miscellaneous Local Sources	169	19,765	2,531	23,604	400
Total Revenues	<u>3,204,891</u>	<u>2,996,176</u>	<u>3,025,221</u>	<u>2,903,865</u>	<u>2,982,514</u>
Expenditures:					
Transportation	1,941,425	2,458,916	2,450,794	2,612,872	2,372,154
Employee Benefits	634,962	688,944	734,709	749,482	754,375
Debt Service	125,525	137,940	147,985	150,362	149,674
Total Expenditures	<u>2,701,912</u>	<u>3,285,800</u>	<u>3,333,488</u>	<u>3,512,716</u>	<u>3,276,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	502,979	(289,624)	(308,267)	(608,851)	(293,689)
Other Financing Sources (Uses):					
Premiums on Obligations					
Transfers In					
Transfers Out					
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	502,979	(289,624)	(308,267)	(608,851)	(293,689)
Fund Balance, Beginning of Year	2,178,580	2,681,559	2,391,935	2,083,668	1,474,817
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>2,178,580</u>	<u>2,681,559</u>	<u>2,391,935</u>	<u>2,083,668</u>	<u>1,474,817</u>
Fund Balance, End of Year	<u>\$ 2,681,559</u>	<u>\$ 2,391,935</u>	<u>\$ 2,083,668</u>	<u>\$ 1,474,817</u>	<u>\$ 1,181,128</u>

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

NOTE: This Schedule NOT audited.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL DISTRICTS**

	Fiscal Years Ending December 31:				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 1,882,969	\$ 2,073,656	\$ 2,110,952	\$ 575,863	\$ 579,810
Departmental Income	209,714	212,914	226,579	224,169	239,502
Use of Money and Property	122	166	966	2,453	519
Miscellaneous Local Sources	<u>2,275</u>	<u>4,025</u>	<u>4,150</u>	<u>2,450</u>	<u>600</u>
Total Revenues	<u>2,095,080</u>	<u>2,290,761</u>	<u>2,342,647</u>	<u>804,935</u>	<u>820,431</u>
Expenditures:					
General Governmental Support	12,400	11,749	9,842	10,859	11,011
Public Safety	1,682,445	1,855,475	1,875,079	339,496	342,570
Culture and Recreation	128,748	127,224	96,387	126,969	117,651
Home and Community Services	212,976	228,384	229,545	227,514	211,364
Employee Benefits	41,311	35,869	31,983	30,675	32,292
Debt Service	<u>12,605</u>	<u>13,124</u>	<u>13,076</u>	<u>14,637</u>	<u>11,676</u>
Total Expenditures	<u>2,090,485</u>	<u>2,271,825</u>	<u>2,255,912</u>	<u>750,150</u>	<u>726,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,595	18,936	86,735	54,785	93,867
Other Financing Sources (Uses):					
Premiums on Obligations					
Transfers In	135	2,117			
Transfers Out	<u>(28,628)</u>	<u>(40,792)</u>	<u>(35,039)</u>	<u>(35,792)</u>	<u>(37,671)</u>
Total Other Financing Sources (Uses)	<u>(28,493)</u>	<u>(38,675)</u>	<u>(35,039)</u>	<u>(35,792)</u>	<u>(37,671)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(23,898)	(19,739)	51,696	18,993	56,196
Fund Balance, Beginning of Year	83,416	59,518	39,779	91,475	110,468
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>83,416</u>	<u>59,518</u>	<u>39,779</u>	<u>91,475</u>	<u>110,468</u>
Fund Balance, End of Year	<u>\$ 59,518</u>	<u>\$ 39,779</u>	<u>\$ 91,475</u>	<u>\$ 110,468</u>	<u>\$ 166,664</u>

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

NOTE: This Schedule NOT audited.

BUDGET SUMMARIES
Summary of Funds and Levy Determination

Fund - Special District	Fiscal Year Ending December 31, 2022			
	<u>2022</u> <u>Appropriations</u>	<u>Less Estimated</u> <u>Revenues</u>	<u>Less Unexpended</u> <u>Balance</u>	<u>Amount To Be</u> <u>Raised By Tax</u>
General Fund	\$ 4,641,409	\$ (1,365,620)	\$ (325,000)	\$ 2,950,789
General Outside-Village	633,864	(310,000)	(150,000)	173,864
Highway Outside Village	3,526,033	(169,240)	(400,000)	2,956,793
Continental Village #1&2	287,500			287,500
Philipstown #1	60,105		(4,534)	55,571
Garrison #5	787,350			787,350
North Highland	812,784			812,784
Garrison Landing Water	20,000	(20,000)		40,000
Continental Village Water	280,690	(157,030)		123,660
Continental Village Park District	224,265	(65,077)	(30,000)	129,188
JL Butterfield Library	276,000			276,000
Totals	\$ 11,550,000	\$ (2,086,967)	\$ (909,534)	\$ 8,593,499

Source: Budget of the Town (Final Not Adopted)

BUDGET SUMMARIES
Summary of Funds and Levy Determination

Fund - Special District	Fiscal Year Ending December 31, 2021			
	<u>2021</u> <u>Appropriations</u>	<u>Less Estimated</u> <u>Revenues</u>	<u>Less Unexpended</u> <u>Balance</u>	<u>Amount To Be</u> <u>Raised By Tax</u>
General Fund	\$ 4,455,130	\$ (1,323,020)	\$ (275,000)	\$ 2,857,110
General Outside-Village	619,526	(310,000)	(150,000)	159,526
Highway Outside Village	3,620,453	(173,340)	(550,000)	2,897,113
Continental Village #1&2	281,950			281,950
Philipstown #1	62,970			62,970
Garrison #5	775,150			775,150
North Highland	790,975			790,975
Garrison Landing Water	20,000	(20,000)		
Continental Village Water	273,790	(157,030)		116,760
Continental Village Park District	221,295	(71,710)	(28,600)	120,985
JL Butterfield Library	276,000			276,000
Totals	\$ 11,397,239	\$ (2,055,100)	\$ (1,003,600)	\$ 8,338,539

Source: 2021 Budget of the Town (Adopted)

APPENDIX B

FORM OF BOND COUNSEL'S OPINION

January 19, 2023

Town of Philipstown,
County of Putnam,
State of New York

Re: Town of Philipstown, Putnam County, New York
\$1,593,063 Bond Anticipation Note, 2023 Series A (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$1,593,063 Bond Anticipation Note, 2023 Series A (Renewals) (the "Obligation"), of the Town of Philipstown, Putnam County, New York (the "Obligor"), dated January 19, 2023, numbered _____, of the denomination of \$ _____, bearing interest at the rate of _____ % per annum, payable at maturity, and maturing January 19, 2024.

We have examined:

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

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe. That, for tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/es

APPENDIX C

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

Town of Philipstown, New York

Financial Statements
and
Supplementary Information

Year Ended December 31, 2020

Town of Philipstown, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Town Outside Villages, Highway and Special Districts Funds	20
Fiduciary Fund	
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	52
New York State and Local Employees' Retirement System	
Schedule of the Town's Proportionate Share of the Net Pension Liability	53
Schedule of Contributions	53
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Combining Balance Sheet-Sub-Funds	54
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds	55
Comparative Balance Sheet-Sub-Fund	56
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual-Sub-Fund	57
Schedule of Revenues Compared to Budget - Sub-Fund	59
Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund	61
Town Outside Villages Fund	
Comparative Balance Sheet	64
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	65
Highway Fund	
Comparative Balance Sheet	67
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	68

Town of Philipstown, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Special Districts Fund	
Combining Balance Sheet - Sub-Funds	70
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds	72
Capital Projects Fund	
Comparative Balance Sheet	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	75
Project-Length Schedule	76
Non-Major Governmental Fund	
Special Purpose Fund	
Comparative Balance Sheet	78
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	79



Independent Auditors' Report

**The Honorable Supervisor and Town Board
of the Town of Philipstown, New York**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year the ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated December 22, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
January 18, 2022

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Town of Philipstown, New York

Management's Discussion and Analysis (MD&A)
December 31, 2020

Introduction

As management of the Town of Philipstown, New York ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2020. It should be read in conjunction with the basic financial statements, which immediately follows this section, to enhance understanding of the Town's financial performance.

The MD&A for 2020 will contain a comparison of the financial statements for December 31, 2020 and 2019.

Financial Highlights

- ❖ On the government-wide financial statements, the liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources at the close of the 2020 fiscal year by \$2,294,213.
- ❖ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,227,088. Included in the ending fund balances is the Capital Projects Fund deficit of \$1,726,275 and the General Fund unassigned fund balance of \$381,430.
- ❖ At the end of the current fiscal year, the General Fund reflects a total fund balance of \$972,556, a decrease of \$15,678 from 2019.
- ❖ There are bond anticipation notes outstanding at December 31, 2020 in the amount of \$2,491,643. These are reflected as liabilities in the Capital Project Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported

as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Town include general government support, public safety, health, transportation, culture and recreation, home and community services and interest.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

Government-wide financial statements cover a broad spectrum of financial reporting. It is, therefore, more useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains six individual governmental funds: the General Fund, Town Outside Villages Fund, Highway Fund, Special Districts Fund, Capital Projects Fund, and the Special Purpose Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for all funds. All funds are considered to be major funds.

The Town adopts annual budgets for the General Fund, Town Outside Villages Fund, Highway Fund and the Special Districts Fund. Budgetary comparison statements have been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Town programs. The Town maintains one type of fiduciary fund; a custodial fund. Resources are held in the Custodial Fund by the Town purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include schedules of budget to actual comparisons.

Government-Wide Financial Analysis

In accordance with GASB Statement No. 34, the Town is required to provide comparative analysis of government-wide information.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,294,213 at the close of the most recent fiscal year.

The following table reflects the condensed Statement of Net Position:

**Statement of Net Position
December 31,**

	2020	2019
Current Assets	\$ 4,615,239	\$ 3,559,531
Capital Assets, net	10,582,576	9,457,794
Total Assets	15,197,815	13,017,325
Deferred Outflow of Resources	3,422,249	1,013,660
Current Liabilities	3,426,232	986,116
Long-term Liabilities	16,346,125	12,320,804
Total Liabilities	19,772,357	13,306,920
Deferred Inflows of Resources	1,141,920	1,489,905
Net Position:		
Net investment in capital assets	8,494,837	8,473,636
Restricted	368,133	318,486
Unrestricted	(11,157,183)	(9,557,962)
Total Net Position	\$ (2,294,213)	\$ (765,840)

The largest portion of the Town's net position is its net investment in capital assets (land, buildings and improvements, machinery and equipment and infrastructure), less any related debt outstanding that was used to acquire those assets. The Town uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The restricted net position of \$368,133 represent resources that are subject to external restrictions on their use. The restrictions are:

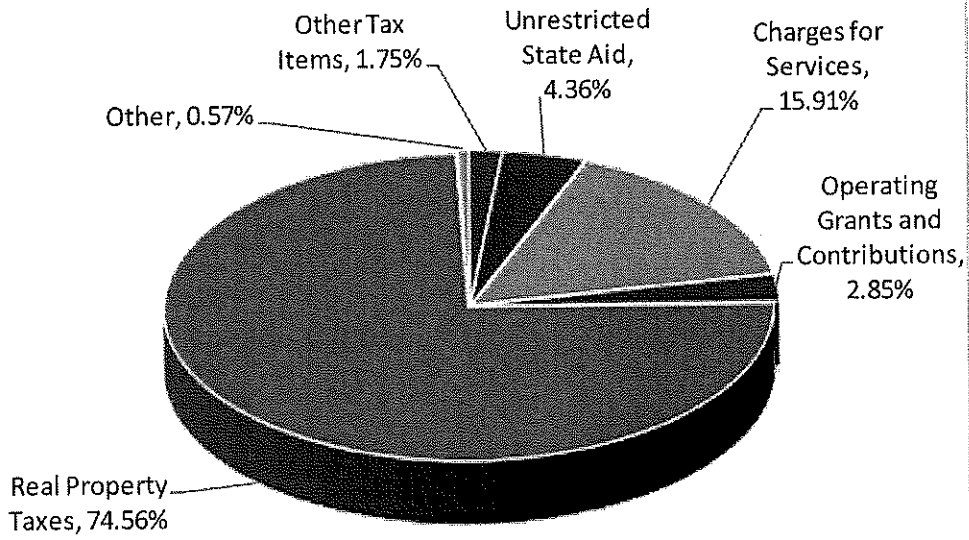
	2020	2019
Capital Projects	\$ 14,879	\$ 14,879
Acquisition of Parkland	5,592	5,506
Debt Service	69,350	69,321
Future Capital Projects	16,396	16,396
Special Revenue Funds:		
Trusts	43,415	3,182
Parklands	218,501	209,202
	\$ 368,133	\$ 318,486

The remaining balance is a deficit in unrestricted net position of \$11,157,183.

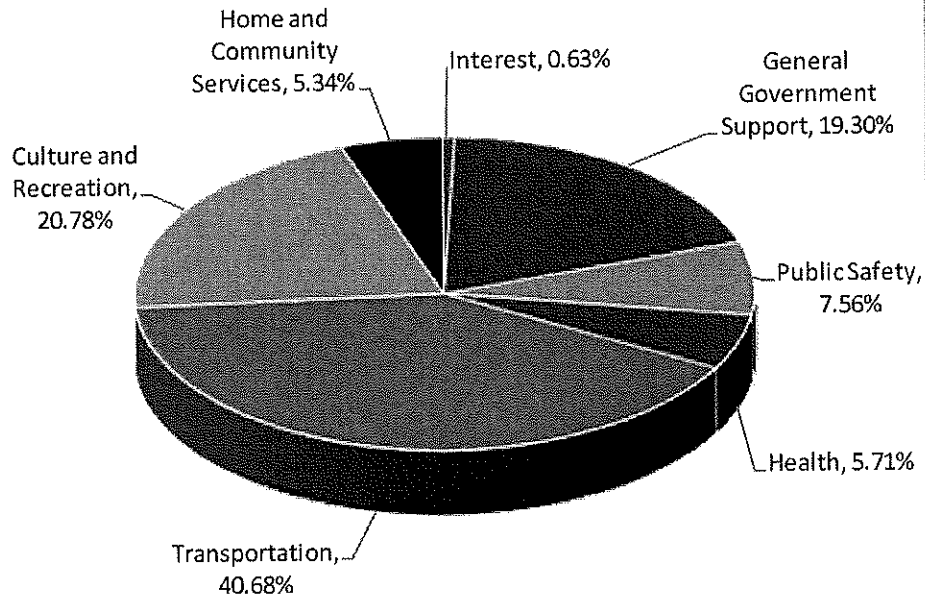
**Changes in Net Position
December 31,**

	2020	2019
PROGRAM REVENUES		
Charges for Services	\$ 1,409,793	\$ 1,545,107
Operating Grants and Contributions	252,347	229,552
Capital Grants and Contributions	29	102
General Revenues		
Real Property Taxes	6,607,317	6,381,016
Other Tax items	154,776	173,402
Unrestricted Use of Money and Property	2,363	7,897
Unrestricted State Aid	386,253	393,746
Miscellaneous	49,077	16,296
	8,861,955	8,747,118
PROGRAM EXPENES		
General Government Support	2,005,604	1,742,584
Public Safety	785,302	702,218
Health	592,906	581,281
Transportation	4,226,348	3,889,899
Economic Opportunity and Development	-	43,968
Culture and Recreation	2,158,929	1,857,333
Home and Community Services	556,156	953,012
Interest	65,083	54,179
	10,390,328	9,824,474
 Total Expenses	 10,390,328	 9,824,474
 Change in Net Position	 (1,528,373)	 (1,077,356)
NET POSITION		
Beginning, as restated	(765,840)	311,516
Ending	\$ (2,294,213)	\$ (765,840)

Sources of Revenue for Fiscal Year 2020



Expenses for Fiscal Year 2020



Governmental Activities

Governmental activities decreased the Town's net position by \$1,528,373. For the fiscal year ended December 31, 2020, revenues from governmental activities totaled \$8,861,955. Tax revenues of \$6,606,317, comprised of real property taxes represents the largest revenue source (74.56%).

The largest components of governmental activities' expenses are transportation (40.68%), culture and recreation (20.78%) and general government support (19.3%).

Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,227,088. There is a deficit of approximately \$1,795,154 included in the ending unassigned fund balance mainly due to bond anticipation notes in the Capital Projects Fund. The restricted fund balance of \$652,513 is reserved to indicate that it is not available for new spending because it has already been committed for parklands and the acquisition of parklands (\$224,093), service awards (\$299,259) trusts (\$43,415), debt service (\$69,350), and future capital projects (\$16,396).

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, the General Fund reported a fund balance of \$972,556.

General Fund Budgetary Highlights

When the fiscal 2020 General Fund budget was adopted, there was a \$255,000 anticipated deficit of revenues over expenditures. However, actual results of operations resulted in a decrease of fund balance by \$15,678. Revenues were \$4,091,329, which was lower than the final budget by \$344,152 and mainly driven by departmental income (parks and recreation fees) being less than budgeted due to closures related to the pandemic. Expenditures were \$4,059,685, which were \$480,796 less than budgeted and mainly driven by savings within in culture and recreation (recreation administration), also due to closures related the pandemic.

The Capital Projects Fund has an unassigned deficit of \$1,726,275. An itemized project-length schedule of all projects can be found in this report. There are bond anticipation notes outstanding in the amount of \$2,491,643 to cover project deficits.

Capital Asset and Debt Administration

Capital Assets

The Town's net capital assets for its governmental activities as of December 31, 2020, amount to \$10,582,576 (net of accumulated depreciation). This net capital assets includes land, construction in progress, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets (Net of Depreciation)

	<u>2020</u>	<u>2019</u>
Land	\$ 3,953,642	\$ 3,953,642
Construction in Progress	1,249,200	-
Buildings and Improvements	2,900,983	3,010,080
Machinery and Equipment	989,711	956,638
Infrastructure	<u>1,489,040</u>	<u>1,537,434</u>
Total	<u>\$ 10,582,576</u>	<u>\$ 9,457,794</u>

Additional information on the Town's capital assets can be found in Note 3 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total bonded indebtedness of \$154,468. As required by New York State Law, all bonds issued by the Town are backed by the full faith and credit of the Town.

Additional information on the Town's long-term debt can be found in Note 3 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town of Philipstown, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to the Town Supervisor's Office, Town of Philipstown, 238 Main Street, Cold Spring, New York 10516.

Town of Philipstown, New York

Statement of Net Position
December 31, 2020

ASSETS

Cash and equivalents	\$	4,010,398
Investments		271,518
Receivables		
Accounts		90,285
State and Federal aid		239,973
Due from other governments		3,065
Capital assets		
Not being depreciated		5,202,842
Being depreciated, net		<u>5,379,734</u>
Total Assets		<u>15,197,815</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related		1,258,289
OPEB related		<u>2,163,960</u>
Total Deferred Outflows of Resources		<u>3,422,249</u>

LIABILITIES

Accounts payable		139,039
Deposits payable		538,925
Due to other governments		3,728
Due to retirement system		214,816
Bond anticipation notes payable		2,491,643
Accrued interest payable		38,081
Non-current liabilities		
Due within one year		175,368
Due in more than one year		<u>16,170,757</u>
Total Liabilities		<u>19,772,357</u>

DEFERRED INFLOWS OF RESOURCES

Pension related		36,539
OPEB related		<u>1,105,381</u>
Total Deferred Inflows of Resources		<u>1,141,920</u>

NET POSITION

Net investment in capital assets		8,494,837
Restricted for		
Capital projects		14,879
Acquisition of parkland		5,592
Debt service		69,350
Future capital projects		16,396
Trusts		43,415
Parklands		218,501
Unrestricted		<u>(11,157,183)</u>
Total Net Position	\$	<u>(2,294,213)</u>

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

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Town of Philipstown, New York

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities					
General government support	\$ 2,005,604	\$ 9,016	\$ -	\$ -	\$ (1,996,588)
Public safety	785,302	510,134	23,200	-	(251,968)
Health	592,906	-	-	-	(592,906)
Transportation	4,226,348	23,316	227,920	-	(3,975,112)
Culture and recreation	2,158,929	687,239	1,046	-	(1,470,644)
Home and community services	556,156	180,088	181	-	(375,887)
Interest	65,083	-	-	29	(65,054)
Total Governmental Activities	\$ 10,390,328	\$ 1,409,793	\$ 252,347	\$ 29	(8,728,159)
General revenues					
Real property taxes					6,607,317
Other tax items					
Interest and penalties on real property taxes					26,859
Cable TV franchise fees					127,917
Unrestricted use of money and property					2,363
Unrestricted State aid					386,253
Miscellaneous					49,077
Total General Revenues					7,199,786
Change in Net Position					(1,528,373)
NET POSITION					
Beginning					(765,840)
Ending					\$ (2,294,213)

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

Town of Philipstown, New York

Balance Sheet
 Governmental Funds
 December 31, 2020

	General	Town Outside Villages	Highway	Special Districts
ASSETS				
Cash and equivalents	\$ 1,344,494	\$ 370,868	\$ 1,103,700	\$ 201,342
Investments	271,518	-	-	-
Receivables				
Accounts	27,184	23,348	-	39,673
State and Federal aid	23,600	-	216,373	-
Due from other governments	-	-	3,065	-
Due from other funds	49,828	61,248	62,788	7,852
	<u>100,612</u>	<u>84,596</u>	<u>282,226</u>	<u>47,525</u>
Total Assets	<u>\$ 1,716,624</u>	<u>\$ 455,464</u>	<u>\$ 1,385,926</u>	<u>\$ 248,867</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 57,245	\$ 15,828	\$ 56,733	\$ 9,233
Deposits payable	538,925	-	-	-
Due to other funds	65,449	40,189	48,049	65,239
Due to other governments	3,728	-	-	-
Due to retirement system	78,721	28,348	100,016	7,731
Bond anticipation notes payable	-	-	-	-
Total Liabilities	<u>744,068</u>	<u>84,365</u>	<u>204,798</u>	<u>82,203</u>
Fund balances (deficits)				
Restricted	316,126	-	-	5,592
Assigned	275,000	371,099	1,181,128	161,072
Unassigned	381,430	-	-	-
Total Fund Balances (Deficits)	<u>972,556</u>	<u>371,099</u>	<u>1,181,128</u>	<u>166,664</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,716,624</u>	<u>\$ 455,464</u>	<u>\$ 1,385,926</u>	<u>\$ 248,867</u>

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 728,078	\$ 261,916	\$ 4,010,398
-	-	271,518
80	-	90,285
-	-	239,973
-	-	3,065
37,210	-	218,926
37,290	-	552,249
<u>\$ 765,368</u>	<u>\$ 261,916</u>	<u>\$ 4,834,165</u>
\$ -	\$ -	\$ 139,039
-	-	538,925
-	-	218,926
-	-	3,728
-	-	214,816
2,491,643	-	2,491,643
2,491,643	-	3,607,077
68,879	261,916	652,513
-	-	1,988,299
(1,795,154)	-	(1,413,724)
(1,726,275)	261,916	1,227,088
<u>\$ 765,368</u>	<u>\$ 261,916</u>	<u>\$ 4,834,165</u>

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Town of Philipstown, New York

Reconciliation of the Governmental Funds
Balance Sheet to the Government-Wide Statement of Net Position
December 31, 2020

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

Total Fund Balances - Governmental Funds	<u>\$ 1,227,088</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	5,202,842
Capital assets - depreciable	9,842,641
Accumulated depreciation	<u>(4,462,907)</u>
	<u>10,582,576</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	1,258,289
Deferred outflows - OPEB related	2,163,960
Deferred inflows - pension related	(36,539)
Deferred inflows - OPEB related	<u>(1,105,381)</u>
	<u>2,280,329</u>
Long-term liabilities that are not due and payable in the current period and therefore, are not reported in the funds.	
Accrued interest payable	(38,081)
Statutory installment bonds payable	(154,468)
Installment purchase debt	(192,428)
Landfill closure costs	(86,401)
Service awards payable	(299,259)
Compensated absences	(53,854)
Net pension liability	(1,616,948)
Total OPEB liability	<u>(13,942,767)</u>
	<u>(16,384,206)</u>
Net Position of Governmental Activities	<u>\$ (2,294,213)</u>

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

Town of Philipstown, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2020

	General	Town Outside Villages	Highway	Special Districts
REVENUES				
Real property taxes	\$ 3,163,163	\$ 133,066	\$ 2,731,278	\$ 579,810
Other tax items	154,776	-	-	-
Departmental income	227,583	447,810	-	239,502
Intergovernmental charges	-	-	23,316	-
Use of money and property	43,061	-	5,155	519
Sale of property and compensation for loss	-	-	5,992	-
Licenses and permits	3,231	-	-	-
Fines and forfeitures	64,185	-	-	-
State aid	386,253	-	216,373	-
Miscellaneous	49,077	23,200	400	600
Total Revenues	4,091,329	604,076	2,982,514	820,431
EXPENDITURES				
Current				
General government support	1,262,283	3,395	-	11,011
Public safety	23,320	237,537	-	342,570
Health	596,975	-	-	-
Transportation	188,620	-	2,372,154	-
Culture and recreation	943,886	-	-	117,651
Home and community services	39,316	179,929	-	211,364
Employee benefits	921,845	123,817	754,375	32,292
Debt service				
Principal	61,155	-	143,223	-
Interest	22,285	-	6,451	11,676
Capital outlay	-	-	-	-
Total Expenditures	4,059,685	544,678	3,276,203	726,564
Excess (Deficiency) of Revenues Over Expenditures	31,644	59,398	(293,689)	93,867
OTHER FINANCING SOURCES (USES)				
Installment purchase debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(47,322)	-	-	(37,671)
Total Other Financing Sources (Uses)	(47,322)	-	-	(37,671)
Net Change in Fund Balances	(15,678)	59,398	(293,689)	56,196
FUND BALANCES (DEFICITS)				
Beginning of Year	988,234	311,701	1,474,817	110,468
End of Year	<u>\$ 972,556</u>	<u>\$ 371,099</u>	<u>\$ 1,181,128</u>	<u>\$ 166,664</u>

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 6,607,317
-	-	154,776
-	406,027	1,320,922
-	-	23,316
29	108	48,872
-	-	5,992
-	-	3,231
-	-	64,185
-	-	602,626
-	-	73,277
<u>29</u>	<u>406,135</u>	<u>8,904,514</u>
-	-	1,276,689
-	-	603,427
-	-	596,975
-	-	2,560,774
-	356,603	1,418,140
-	-	430,609
-	-	1,832,329
-	-	204,378
-	-	40,412
1,444,270	-	1,444,270
<u>1,444,270</u>	<u>356,603</u>	<u>10,408,003</u>
<u>(1,444,241)</u>	<u>49,532</u>	<u>(1,503,489)</u>
143,752	-	143,752
84,993	-	84,993
-	-	(84,993)
<u>228,745</u>	<u>-</u>	<u>143,752</u>
(1,215,496)	49,532	(1,359,737)
<u>(510,779)</u>	<u>212,384</u>	<u>2,586,825</u>
<u>\$ (1,726,275)</u>	<u>\$ 261,916</u>	<u>\$ 1,227,088</u>

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Town of Philipstown, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,359,737)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	1,445,450
Depreciation expense	<u>(320,668)</u>
	<u>1,124,782</u>

Bonds and installment purchase debt issued provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and installment purchase debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Installment purchase debt issued	(143,752)
Principal paid on statutory installment bonds	61,155
Principal paid on installment purchase debt	<u>143,223</u>
	<u>60,626</u>

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

Accrued interest	(24,671)
Service awards	(38,490)
Compensated absences	(8,008)
Changes in pension liabilities and related deferred outflows and inflows of resources	(286,051)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(996,824)</u>
	<u>(1,354,044)</u>

Change in Net Position of Governmental Activities \$ (1,528,373)

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

Town of Philipstown, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Town Outside Villages, Highway and Special Districts Funds
Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 3,163,161	\$ 3,163,161	\$ 3,163,163	\$ 2
Other tax items	170,000	170,000	154,776	(15,224)
Departmental income	681,500	681,500	227,583	(453,917)
Intergovernmental charges	-	-	-	-
Use of money and property	3,000	3,000	43,061	40,061
Licenses and permits	4,000	4,000	3,231	(769)
Fines and forfeitures	68,000	68,000	64,185	(3,815)
Sale of property and compensation for loss	-	-	-	-
State aid	310,000	310,000	386,253	76,253
Miscellaneous	35,820	35,820	49,077	13,257
Total Revenues	<u>4,435,481</u>	<u>4,435,481</u>	<u>4,091,329</u>	<u>(344,152)</u>
EXPENDITURES				
Current				
General government support	1,130,572	1,130,572	1,262,283	(131,711)
Public safety	24,000	24,000	23,320	680
Health	603,466	603,466	596,975	6,491
Transportation	189,820	189,820	188,620	1,200
Economic opportunity and development	400	400	-	400
Culture and recreation	1,501,097	1,501,097	943,886	557,211
Home and community services	61,500	61,500	39,316	22,184
Employee benefits	947,324	947,324	921,845	25,479
Debt service				
Principal	67,962	67,962	61,155	6,807
Interest	14,340	14,340	22,285	(7,945)
Total Expenditures	<u>4,540,481</u>	<u>4,540,481</u>	<u>4,059,685</u>	<u>480,796</u>
Excess (Deficiency) of Revenues Over Expenditures	(105,000)	(105,000)	31,644	136,644
OTHER FINANCING USES				
Transfers out	(150,000)	(150,000)	(47,322)	102,678
Net Change in Fund Balances	<u>(255,000)</u>	<u>(255,000)</u>	<u>(15,678)</u>	<u>239,322</u>
FUND BALANCES				
Beginning of Year	255,000	255,000	988,234	733,234
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,556</u>	<u>\$ 972,556</u>

Town Outside Villages Fund				Highway Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 133,066	\$ 133,066	\$ 133,066	\$ -	\$ 2,731,278	\$ 2,731,278	\$ 2,731,278	\$ -
-	-	-	-	-	-	-	-
300,000	300,000	447,810	147,810	-	-	-	-
-	-	-	-	33,000	33,000	23,316	(9,684)
-	-	-	-	15,000	15,000	5,155	(9,845)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,992	5,992
-	-	-	-	169,763	169,763	216,373	46,610
-	-	23,200	23,200	-	-	400	400
<u>433,066</u>	<u>433,066</u>	<u>604,076</u>	<u>171,010</u>	<u>2,949,041</u>	<u>2,949,041</u>	<u>2,982,514</u>	<u>33,473</u>
5,266	5,266	3,395	1,871	-	-	-	-
244,090	244,090	237,537	6,553	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,850,380	2,850,380	2,372,154	478,226
-	-	-	-	-	-	-	-
168,900	168,900	179,929	(11,029)	-	-	-	-
129,837	129,837	123,817	6,020	783,461	783,461	754,375	29,086
7,651	7,651	-	7,651	140,049	140,049	143,223	(3,174)
15,000	15,000	-	15,000	10,151	10,151	6,451	3,700
<u>570,744</u>	<u>570,744</u>	<u>544,678</u>	<u>26,066</u>	<u>3,784,041</u>	<u>3,784,041</u>	<u>3,276,203</u>	<u>507,838</u>
<u>(137,678)</u>	<u>(137,678)</u>	<u>59,398</u>	<u>197,076</u>	<u>(835,000)</u>	<u>(835,000)</u>	<u>(293,689)</u>	<u>541,311</u>
<u>(47,322)</u>	<u>(47,322)</u>	<u>-</u>	<u>47,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(185,000)</u>	<u>(185,000)</u>	<u>59,398</u>	<u>244,398</u>	<u>(835,000)</u>	<u>(835,000)</u>	<u>(293,689)</u>	<u>541,311</u>
<u>185,000</u>	<u>185,000</u>	<u>311,701</u>	<u>126,701</u>	<u>835,000</u>	<u>835,000</u>	<u>1,474,817</u>	<u>639,817</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,099</u>	<u>\$ 371,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,128</u>	<u>\$ 1,181,128</u>

(Continued)

Town of Philipstown, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Continued)
General, Town Outside Villages, Highway and Special Districts Funds
Year Ended December 31, 2020

	Special Districts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 579,810	\$ 579,810	\$ 579,810	\$ -
Other tax items	-	-	-	-
Departmental income	236,960	236,960	239,502	2,542
Intergovernmental charges	-	-	-	-
Use of money and property	150	150	519	369
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	-	-	-	-
State aid	-	-	-	-
Miscellaneous	3,000	3,000	600	(2,400)
Total Revenues	<u>819,920</u>	<u>819,920</u>	<u>820,431</u>	<u>511</u>
EXPENDITURES				
Current				
General government support	11,020	11,020	11,011	9
Public safety	342,570	342,570	342,570	-
Health	-	-	-	-
Transportation	-	-	-	-
Economic opportunity and development	-	-	-	-
Culture and recreation	140,000	140,000	117,651	22,349
Home and community services	250,250	250,250	211,364	38,886
Employee benefits	37,300	37,300	32,292	5,008
Debt service				
Principal	-	-	-	-
Interest	11,973	11,973	11,676	297
Total Expenditures	<u>793,113</u>	<u>793,113</u>	<u>726,564</u>	<u>66,549</u>
Excess (Deficiency) of Revenues Over Expenditures	26,807	26,807	93,867	67,060
OTHER FINANCING USES				
Transfers out	(37,407)	(37,407)	(37,671)	(264)
Net Change in Fund Balances	<u>(10,600)</u>	<u>(10,600)</u>	<u>56,196</u>	<u>66,796</u>
FUND BALANCES				
Beginning of Year	10,600	10,600	110,468	99,868
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,664</u>	<u>\$ 166,664</u>

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

Town of Philipstown, New York

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2020

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 7,764,439
DEDUCTIONS	
Payments of real property taxes to other governments	<u>7,764,439</u>
Net Change in Fiduciary Net Position	-
NET POSITION	
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

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

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Town of Philipstown, New York

Notes to Financial Statements
December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The Town of Philipstown, New York ("Town") was established in 1813 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

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

Fund Categories

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

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

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

Town Outside Villages Fund - The Town Outside Villages Fund is used to account for transactions which by statute affect only those areas outside the boundaries of the villages located within the Town. The major revenues of this fund are real property taxes and departmental income.

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenues of this fund are real property taxes and State aid.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's fire protection, water and park districts. The major revenues of this fund are real property taxes and departmental income.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Town also reports the following non-major Special Revenue Fund -

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with grantor or contributor stipulations.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to landfill closure costs, compensated absences, service awards, net pension liability and other post-employment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

Investments (except Ambulance Service Awards Sub-Fund, which are discussed in Note 3D) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

Risk Disclosure

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

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

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2020.

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

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

Taxes Receivable - Property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway special districts and fire districts taxes which are due January 1st and payable without penalty to January 31st. The Town retains the total amount of town, highway and special districts levies from the total collections and returns the balance plus the uncollected items to Putnam County, New York which assumes collection responsibility.

County and fire district taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB Statement No. 84, "Fiduciary Activities" and therefore have been accounted for within the Custodial Fund.

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

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

<u>Class</u>	<u>Life in Years</u>
Building and improvements	20-50
Infrastructure	20-40
Machinery and equipment	5-20

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The Town reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the government-wide financial statements. These amounts are detailed in the discussion of the Town's pension and other postemployment benefit liabilities in Note 3D.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

Note 1 - Summary of Significant Accounting Policies (Continued)

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

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

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

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

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

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Town includes restricted for capital projects, acquisition of parkland, debt service, future capital projects, trusts and parklands.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Town Outside Villages, Highway and Special Districts funds. Encumbrances outstanding

Note 1 - Summary of Significant Accounting Policies (Continued)

at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 18, 2022.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to September 30th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) On or before October 5th, the Town Clerk shall present the tentative budget to the Town Board.
- c) Once the tentative budget is approved by the Town Board, it becomes the preliminary budget. The Town Board then files the preliminary budget with the Town Clerk, where it is available for inspection. In addition, the Board shall cause to be published a notice specifying a time and place for a public hearing.
- d) At the public hearing, taxpayers may comment on the preliminary budget.
- e) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- f) Formal budgetary integration is employed during the year as a management control device for General, Town Outside Villages, Highway and Special Districts funds.

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 2 - Stewardship, Compliance and Accountability (Continued)

- g) Budgets for General, Town Outside Villages, Highway and Special Districts funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General, Town Outside Villages, Highway and Special Districts funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board.

B. Property Tax Limitation

Under New York State Town Law, the Town is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Adoption of Accounting Standard

For the year ended December 31, 2020, the Town implemented the provisions of GASB Statement No. 84, "Fiduciary Activities". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported in the Fiduciary Fund are now reflected within governmental funds while other transactions previously reported within governmental funds are now reflected within the Fiduciary Fund.

D. Reclassification of Prior Year Presentation

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

E. Fund Deficits

The following sub-funds in the Special Districts Fund had assigned fund deficits at December 31, 2020:

Continental Village No. 1 Fire Protection District	\$	9,337
Garrison Landing Water District		27,205

The unassigned deficit in the Capital Projects Fund of \$1,795,154 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

The deficits in excess of the bond anticipation note outstanding in the Dahlia Annex project of \$17,872 is caused by expenditures exceeding current financing. The deficit in the Highway Garage project of \$51,318 is caused by expenditures exceeding current financing. The Town plans to address these deficits in the ensuing year.

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 2 - Stewardship, Compliance and Accountability (Continued)

F. Expenditures in Excess of Budget

The following categories of expenditures exceeded their budgetary provisions by the amounts indicated:

General Fund	
General Government Support	
Town Board	\$ 15,185
Tax collection	1,560
Town Clerk	3,282
Buildings	203,756
Central services	3,518
Unallocated insurance	4,241
Safety clerk	741
Public Safety	
Dog control	310
Home and Community Services	
Cemeteries	6,699
Employee Benefits	
State retirement	3,849
Unemployment benefits	59,976
Disability	1,389
Debt Service	
Interest - bond anticipation notes	9,586
Town Outside Villages Fund	
Home and Community Services	11,029
Highway Fund	
Debt Service - Principal	3,174

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at December 31, 2020 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 49,828	\$ 65,449
Town Outside Villages	61,248	40,189
Highway	62,788	48,049
Special Districts	7,852	65,239
Capital Projects	37,210	-
	<u>\$ 218,926</u>	<u>\$ 218,926</u>

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

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

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital Assets, not being depreciated -				
Land	\$ 3,953,642	\$ -	\$ -	\$ 3,953,642
Construction in Progress	-	1,249,200	-	1,249,200
Total Capital Assets, not being Depreciated	\$ 3,953,642	\$ 1,249,200	\$ -	\$ 5,202,842
Capital Assets, being depreciated:				
Buildings and improvements	\$ 4,089,147	\$ -	\$ -	\$ 4,089,147
Machinery and equipment	2,990,725	196,250	-	3,186,975
Infrastructure	2,566,519	-	-	2,566,519
Total Capital Assets, being depreciated	9,646,391	196,250	-	9,842,641
Less Accumulated Depreciation for:				
Buildings and improvements	1,079,067	109,097	-	1,188,164
Machinery and equipment	2,034,087	163,177	-	2,197,264
Infrastructure	1,029,085	48,394	-	1,077,479
Total Accumulated Depreciation	4,142,239	320,668	-	4,462,907
Total Capital Assets, being Depreciated, net	\$ 5,504,152	\$ (124,418)	\$ -	\$ 5,379,734
Capital Assets, net	\$ 9,457,794	\$ 1,124,782	\$ -	\$ 10,582,576

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

General Government Support	\$ 29,306
Transportation	158,611
Culture and Recreation	83,970
Home and Community Services	48,781
Total Depreciation Expense	\$ 320,668

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

C. Short-Term Capital Borrowings - Bond Anticipation Notes

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2020	New Issues	Redemptions	Balance December 31, 2020
Garrison Landing Water District	2009	08/06/21	4.35 %	\$ 152,833	\$ -	\$ 13,921	\$ 138,912
Cortlandt Lake Dam	2009	04/17/21	3.99	118,750	-	23,750	95,000
Dahlia Annex	2017	10/02/21	4.25	305,053	-	47,322	257,731
Town Hall Renovation	2020	01/22/21	1.50	-	2,000,000	-	2,000,000
				<u>\$ 576,636</u>	<u>\$ 2,000,000</u>	<u>\$ 84,993</u>	<u>\$ 2,491,643</u>

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

Interest expenditures of \$21,262 were recorded in the fund financial statements in the following funds.

Fund	Amount
General	\$ 9,586
Special Districts	11,676
	<u>\$ 21,262</u>

Interest expense of \$46,882 was recorded in the government-wide financial statements.

D. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2020:

	Balance January 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2020	Due Within One Year
Statutory Installment Bonds Payable	\$ 215,623	\$ -	\$ 61,155	\$ 154,468	\$ 61,155
Installment Purchase Debt	191,899	143,752	143,223	192,428	108,813
Other Non-Current Liabilities:					
Landfill Closure Costs	86,401	-	-	86,401	-
Service Awards Payable	260,769	42,559	4,069	299,259	-
Compensated Absences	45,846	12,608	4,600	53,854	5,400
Net Pension Liability	424,591	1,192,357	-	1,616,948	-
Other Postemployment Benefit Liability	11,095,675	3,118,923	271,831	13,942,767	-
Total Other Non-Current Liabilities	11,913,282	4,366,447	280,500	15,999,229	5,400
Total Long-Term Liabilities	<u>\$ 12,320,804</u>	<u>\$ 4,510,199</u>	<u>\$ 484,878</u>	<u>\$ 16,346,125</u>	<u>\$ 175,368</u>

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for statutory installments bonds, installment purchase debt, landfill closure costs, service awards, compensated absences, net pension liability, other postemployment benefit liabilities and is liquidated by the respective fund.

Statutory Installment Bonds Payable

Statutory installment bonds payable at December 31, 2020 is comprised of the following issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2020
Dahlia House Roof	2014	\$ 232,000	September, 2022	6.78 %	\$ 58,000
St. Mary's Boiler	2018	160,778	November, 2023	5.25	96,468
		<u>\$ 392,778</u>			<u>\$ 154,468</u>

Interest expenditures of \$12,699 were recorded in the fund financial statements in the General Fund. Interest expense of \$11,750 was recorded in the government-wide financial statements.

Installment Purchase Debt

The Town entered into various agreements between 2014 and 2020 to finance the acquisition of various equipment. The leases meet the criteria of capital leases as defined by GASB guidance. The agreements provide for annual payments including interest ranging between 2.55% - 3.84%. The balance due at December 31, 2020 was \$192,428.

Interest expenditures of \$6,451 were recorded in the fund financial statements in the Highway fund.

Interest expense of \$6,451 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and installment purchase debt outstanding as of December 31, 2020 including interest payments of \$25,732 are as follows:

Year Ended December 31,	Bonds		Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 61,155	\$ 8,897	\$ 108,813	\$ 6,153	\$ 169,968	\$ 15,050
2022	61,155	5,342	47,369	2,606	108,524	7,948
2023	32,158	1,688	36,246	1,046	68,404	2,734
	<u>\$ 154,468</u>	<u>\$ 15,927</u>	<u>\$ 192,428</u>	<u>\$ 9,805</u>	<u>\$ 346,896</u>	<u>\$ 25,732</u>

The above statutory installment bonds and installment purchase debt are direct borrowings of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Legal Debt Margin

The Town is subject to legal limitations on the amount of debt it may issue. The Town's legal debt margin is 7% of the five year average full valuation of taxable real property.

Landfill Closure Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$86,401 reported as a landfill closure costs liability at December 31, 2020 represents an estimated amount based on the use of 100% of the landfill capacity less the actual expenditures to date. Actual costs may be higher due to inflation, changes in technology or changes in regulation. The liability for landfill closure costs has been reflected in the government-wide financial statements.

Compensated Absences

Town employees may accumulate vacation time. Upon separation of service, accumulated vacation time is paid at the current salary level. Town employees are not compensated for unused sick leave. The value of compensated absences has been reflected in the government-wide financial statements.

Pension Plans

New York State and Local Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("ERS") which is commonly referred to as the New York State and Local Retirement System ("System"). This is a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2020 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14 41J	15.8 %
	4 A15 41J	15.8
	5 A15 41J	13.2
	6 A15 41J2	9.3

At December 31, 2020, the Town reported the following for its proportionate share of the net pension liability for ERS:

	<u>ERS</u>
Measurement date	March 31, 2020
Net pension liability	\$ 1,616,948
Town's proportion of the net pension liability	0.0061062 %
Change in proportion since the prior measurement date	0.0001136 %

The net pension liability was measured as of March 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2020, the Town recognized pension expense in the government-wide financial statements of \$583,772 for ERS. Pension expenditures of \$297,721 for ERS were recorded in the fund financial statements and were charged to the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 133,046
Town Outside Villages	27,269
Highway	135,944
Special Districts	1,462
	<u>\$ 297,721</u>

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 95,164	\$ -
Changes of assumptions	32,558	28,113
Net difference between projected and actual earnings on pension plan investments	828,926	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	86,825	8,426
Town contributions subsequent to the measurement date	214,816	-
	<u>\$ 1,258,289</u>	<u>\$ 36,539</u>

The \$214,816 reported as deferred outflows of resources related to ERS result from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	ERS
2021	\$ 181,420
2022	257,632
2023	316,256
2024	251,626
	<u>\$ 1,006,934</u>

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

	ERS
Measurement Date	March 31, 2020
Actuarial valuation date	April 1, 2019
Investment rate of return	6.8% *
Salary scale	4.2%
Inflation rate	2.5%
Cost of living adjustments	1.3%

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

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.05 %
International Equity	14	6.15
Private Equity	10	6.75
Real Estate	10	4.95
Absolute Return Strategies	2	3.25
Opportunistic Portfolio	3	4.65
Real Assets	3	5.95
Bonds and Mortgages	17	0.75
Cash	1	0.00
Inflation Indexed Bonds	4	0.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Town's proportionate share of the net pension

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
Town's proportionate share of the ERS net pension liability	\$ 2,967,556	\$ 1,616,948	\$ 373,032

The components of the collective net pension liability as of the March 31, 2020 measurement date were as follows:

	ERS
Total pension liability	\$ 194,596,261,000
Fiduciary net position	168,115,682,000
Employers' net pension liability	\$ 26,480,579,000
Fiduciary net position as a percentage of total pension liability	86.39%

Employer contributions to ERS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2020 represent the employer contribution for the period of April 1, 2020 through December 31, 2020 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2020 were \$214,816.

Voluntary Defined Contribution Plan

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

Deferred Contribution - Service Award Program

The Town, pursuant to Article 11-AA of General Municipal Law and legislative resolution, has established a Service Award Program ("Program") for volunteer members of the Philipstown Volunteer Ambulance Corporation and the Garrison Volunteer Ambulance Corporation. This Program is a single employer defined contribution plan. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant upon attainment of entitlement age (the later of age 55 or the participant's age after earning five years of service credit) shall be able to receive their service award, payable in the form of a lump sum distribution. The Program also provides disability and death benefits. The trustee of the Program, which has been designated by the State Comptroller, is

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the Town from the General Fund. Separate financial statements are not issued by the Program.

Trust Assets

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73. The trust assets are recorded in the General Fund as investments and as a component of Restricted fund balance. On the Statement of Net Position, this amount is classified as a liability to the beneficiaries.

Assets of the Service Award Program consist of the following at December 31, 2020:

	<u>% of Total</u>	
Cash and equivalents	9.27 %	\$ 27,741
Common stock	27.22	81,458
Mutual funds	63.51	<u>190,060</u>
		<u>\$ 299,259</u>

The investments above in common stock and mutual funds are measured using level 1 inputs.

The Town's obligation to continue funding is governed by New York State Law and Program provisions. The Town contributed \$1,861 in 2020.

Other Postemployment Benefit Liabilities ("OPEB")

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

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

Inactive employees currently receiving benefit payments	24
Active employees	<u>35</u>
	<u>59</u>

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The Town's total OPEB liability of \$13,942,767 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

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

Inflation	3.0%
Salary increases	3.0%
Discount rate	1.93%
Healthcare cost trend rates	8.0% for 2020, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2026
Retirees' share of benefit-related costs	0% for NYSHIP / State Empire medical premiums

The discount rate was based on the S&P 20-year AA Municipal Bond Index.

Mortality rates were based on the RP-2006 Mortality Tables with MP-2020 projection.

The actuarial assumptions used in the January 1, 2020 valuation for turnover and retirement for ERS was based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

The Town's change in the total OPEB liability for the year ended December 31, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 11,095,675
Service cost	548,487
Interest	357,288
Changes of benefit terms	-
Differences between expected and actual experience	(90,617)
Changes in assumptions or other inputs	2,303,765
Benefit payments	<u>(271,831)</u>
 Total OPEB Liability - End of Year	 <u>\$ 13,942,767</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.93%) or 1 percentage point higher (2.93%) than the current discount rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total OPEB Liability	<u>\$ 15,674,884</u>	<u>\$ 13,942,767</u>	<u>\$ 12,210,648</u>

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

	1% Decrease (7.0% decreasing to 4.0%)	Current Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	\$ 11,299,369	\$ 13,942,767	\$ 17,162,494

For the year ended December 31, 2020, the Town recognized OPEB expense of \$1,268,655 in the government-wide financial statements. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 2,163,960	\$ -
Differences between expected and actual experience	-	1,105,381
	<u>\$ 2,163,960</u>	<u>\$ 1,105,381</u>

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

Year Ended December 31,	
2021	\$ 362,880
2022	362,880
2023	362,880
2024	(30,061)
	<u>\$ 1,058,579</u>

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

E. Revenues and Expenditures

Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u> Capital Projects Fund
General Fund	\$ 47,322
Special Districts Fund	37,671
	<u>\$ 84,993</u>

Transfers are used to move amounts from the fund with collection authorization to the Capital Projects Fund for bond anticipation note principal payments.

F. Net Position

The components of net position are detailed below:

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

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

Restricted for Acquisition of Parkland - the component of net position that has been established pursuant to New York State Law. These amounts represents funds received from the sale of parkland and may be used only for the acquisition of parkland.

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

Restricted for Future Capital Projects - the component of net position that has been established pursuant to New York State Law. These amounts are provided to finance all or part of the cost of construction or acquisition of a type of capital improvement, acquisition or equipment.

Restricted for Trusts - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statutes.

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Parklands - the component of net position that has been established pursuant to Section 277 of Town Law. This amount represents funds received by the Town in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

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

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2020						2019							
	General Fund	Town Outside Villages Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental Fund	Total	General Fund	Town Outside Villages Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental Fund	Total
Restricted														
Debt service	\$ 471	\$ -	\$ -	\$ -	\$ 68,879	\$ -	\$ 69,350	\$ 471	\$ -	\$ -	\$ -	\$ 68,850	\$ -	\$ 69,321
Future capital projects	16,396	-	-	-	-	-	16,396	16,396	-	-	-	-	-	16,396
Service Awards	288,259	-	-	-	-	-	288,259	280,789	-	-	-	-	-	280,789
Acquisition of parkland	-	-	-	5,592	-	-	5,592	-	-	-	5,506	-	-	5,506
Trusts	-	-	-	-	-	43,415	43,415	-	-	-	-	-	3,182	3,182
Parklands	-	-	-	-	-	218,501	218,501	-	-	-	-	-	209,202	209,202
Total Restricted	316,126	-	-	5,592	68,879	261,916	652,513	277,836	-	-	5,506	68,850	212,384	564,376
Assigned														
Subsequent year's expenditures	275,000	150,000	550,000	28,600	-	-	1,003,600	255,000	185,000	835,000	10,600	-	-	1,285,600
Major Funds	-	221,099	631,128	132,472	-	-	884,699	-	126,701	639,817	94,352	-	-	860,880
Total Assigned	275,000	371,099	1,181,128	161,072	-	-	1,888,299	255,000	311,701	1,474,817	104,952	-	-	2,146,480
Unassigned	381,430	-	-	-	(1,795,154)	-	(1,413,724)	455,598	-	-	-	(579,629)	-	(124,031)
Total Fund Balances (Deficits)	\$ 972,555	\$ 371,099	\$ 1,181,128	\$ 166,664	\$ (1,726,275)	\$ 261,916	\$ 1,227,688	\$ 988,234	\$ 311,701	\$ 1,474,817	\$ 110,458	\$ (510,779)	\$ 212,384	\$ 2,586,825

Town of Philipstown, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Assigned for Special Revenue Funds - the component of fund balance that represents funds assigned for specific purposes.

Subsequent year's expenditures represent that at December 31, 2020, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, malicious prosecution, false imprisonment or personal injury. Of the claims pending, none are expected to have a material effect on the financial position of the Town if adversely settled.

The Town is also defendant in numerous tax certiorari proceedings, the results of which generally require tax refunds on the part of the Town. The amount of possible refunds cannot be determined at the present time and any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Risk Management

The Town purchases various conventional insurance coverages to reduce its exposure to loss. The public officials and law enforcement liability and general liability policies provide coverage of \$1 million per claim and \$2 million in the aggregate. In addition, the Town maintains an umbrella policy with a limit of \$5 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town also purchases conventional medical and workers' compensation coverage.

C. Contingencies

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

Town of Philipstown, New York

Notes to Financial Statements (Concluded)
December 31, 2020

Note 5 - Subsequent Events

The Town, on April 16, 2021, issued a bond anticipation note in the amount of \$71,250 which was used to renew currently outstanding bond anticipation notes. The note matures on April 15, 2022 and bears an interest rate of 3.80% per annum.

The Town on August 6, 2021, issued a bond anticipation note in the amount of \$124,770 which was used to renew currently outstanding bond anticipation notes. The note matures on August 5, 2022 and bears an interest rate of 3.60% per annum.

The Town on October 1, 2021, issued a bond anticipation note in the amount of \$210,409 which was used to renew currently outstanding bond anticipation notes. The note matures on September 30, 2022 and bears an interest rate of 3.60% per annum.

Note 6 - Recently Issued GASB Pronouncements

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

Town of Philipstown, New York

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

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 548,487	\$ 525,317	\$ 570,414
Interest	357,288	381,967	391,705
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(90,617)	(834,559)	(962,089)
Changes of assumptions or other inputs	2,303,765 (5)	654,204 (4)	-
Benefit payments	(271,831)	(249,713)	(285,412)
Net Change in Total OPEB Liability	2,847,092	477,216	(285,382)
Total OPEB Liability – Beginning of Year	11,095,675	10,618,459	10,903,841 (3)
Total OPEB Liability – End of Year	<u>\$ 13,942,767</u>	<u>\$ 11,095,675</u>	<u>\$ 10,618,459</u>
Town's covered-employee payroll	<u>\$ 1,909,912</u>	<u>\$ 2,043,419</u>	<u>\$ 1,916,910</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>730.02%</u>	<u>543.00%</u>	<u>553.94%</u>

Notes to Schedule:

- (1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.
- (3) Restated for the implementation of the provisions of GASB Statement No. 75.
- (4) The discount rate used to calculate the total OPEB liability was decreased from 3.64% to 3.26%.
- (5) The discount rate used to calculate the total OPEB liability was decreased from 3.26% to 1.93%.

Town of Philipstown, New York

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

Schedule of the Town's Proportionate Share of Net Pension Liability (2)

	2020 (4) (5)	2019	2018	2017	2016 (3)	2015
Town's proportion of the net pension liability	0.0061062%	0.0059926%	0.0060513%	0.0058247%	0.0066238%	0.0063976%
Town's proportionate share of the net pension liability	\$ 1,616,948	\$ 424,591	\$ 195,303	\$ 547,302	\$ 1,063,131	\$ 216,128
Town's covered payroll	\$ 2,029,499	\$ 2,105,963	\$ 1,979,985	\$ 1,886,675	\$ 1,784,588	\$ 1,825,935
Town's proportionate share of the net pension liability as a percentage of its covered payroll	79.67%	20.16%	9.86%	29.01%	59.57%	11.84%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 286,421	\$ 285,071	\$ 269,552	\$ 264,991	\$ 327,529	\$ 362,262
Contributions in relation to the contractually required contribution	(286,421)	(285,071)	(269,552)	(264,991)	(327,529)	(362,262)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 2,097,064	\$ 2,184,008	\$ 2,067,888	\$ 1,958,506	\$ 1,865,511	\$ 1,863,957
Contributions as a percentage of covered payroll	13.66%	13.05%	13.04%	13.53%	17.56%	19.44%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".
 (2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
 (3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.
 (4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.
 (5) Increase in the Town's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

Town of Philipstown, New York

General Fund
 Combining Balance Sheet - Sub-Funds
 December 31, 2020
 (With Comparative Totals for 2019)

	General	Ambulance Service Awards Program	Totals	
			2020	2019
ASSETS				
Cash and equivalents	\$ 1,316,753	\$ 27,741	\$ 1,344,494	\$ 1,237,632
Investments	-	271,518	271,518	243,167
Accounts receivable	27,184	-	27,184	107,712
State and Federal aid receivable	23,600	-	23,600	40,150
Due from other funds	49,828	-	49,828	101,759
Total Assets	\$ 1,417,365	\$ 299,259	\$ 1,716,624	\$ 1,730,420
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 57,245	\$ -	\$ 57,245	\$ 160,059
Deposits payable	538,925	-	538,925	465,327
Due to other funds	65,449	-	65,449	33,169
Due to other governments	3,728	-	3,728	10,563
Due to retirement system	78,721	-	78,721	73,068
Total Liabilities	744,068	-	744,068	742,186
Fund balances				
Restricted	16,867	299,259	316,126	277,636
Assigned	275,000	-	275,000	255,000
Unassigned	381,430	-	381,430	455,598
Total Fund Balances	673,297	299,259	972,556	988,234
Total Liabilities and Fund Balances	\$ 1,417,365	\$ 299,259	\$ 1,716,624	\$ 1,730,420

See independent auditors' report.

Town of Philipstown, New York

General Fund

Combining Schedules of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

	General	Ambulance Service Awards Program	Eliminations	Totals	
				2020	2019
REVENUES					
Real property taxes	\$ 3,163,163	\$ -	\$ -	\$ 3,163,163	\$ 3,015,799
Other tax items	154,776	-	-	154,776	173,402
Departmental income	227,583	1,861	(1,861)	227,583	727,502
Use of money and property	2,363	40,698	-	43,061	54,786
Licenses and permits	3,231	-	-	3,231	4,589
Fines and forfeitures	64,185	-	-	64,185	100,369
State aid	386,253	-	-	386,253	393,746
Miscellaneous	49,077	-	-	49,077	50,116
Total Revenues	4,050,631	42,559	(1,861)	4,091,329	4,520,309
EXPENDITURES					
Current					
General government support	1,262,283	-	-	1,262,283	1,267,502
Public safety	23,320	-	-	23,320	23,320
Health	594,767	4,069	(1,861)	596,975	582,388
Transportation	188,620	-	-	188,620	186,090
Economic opportunity and development	-	-	-	-	400
Culture and recreation	943,886	-	-	943,886	1,473,142
Home and community services	39,316	-	-	39,316	37,397
Employee benefits	921,845	-	-	921,845	879,389
Debt service					
Principal	61,155	-	-	61,155	67,961
Interest	22,285	-	-	22,285	32,961
Total Expenditures	4,057,477	4,069	(1,861)	4,059,685	4,550,550
Excess (Deficiency) of Revenues Over Expenditures					
	(6,846)	38,490	-	31,644	(30,241)
OTHER FINANCING USES					
Transfers out	(47,322)	-	-	(47,322)	(47,322)
Net Change in Fund Balances	(54,168)	38,490	-	(15,678)	(77,563)
FUND BALANCES					
Beginning of Year	727,465	260,769	-	988,234	1,065,797
End of Year	\$ 673,297	\$ 299,259	\$ -	\$ 972,556	\$ 988,234

See independent auditors' report.

Town of Philipstown, New York

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 1,316,753	\$ 1,220,030
Receivables		
Accounts	27,184	107,712
State and Federal aid	23,600	40,150
Due from other funds	<u>49,828</u>	<u>101,759</u>
	<u>100,612</u>	<u>249,621</u>
Total Assets	<u>\$ 1,417,365</u>	<u>\$ 1,469,651</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 57,245	\$ 160,059
Deposits payable	538,925	465,327
Due to other funds	65,449	33,169
Due to other governments	3,728	10,563
Due to retirement system	<u>78,721</u>	<u>73,068</u>
Total Liabilities	<u>744,068</u>	<u>742,186</u>
Fund balance		
Restricted	16,867	16,867
Assigned	275,000	255,000
Unassigned	<u>381,430</u>	<u>455,598</u>
Total Fund Balance	<u>673,297</u>	<u>727,465</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,417,365</u>	<u>\$ 1,469,651</u>

See independent auditors' report.

Town of Philipstown, New York

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

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 3,163,161	\$ 3,163,161	\$ 3,163,163	\$ 2
Other tax items	170,000	170,000	154,776	(15,224)
Departmental income	681,500	681,500	227,583	(453,917)
Use of money and property	3,000	3,000	2,363	(637)
Licenses and permits	4,000	4,000	3,231	(769)
Fines and forfeitures	68,000	68,000	64,185	(3,815)
State aid	310,000	310,000	386,253	76,253
Miscellaneous	35,820	35,820	49,077	13,257
Total Revenues	4,435,481	4,435,481	4,050,631	(384,850)
EXPENDITURES				
Current				
General government support	1,130,572	1,130,572	1,262,283	(131,711)
Public safety	24,000	24,000	23,320	680
Health	603,466	603,466	594,767	8,699
Transportation	189,820	189,820	188,620	1,200
Economic opportunity and development	400	400	-	400
Culture and recreation	1,501,097	1,501,097	943,886	557,211
Home and community services	61,500	61,500	39,316	22,184
Employee benefits	947,324	947,324	921,845	25,479
Debt service				
Principal	67,962	67,962	61,155	6,807
Interest	14,340	14,340	22,285	(7,945)
Total Expenditures	4,540,481	4,540,481	4,057,477	483,004
Deficiency of Revenues Over Expenditures	(105,000)	(105,000)	(6,846)	98,154
OTHER FINANCING USES				
Transfers out	(150,000)	(150,000)	(47,322)	102,678
Net Change in Fund Balance	(255,000)	(255,000)	(54,168)	200,832
FUND BALANCE				
Beginning of Year	255,000	255,000	727,465	472,465
End of Year	\$ -	\$ -	\$ 673,297	\$ 673,297

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 3,015,806	\$ 3,015,806	\$ 3,015,799	\$ (7)
167,000	167,000	173,402	6,402
674,500	674,500	727,502	53,002
1,000	1,000	7,897	6,897
4,000	4,000	4,589	589
67,000	67,000	100,369	33,369
325,000	325,000	393,746	68,746
35,820	35,820	50,116	14,296
4,290,126	4,290,126	4,473,420	183,294
1,124,363	1,124,363	1,267,502	(143,139)
24,000	24,000	23,320	680
591,841	591,841	581,281	10,560
186,500	186,500	186,090	410
400	400	400	-
1,495,195	1,495,195	1,473,142	22,053
66,500	66,500	37,397	29,103
927,136	927,136	879,389	47,747
67,962	67,962	67,961	1
33,907	33,907	32,961	946
4,517,804	4,517,804	4,549,443	(31,639)
(227,678)	(227,678)	(76,023)	151,655
(47,322)	(47,322)	(47,322)	-
(275,000)	(275,000)	(123,345)	151,655
275,000	275,000	850,810	575,810
\$ -	\$ -	\$ 727,465	\$ 727,465

Town of Philipstown, New York

General Fund

Schedule of Revenues Compared to Budget - Sub-Fund
 Year Ended December 31, 2020
 (With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
REAL PROPERTY TAXES	\$ 3,163,161	\$ 3,163,161	\$ 3,163,163	\$ 2	\$ 3,015,799
OTHER TAX ITEMS					
Interest and penalties on real property taxes	27,000	27,000	26,859	(141)	35,289
Cable television franchise fees	143,000	143,000	127,917	(15,083)	138,113
	170,000	170,000	154,776	(15,224)	173,402
DEPARTMENTAL INCOME					
Town Clerk fees	8,400	8,400	5,785	(2,615)	5,639
Parks and recreation fees	665,700	665,700	214,971	(450,729)	719,880
Cemeteries	3,400	3,400	4,806	1,406	-
Refuse and garbage charges	4,000	4,000	2,021	(1,979)	1,983
	681,500	681,500	227,583	(453,917)	727,502
USE OF MONEY AND PROPERTY					
Earnings on investments	3,000	3,000	2,363	(637)	7,897
LICENSES AND PERMITS					
Dog licenses	4,000	4,000	3,231	(769)	4,589
FINES AND FORFEITURES					
Fines and forfeited bail	68,000	68,000	64,185	(3,815)	100,369

STATE AID							
Mortgage tax	310,000	310,000	386,253	76,253	370,746		
Other	-	-	-	-	23,000		
	<u>310,000</u>	<u>310,000</u>	<u>386,253</u>	<u>76,253</u>	<u>393,746</u>		
MISCELLANEOUS							
Unclassified	2,000	2,000	15,257	13,257	16,296		
AIM related payments	33,820	33,820	33,820	-	33,820		
	<u>35,820</u>	<u>35,820</u>	<u>49,077</u>	<u>13,257</u>	<u>50,116</u>		
TOTAL REVENUES	<u>\$ 4,435,481</u>	<u>\$ 4,435,481</u>	<u>\$ 4,050,631</u>	<u>\$ (384,850)</u>	<u>\$ 4,473,420</u>		

See independent auditors' report.

Town of Philipstown, New York

General Fund

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

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 120,030	\$ 120,030	\$ 135,215	\$ (15,185)	\$ 126,358
Town Justice	183,610	183,610	123,466	60,144	190,877
Supervisor	135,300	135,300	135,110	190	132,966
Auditor	46,667	46,667	42,038	4,629	43,831
Budget Director	23,500	23,500	23,500	-	22,500
Tax collection	5,000	5,000	6,560	(1,560)	10,350
Assessor	98,360	98,360	90,524	7,836	87,840
Board of Assessment Review	1,325	1,325	1,325	-	1,325
Town Clerk	118,300	118,300	121,582	(3,282)	124,990
Town Attorney	60,000	60,000	48,197	11,803	44,031
Engineer	500	500	-	500	2,983
Property records management	3,500	3,500	1,525	1,975	1,900
Buildings	227,750	227,750	431,506	(203,756)	379,384
Central services	16,000	16,000	19,518	(3,518)	21,604
Data processing	7,500	7,500	6,077	1,423	7,066
Unallocated insurance	41,000	41,000	45,241	(4,241)	42,257
Municipal association dues	1,350	1,350	1,300	50	1,350
Metropolitan commuter transportation mobility tax	4,500	4,500	4,478	22	3,913
Revaluation	7,000	7,000	-	7,000	-
Safety clerk	24,380	24,380	25,121	(741)	21,438
Judgments and claims	5,000	5,000	-	5,000	539
	<u>1,130,572</u>	<u>1,130,572</u>	<u>1,262,283</u>	<u>(131,711)</u>	<u>1,267,502</u>

PUBLIC SAFETY					
Traffic control	3,500	3,500	2,510	990	2,820
Dog control	20,500	20,500	20,810	(310)	20,500
	24,000	24,000	23,320	680	23,320
HEALTH					
Ambulance services	603,466	603,466	594,767	8,699	581,281
TRANSPORTATION					
Highway Superintendent	189,820	189,820	188,620	1,200	186,090
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Veteran's organizations	400	400	-	400	400
CULTURE AND RECREATION					
Recreation administration	1,154,097	1,154,097	611,976	542,121	1,130,960
Recreation for the elderly	29,500	29,500	15,410	14,090	24,882
Library	303,500	303,500	303,500	-	303,500
Historian	13,500	13,500	13,000	500	13,000
Celebrations	500	500	-	500	800
	1,501,097	1,501,097	943,886	557,211	1,473,142
HOME AND COMMUNITY SERVICES					
Refuse and garbage	43,000	43,000	14,117	28,883	12,322
Cemeteries	18,500	18,500	25,199	(6,699)	25,075
	61,500	61,500	39,316	22,184	37,397
EMPLOYEE BENEFITS					
State retirement	129,197	129,197	133,046	(3,849)	121,009
Social security	125,500	125,500	97,662	27,838	120,674
Workers' compensation benefits	54,939	54,939	35,974	18,965	51,184
Unemployment benefits	500	500	60,476	(59,976)	-
Disability	1,000	1,000	2,389	(1,389)	1,461
Health insurance	636,188	636,188	592,298	43,890	585,061
	947,324	947,324	921,845	25,479	879,389

(Continued)

Town of Philipstown, New York

**General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund (Continued)
Year Ended December 31, 2020
(With Comparative Actuals for 2019)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
DEBT SERVICE					
Principal	\$ 61,156	\$ 61,156	\$ 61,155	\$ 1	\$ 108,477
Serial bonds	6,806	6,806	-	6,806	6,806
Installment purchase debt	67,962	67,962	61,155	6,807	115,283
Interest	14,340	14,340	12,699	1,641	16,305
Serial bonds	-	-	9,586	(9,586)	16,656
Bond anticipation notes	14,340	14,340	22,285	(7,945)	32,961
	82,302	82,302	83,440	(1,138)	148,244
TOTAL EXPENDITURES	4,540,481	4,540,481	4,057,477	483,004	4,596,765
OTHER FINANCING USES					
Transfers out	150,000	150,000	47,322	102,678	-
Capital Projects Fund					
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 4,690,481	\$ 4,690,481	\$ 4,104,799	\$ 585,682	\$ 4,596,765

See independent auditors' report.

Town of Philipstown, New York

Town Outside Villages Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 370,868	\$ 308,229
Receivables		
Accounts	23,348	52,877
Due from other governments	-	20,000
Due from other funds	61,248	4,340
	<u>84,596</u>	<u>77,217</u>
Total Assets	<u>\$ 455,464</u>	<u>\$ 385,446</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 15,828	\$ 6,367
Due to other funds	40,189	40,189
Due to retirement system	28,348	27,189
Total Liabilities	84,365	73,745
Fund balance		
Assigned	<u>371,099</u>	<u>311,701</u>
Total Liabilities and Fund Balance	<u>\$ 455,464</u>	<u>\$ 385,446</u>

See independent auditors' report.

Town of Philipstown, New York

Town Outside Villages Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 133,066	\$ 133,066	\$ 133,066	\$ -
Departmental income	300,000	300,000	447,810	147,810
Miscellaneous	-	-	23,200	23,200
Total Revenues	<u>433,066</u>	<u>433,066</u>	<u>604,076</u>	<u>171,010</u>
EXPENDITURES				
Current				
General government support	5,266	5,266	3,395	1,871
Public safety	244,090	244,090	237,537	6,553
Home and community services	168,900	168,900	179,929	(11,029)
Employee benefits	129,837	129,837	123,817	6,020
Debt service				
Principal	7,651	7,651	-	7,651
Interest	15,000	15,000	-	15,000
Total Expenditures	<u>570,744</u>	<u>570,744</u>	<u>544,678</u>	<u>26,066</u>
Excess (Deficiency) of Revenues Over Expenditures	(137,678)	(137,678)	59,398	197,076
OTHER FINANCING USES				
Transfers out	(47,322)	(47,322)	-	47,322
Net Change in Fund Balance	(185,000)	(185,000)	59,398	244,398
FUND BALANCE				
Beginning of Year	185,000	185,000	311,701	126,701
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,099</u>	<u>\$ 371,099</u>

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 123,971	\$ 123,971	\$ 123,971	\$ -
300,000	300,000	351,092	51,092
-	-	-	-
<u>423,971</u>	<u>423,971</u>	<u>475,063</u>	<u>51,092</u>
5,266	5,266	1,611	3,655
239,500	217,099	206,548	10,551
168,900	191,301	183,267	8,034
127,654	127,654	124,060	3,594
7,446	7,446	7,445	1
205	205	205	-
<u>548,971</u>	<u>548,971</u>	<u>523,136</u>	<u>25,835</u>
(125,000)	(125,000)	(48,073)	76,927
-	-	-	-
<u>(125,000)</u>	<u>(125,000)</u>	<u>(48,073)</u>	<u>76,927</u>
125,000	125,000	359,774	234,774
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,701</u>	<u>\$ 311,701</u>

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Town of Philipstown, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 1,103,700	\$ 1,626,608
Receivables		
Accounts	-	57
State and Federal aid	216,373	6,581
Due from other governments	3,065	-
Due from other funds	<u>62,788</u>	<u>30,508</u>
	<u>282,226</u>	<u>37,146</u>
Total Assets	<u>\$ 1,385,926</u>	<u>\$ 1,663,754</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 56,733	\$ 46,648
Due to other funds	48,049	48,049
Due to retirement system	<u>100,016</u>	<u>94,240</u>
Total Liabilities	204,798	188,937
Fund balance		
Assigned	<u>1,181,128</u>	<u>1,474,817</u>
Total Liabilities and Fund Balance	<u>\$ 1,385,926</u>	<u>\$ 1,663,754</u>

See independent auditors' report.

Town of Philipstown, New York

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

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 2,731,278	\$ 2,731,278	\$ 2,731,278	\$ -
Intergovernmental charges	33,000	33,000	23,316	(9,684)
Use of money and property	15,000	15,000	5,155	(9,845)
Sale of property and compensation for loss	-	-	5,992	5,992
State aid	169,763	169,763	216,373	46,610
Miscellaneous	-	-	400	400
Total Revenues	<u>2,949,041</u>	<u>2,949,041</u>	<u>2,982,514</u>	<u>33,473</u>
EXPENDITURES				
Current				
Transportation	2,850,380	2,850,380	2,372,154	478,226
Employee benefits	783,461	783,461	754,375	29,086
Debt service				
Principal	140,049	140,049	143,223	(3,174)
Interest	10,151	10,151	6,451	3,700
Total Expenditures	<u>3,784,041</u>	<u>3,784,041</u>	<u>3,276,203</u>	<u>507,838</u>
Deficiency of Revenues Over Expenditures	(835,000)	(835,000)	(293,689)	541,311
FUND BALANCE				
Beginning of Year	<u>835,000</u>	<u>835,000</u>	<u>1,474,817</u>	<u>639,817</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,128</u>	<u>\$ 1,181,128</u>

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 2,665,383	\$ 2,665,383	\$ 2,665,383	\$ -
33,000	33,000	37,445	4,445
4,000	4,000	29,472	25,472
-	-	-	-
195,000	195,000	147,961	(47,039)
-	-	23,604	23,604
<u>2,897,383</u>	<u>2,897,383</u>	<u>2,903,865</u>	<u>6,482</u>
2,838,719	2,832,769	2,612,872	219,897
758,559	762,957	749,482	13,475
139,954	141,506	141,506	-
10,151	10,151	8,856	1,295
<u>3,747,383</u>	<u>3,747,383</u>	<u>3,512,716</u>	<u>234,667</u>
(850,000)	(850,000)	(608,851)	241,149
<u>850,000</u>	<u>850,000</u>	<u>2,083,668</u>	<u>1,233,668</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,474,817</u>	<u>\$ 1,474,817</u>

Town of Philipstown, New York

Special Districts Fund
 Combining Balance Sheet - Sub-Funds
 December 31, 2020
 (With Comparative Totals for 2019)

	Combined Fire Protection Districts	Continental Village Water District	Garrison Landing Water District	Continental Village Special Park District
ASSETS				
Cash and equivalents	\$ -	\$ 56,889	\$ 12,165	\$ 132,288
Receivables				
Accounts	-	34,953	4,720	-
Due from other funds	-	6,019	-	1,833
	-	40,972	4,720	1,833
Total Assets	<u>\$ -</u>	<u>\$ 97,861</u>	<u>\$ 16,885</u>	<u>\$ 134,121</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 399	\$ 8,834	\$ -	\$ -
Due to other funds	-	13,799	44,090	7,350
Due to retirement system	-	6,633	-	1,098
Total Liabilities	<u>399</u>	<u>29,266</u>	<u>44,090</u>	<u>8,448</u>
Fund balances (deficits)				
Restricted	-	-	-	5,592
Assigned	<u>(399)</u>	<u>68,595</u>	<u>(27,205)</u>	<u>120,081</u>
Total Fund Balances (Deficits)	<u>(399)</u>	<u>68,595</u>	<u>(27,205)</u>	<u>125,673</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 97,861</u>	<u>\$ 16,885</u>	<u>\$ 134,121</u>

See independent auditors' report.

Totals	
2020	2019
\$ 201,342	\$ 147,042
39,673	38,836
7,852	13,153
47,525	51,989
<u>\$ 248,867</u>	<u>\$ 199,031</u>
\$ 9,233	\$ 11,802
65,239	69,092
7,731	7,669
82,203	88,563
5,592	5,506
161,072	104,962
166,664	110,468
<u>\$ 248,867</u>	<u>\$ 199,031</u>

Town of Philipstown, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Sub-Funds
 Year Ended December 31, 2020
 (With Comparative Totals for 2019)

	Fire Protection Districts			
	Continental Village No. 1	North Highlands	Philipstown No. 1	Garrison No. 5
REVENUES				
Real property taxes	\$ 279,600	\$ -	\$ 62,970	\$ -
Departmental income	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>279,600</u>	<u>-</u>	<u>62,970</u>	<u>-</u>
EXPENDITURES				
Current				
General government support	-	-	-	-
Public safety	279,600	-	62,970	-
Culture and recreation	-	-	-	-
Home and community services	-	-	-	-
Employee benefits	-	-	-	-
Debt service				
Interest	-	-	-	-
Total Expenditures	<u>279,600</u>	<u>-</u>	<u>62,970</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	-	-	-
OTHER FINANCING USES				
Transfers out	-	-	-	-
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Beginning of Year	<u>(9,337)</u>	<u>260</u>	<u>1,771</u>	<u>6,907</u>
End of Year	<u>\$ (9,337)</u>	<u>\$ 260</u>	<u>\$ 1,771</u>	<u>\$ 6,907</u>

See independent auditors' report.

Continental Village Water District	Garrison Landing Water District	Continental Village Special Park District	Totals	
			2020	2019
\$ 115,045	\$ -	\$ 122,195	\$ 579,810	\$ 575,863
152,911	20,350	66,241	239,502	224,169
175	6	338	519	2,453
-	-	600	600	2,450
<u>268,131</u>	<u>20,356</u>	<u>189,374</u>	<u>820,431</u>	<u>804,935</u>
4,782	-	6,229	11,011	10,859
-	-	-	342,570	339,496
-	-	117,651	117,651	126,969
211,364	-	-	211,364	227,514
11,325	-	20,967	32,292	30,675
-	6,078	5,598	11,676	14,637
<u>227,471</u>	<u>6,078</u>	<u>150,445</u>	<u>726,564</u>	<u>750,150</u>
40,660	14,278	38,929	93,867	54,785
-	(13,921)	(23,750)	(37,671)	(35,792)
40,660	357	15,179	56,196	18,993
27,935	(27,562)	110,494	110,468	91,475
<u>\$ 68,595</u>	<u>\$ (27,205)</u>	<u>\$ 125,673</u>	<u>\$ 166,664</u>	<u>\$ 110,468</u>

Town of Philipstown, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 728,078	\$ 25,118
Accounts receivable	80	-
Due from other funds	<u>37,210</u>	<u>44,874</u>
Total Assets	<u>\$ 765,368</u>	<u>\$ 69,992</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Due to other funds	\$ -	\$ 4,135
Bond anticipation notes payable	<u>2,491,643</u>	<u>576,636</u>
Total Liabilities	<u>2,491,643</u>	<u>580,771</u>
FUND BALANCE (DEFICIT)		
Restricted	68,879	68,850
Unassigned	<u>(1,795,154)</u>	<u>(579,629)</u>
Total Fund Deficit	<u>(1,726,275)</u>	<u>(510,779)</u>
Total Liabilities and Fund Deficit	<u>\$ 765,368</u>	<u>\$ 69,992</u>

See independent auditors' report.

Town of Philipstown, New York

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

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 29	\$ 102
EXPENDITURES		
Capital outlay	<u>1,444,270</u>	<u>41,573</u>
Deficiency of Revenues Over Expenditures	<u>(1,444,241)</u>	<u>(41,471)</u>
OTHER FINANCING SOURCES		
Installment purchase debt issued	143,752	46,817
Transfers in	<u>84,993</u>	<u>83,114</u>
Total Other Financing Sources	<u>228,745</u>	<u>129,931</u>
Net Change in Fund Balance	(1,215,496)	88,460
FUND DEFICIT		
Beginning of Year	<u>(510,779)</u>	<u>(599,239)</u>
End of Year	<u><u>\$ (1,726,275)</u></u>	<u><u>\$ (510,779)</u></u>

See independent auditors' report.

Town of Philipstown, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Projects Through December 31, 2020

PROJECT	Authorization	Expenditures and Transfers To Date	Unexpended Balance
Garrison Landing Water District	\$ 327,594	\$ 327,594	\$ -
Cortlandt Lake Dam	666,764	666,764	-
St. Mary's Alarm System	65,000	61,752	3,248
St. Mary's Boiler	611,323	604,936	6,387
Hudson Highlands Fjord Trail	937,180	376,998	560,182
Dahlia Annex	400,000	417,872	(17,872)
Town Hall Renovation	2,000,000	1,249,200	750,800
Highway Garage	3,500,000	51,318	3,448,682
Installment Purchase Debt - 2020	143,752	143,752	-
	<u>\$ 8,651,613</u>	<u>\$ 3,900,186</u>	<u>\$ 4,751,427</u>
Totals			

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) at December 31, 2020	Bond Anticipation Notes Outstanding at December 31, 2020
\$ 188,682	\$ (138,912)	\$ 138,912
571,764	(95,000)	95,000
65,000	3,248	-
611,323	6,387	-
382,242	5,244	-
142,269	(275,603)	257,731
-	(1,249,200)	2,000,000
-	(51,318)	-
143,752	-	-
<u>\$ 2,105,032</u>	<u>\$ (1,795,154)</u>	<u>\$ 2,491,643</u>

Town of Philipstown, New York

Non-Major Governmental Fund
Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 261,916</u>	<u>\$ 212,384</u>
FUND BALANCE		
Restricted	<u>\$ 261,916</u>	<u>\$ 212,384</u>

See independent auditors' report.

Town of Philipstown, New York

Non-Major Governmental Fund
Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2020</u>	<u>2019</u>
REVENUES		
Departmental income	\$ 406,027	\$ 89,121
Use of money and property	<u>108</u>	<u>612</u>
Total Revenues	406,135	89,733
EXPENDITURES		
Current		
Culture and recreation	<u>356,603</u>	<u>35,141</u>
Excess of Revenues Over Expenditures	49,532	54,592
FUND BALANCE		
Beginning of Year	<u>212,384</u>	<u>157,792</u>
End of Year	<u>\$ 261,916</u>	<u>\$ 212,384</u>

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