

PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE

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. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. 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 Notes will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.



\$6,033,045

TOWN OF NEW HARTFORD

ONEIDA COUNTY, NEW YORK

\$6,033,045 Bond Anticipation Notes, 2026 (Renewals)
(the "Notes")

Dated: April 23, 2026

Due: April 23, 2027

The Notes are general obligations of the Town of New Hartford, Oneida County, New York (the "Town"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein.

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

At the option of the purchaser(s), the Notes will be issued as book entry only registered notes or in registered certificated form in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. A single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate.

Alternatively, if the Notes are issued as registered non-certificated notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the Purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or included \$8,045. If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct 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 the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about April 23, 2026.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on April 9, 2026 by no later than 11:00 A.M., Prevailing Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

April 2, 2026

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. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.

TOWN OF NEW HARTFORD

ONEIDA COUNTY, NEW YORK



TOWN OFFICIALS

JAMES J. MESSA
Supervisor

DAVID TEHAN
Deputy Supervisor

TOWN BOARD

VINCENT PRISTERA
JOHN LATINI

DAVID M. REYNOLDS
DAVID TEHAN

* * * * *

MICHELE MORAN
Town Clerk

HERBERT J. CULLY.
Town Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

No person has been authorized by the Town of New Hartford to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or 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 New Hartford.

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PREPARED WITH THE ASSISTANCE OF:



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OFFICIAL STATEMENT
of the
TOWN OF NEW HARTFORD
ONEIDA COUNTY, NEW YORK

Relating To
\$6,033,045 Bond Anticipation Notes, 2026 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of New Hartford, Oneida County, New York (the “Town”, “County”, and “State”, respectively), in connection with the sale by the Town of \$6,033,045 Bond Anticipation Notes, 2026 (Renewals) (referred to herein as the “Notes”).

The factors affecting the Town's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

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.

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 city of those revenues to meet its obligations.” According to the Court in *Quirk*, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every Town, 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 Town, 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.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the laws of the State of New York. All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See “TAX LEVY LIMITATION LAW” herein.

Under Article VIII of 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. See “NATURE OF OBLIGATION” herein.

The Notes are dated April 23, 2026 and mature, without option of prior redemption, on April 23, 2027. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Notes. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See “BOOK-ENTRY-ONLY SYSTEM” herein; or (ii) registered in the name of the purchaser(s) with principal and interest payable in Federal Funds at the office of the Town Clerk, in New Hartford, New York.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law, the Local Finance Law and various bond resolutions adopted on October 2, 2024.

<u>2026 Bond Anticipation Notes</u>	<u>Outstanding</u>
Resurfacing of Roads	\$ 2,000,000
Purchase and Installation of Traffic Lights	800,000
Storm Water Improvements	750,000
Improvements to Parks	625,000
Downtown Chadwicks Infrastructure Improvements	500,000
Purchase of Heavy Equipment, Including Trucks	501,070
Purchase of Snow Blower	6,975
Purchase of Police Vehicles	250,000
Various Equipment for Police Department	600,000
Totals:	\$ 6,033,045

The proceeds of the Notes will fully redeem and renew the outstanding \$6,033,045 bond anticipation notes maturing April 24, 2026 for the abovementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes if selected by the purchaser(s). As such, the Notes will be issued as fully-registered securities 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 the Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 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 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 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.

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 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 to 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 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.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$8,045. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the Town. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE TOWN

General Information

The Town of New Hartford, established in 1827, is located southwest of and adjacent to the City of Utica in Oneida County, and is approximately 15 miles southeast of the City of Rome, New York. The Town covers 24.7 square miles.

The Town is a unique blend of residential, semi-rural and agricultural communities. Within this setting, the Town also serves as the area's primary commercial retail center, supporting some of the region's major employers.

Water is supplied to a majority of the populated areas of the Town through the Upper Mohawk Valley Regional Water Authority. Sanitary sewer service is provided through Town interceptors that feed into the Oneida County treatment plant. Gas and electric service is supplied by National Grid. Telephone service is supplied by Verizon. Police protection is provided by New Hartford Police Department, and supplemented by the Oneida County Sheriff's Department and the New York State Police. Fire protection is provided by various volunteer fire companies located throughout the Town. Ambulance service is also available. Other Town facilities include three parks, a recreation center and one community meeting center.

Public schooling is provided by the New Hartford Central School District, together with the New York Mills Union Free School District, Sauquoit Valley Central School District, Clinton Central School District and the Board of Cooperative Educational Services (BOCES) which provides technical training for a developing labor force. Institutions of higher learning located nearby include Utica College, SUNY Institute of Technology at Utica/Rome, Hamilton College, and Mohawk Valley Community College, as well as other community colleges located within a reasonable distance.

Major highway transportation includes New York State Routes, #5, #8, #12, #12B, #840 and #90 (the New York State Thruway). Rail transportation is provided by Conrail, New York, Susquehanna and Western Railway, and Amtrak, while the Utica Transit Authority and certain charter lines provide bus services for the Town. Air service is provided by USAir to New York and other major cities from the Hancock International Airport in the City of Syracuse.

Recent developments in the Town's economy include new businesses, expansions, and renovations. For 2026 the following new projects are planned: a solar project is being reviewed by the planning board, mobile home sales on 8096 Seneca Turnpike was approved, Verizon has been approved for a new cell tower, a new Tully's Restaurant, a new O'Reilly's Auto Parts store, Dwight Event Center is currently under review, expansion of the Potentia Management, and there is a proposal for a redevelopment at the former K-Mart plaza. Aldi's, several retail restaurants including Moe's Southwest Grill and Olive Garden, and the Hampton Inn have come to the area since 2010. Previous projects outlined have been a new Jiffy Lube, Hoffman Car Wash, new housing project on Tibbitts Rd and Session Road, new Gas Station on Genesee St. Popeye's Restaurant, new Medical Building, new Dollar Tree, new Taco Bell and a new building at Tucker Pool. As of the date of this Continuing Disclosure Statement Consumer Square has expanded at its current location, and the new housing project that started on Middlesettlement Road will be expanding. Several shopping areas are being renovated, such as the old Nichols Plaza and Big Apple Music. One Genny has expanded their restaurant. In residential areas such as Applewood and Cherrywood, expansion is occurring as well. There are two new hotels and several national retail stores and restaurants that are planning to develop in the Town. The old Zeb's building will become a Tidal Wave Carwash as well. CNY Eye Physicians & Surgeons, CNY Brain & Spine, Calabria Coffee, Utica Bread, and General Securities are all new businesses added in 2022. In 2023 US Light & Energy and Community Power Group developed solar projects in the area.

Since 2010, over \$35 million has been added to the tax roll assessed valuation. A large portion of this is attributable to the growth being experienced in the commercial sector and more specifically within the newly formed New Hartford Business Park. It is anticipated that development within the Park alone will add an estimated \$5 million per year in assessed valuation over the next 5-7 years. As the New Hartford Business Park continues to grow it is expected that the surrounding areas will continue to further develop and expand. One Genny was added to the assessment value for 2024 under business expansions. The growth being experienced in the commercial sector also assists with residential development by bringing in more companies and new jobs.

Population Trends

<u>Year</u>	<u>Town of New Hartford</u>	<u>Oneida County</u>	<u>New York State</u>
2000	21,285	235,469	18,976,457
2010	22,166	234,878	19,378,102
2020	21,874	232,125	20,201,249
2024 (Estimated)	22,107	228,347	19,867,248

Source: U. S. Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 2006-2010, 2016-2020 and 2020-2024 American Community Survey.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Town of:						
New Hartford	\$ 33,819	\$ 42,903	\$ 50,924	\$ 77,733	\$ 94,023	\$ 118,971
County of:						
Oneida	23,458	30,678	37,903	58,017	74,796	90,731
State of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

Note: 2021-2025 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2020-2024 American Community Survey data.

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Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Oneida County	4.4%	4.1%	7.8%	5.1%	3.6%	3.4%	3.5%	N/A
New York State	4.1%	3.8%	9.9%	6.9%	4.3%	4.2%	4.3%	N/A

	<u>2025 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Oneida County	4.3%	4.6%	4.1%	3.2%	3.1%	3.4%	4.0%	4.2%	4.1%	3.9%	3.8%	N/A
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	3.8%	4.6%	4.7%	4.7%	4.5%	4.4%	N/A

Note: The unemployment rates for December 2025 through February 2026 and the annual unemployment rates for 2025 are not available as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of Town Government

The chief executive officer and the chief fiscal officer of the Town is the Supervisor, who is elected to a term of four years and is eligible for re-election. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected to four-year terms. There is no limitation as to the number of terms which may be served by members of the Town Board.

The Town elects its Town Clerk, Receiver of Taxes and Assessments and Highway Superintendent to four-year terms. The Town Attorney are appointed to a one-year term. The Town Board also appoints an Assessor to a six-year statutory term. Effective January 1, 2012, as a result of a mandatory referendum, the office of Receiver of Taxes and Assessments was abolished, and the duties and powers were transferred to the Office of Town Clerk.

Financial Organization

The Supervisor and Finance Director are responsible for all financial and budgetary transactions of the Town. Their duties include administration, direction and control of the following divisions: Accounting, Purchasing, Accounts Payable, Accounts Receivable, Audit and Control, Budgeting, and Payroll/Personnel.

Budgetary Procedures

The Supervisor is the Budget Officer of the Town. The Supervisor prepares a preliminary budget each year, pursuant to various laws of the State of New York, and holds a public hearing thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum.

The Town’s 2025 tax levy increase was 2.10% which was below the Town’s tax cap limit.

The Town’s 2026 tax levy increase was 1.9 % which was below the Town’s tax cap limit.

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 deposits or certificates of deposits in 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) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of 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 either, a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are 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) obligations of the State of New York, (5) repurchase agreements are permitted to the extent that all repurchase agreements must be entered into subject to a Master Repurchase Agreement with collateral held by a third party bank, (6) obligations issued, or fully insured or guaranteed as to the payment of principal in interest, by the United States of America, or (7) obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporations of the State of New York.

Employees

The Town employs a total of approximately 84 employees, excluding part-time and seasonal. The Town provides services through employees which are represented by the following unions:

<u>Union Representation</u>	<u>Number Employed</u>	<u>Contract Expiration Date</u>
New Hartford Police Contract	30	December 31, 2027
Highway Contract	22	December 31, 2028
New Hartford Parks & Recreation Contract	4	December 31, 2028

Source: Town officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems 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. The Retirement System Law generally provides that all participating employers in each 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 Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% based on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The Town’s payments to ERS and PFRS since the 2020 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 397,608	\$ 437,699
2021	397,422	451,288
2022	385,779	513,485
2023	293,120	530,652
2024 (Unaudited)	329,283	512,120
2025 (Unaudited)	441,284	807,542
2026 (Budgeted)	471,850	978,973

Source: Town officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Town does not have any early retirement incentives outstanding or contemplated at this time.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees’ and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2023 to 2027) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2023	11.6%	27.0%
2024	13.1	27.8
2025	15.2	31.2
2026	16.5	33.7
2027	17.6	36.5

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The Town is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

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

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational 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 since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. Other Post-Employment Benefits (“OPEB”) refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, 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.

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

Summary of Changes from the Last Valuation. The Town contracted with Armory Associates LLC, an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending December 31, 2022 and December 31, 2023.

The following outlines the changes to the Total OPEB Liability during the 2022 and 2023 fiscal year, by source.

	January 1, 2022	January 1, 2023
Balance beginning at:	\$ 19,762,706	\$ 21,283,788
<u>Changes for the year:</u>		
Service cost	663,526	706,431
Interest	427,237	447,047
Differences between expected and actual experience	-	1,186,549
Changes in benefit terms	-	(39,492)
Changes in assumptions or other inputs	977,404	(4,496,737)
Benefit payments	(547,085)	(577,751)
Net Changes	\$ 1,521,082	\$ (2,773,953)
Balance ending at:	December 31, 2022	December 31, 2023
	\$ 21,283,788	\$ 18,509,835

Note: The actuarial report for Fiscal Year end December 31, 2024 and 2025 is not yet available as of the date of this Official Statement. The above table is not audited.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45") required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

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

Other Information

The Town is in compliance with the procedure for the publication of the estoppel notices with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this Town is past due.

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Town.

Financial Statements

The Town retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the Town. The last independent audit covers the fiscal year ending December 31, 2023 is available via the Electronic Municipal Market Access (“EMMA”) website. The Town’s audited annual financials for the fiscal year ending December 31, 2023 is attached hereto as “APPENDIX – D” The Town’s audited annual financials and the unaudited financial reports for the fiscal year ending December 31, 2024 and December 31, 2025 are unavailable as of the date of this official statement. The Town is expecting the 2024 annual financial report to be available around June 30, 2026. The Town underwent personnel changes which led to the delay. The Town is in the process of completing the 2024 and 2025 audited annual financials and they will be filed to EMMA upon completion. The financial affairs of the Town are also subject to annual audits by the State Comptroller.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending December 31, 2003, the Town is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis. The Town hired an outside consultant to assist in implementation of GASB 34, inclusive of a physical review and documentation of all assets owned by the Town. The Town is currently in full compliance with GASB 34.

Unaudited Results for Fiscal Year Ending December 31, 2024:

Summary anticipated unaudited information for the General Fund for the period ending December 31, 2024 is as follows:

Revenues:	\$ 4,031,040
Expenditures:	<u>\$ 4,277,345</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ (246,305)</u>
Total Fund Balance at December 31, 2023:	\$ 5,579,383
Total Fund Balance at December 31, 2024:	\$ 5,333,078

Unaudited Results for Fiscal Year Ending December 31, 2025:

Summary anticipated unaudited information for the General Fund for the period ending December 31, 2025 is as follows:

Revenues:	\$ 4,704,210
Expenditures:	<u>\$ 4,550,067</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 154,144</u>
Total Fund Balance at December 31, 2024:	\$ 5,333,078
Total Fund Balance at December 31, 2025:	\$ 5,487,222

Note: Unaudited figures are based on projections of the Town and audited results may vary.

Related Ratings Action

On April 4, 2025, S&P Global Ratings withdrew its “AA-“ issuer credit rating of the Town. The withdrawal reflected S&P’s inability to obtain adequate and timely financial information necessary to maintain surveillance of the ratings in accordance with their applicable criteria and policies. Such financial information includes 2023 audited financial statements.

On March 14, 2024, Moody's Investors Service, Inc. (“Moody’s”) withdrew its underlying rating on the Town’s general obligation debt due to insufficient or otherwise inadequate information to support the maintenance of the ratings.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Town has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit of the Town of September 8, 2023. The purpose of the audit was to determine whether Town of New Hartford (Town) employees and elected officials completed annual sexual harassment prevention training (SHP Training).

Key Findings:

- SHP Training was provided to most employees and elected officials. Of the 20 total individuals we tested (11 selected employees and all nine elected officials), three employees or 27 percent of employees tested and six elected officials did not complete the annual SHP Training.
- Additionally, the Town excluded new hires at the Highway Department who started after April's scheduled session from SHP Training.

Key Recommendations:

- Ensure all employees complete annual SHP Training and encourage elected officials to complete the training.

A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There is a State Comptroller's audit of the Town that is currently in progress. The audit is in its early stages, and the focus of the inquiry has not yet been established.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

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 reports of the State Comptroller for the past three years for the Town are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	Not Filed	-
2023	Not Filed	-
2022	Not Filed	-
2021	No Designation	0.0
2020	No Designation	0.0

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference. Information for the Fiscal Year Ending in 2025 for the Town is not available as of the date of this Official Statement. The 2022, 2023 and 2024 annual reports were not filed with the State Comptroller in a timely manner.

Source: Website of the Office of the New York State Comptroller.

TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assessed Valuation	\$ 1,317,770,074	\$ 1,317,333,742	\$ 1,323,558,667	\$ 1,325,482,306	\$ 1,328,848,182
New York State Equalization Rate	70.00%	63.00%	57.00%	53.00%	46.00%
Total Taxable Full Valuation	\$ 1,882,528,677	\$ 2,091,005,940	\$ 2,322,032,749	\$ 2,500,910,011	\$ 2,888,800,396

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
General Fund, Town-Wide	\$ 1.40	\$ 1.29	\$ 1.32	\$ 1.42	\$ 1.45
General fund, Part-Town	1.88	2.10	2.08	2.04	2.08
Highway Item I (Town-Wide)	-	-	-	-	-
Highway Items II, III, & IV (Part-Town)	-	-	-	-	-

Tax Collection Procedure

Taxes are collected from January 1 to June 1. Taxes for County purposes are levied together with Town and special district taxes as a single bill. The Towns and special districts receive the full amount of their levies from the first amounts collected on the combined bills. The County assumes enforcement responsibility for any uncollected taxes levied on the combined bill.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 6,045,430	\$ 6,045,430	\$ 6,464,697	\$ 6,600,198	\$ 6,638,337
Amount Uncollected	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

(1) See "Tax Collection Procedure" herein.

Larger Taxpayers 2025 Assessment for 2026 Tax Roll

<u>Name</u>	<u>Type of Entity</u>	<u>Assessed Valuation</u>
Consumer Square	Multi Retail	\$ 26,421,200
Applewood Community	Mobile Home Park	16,413,795
Jensen Cherrywood Comm	Mobile Home Park	14,378,850
Fifth Garden Park	Real Estate	14,008,672
Trahwen-B LLC (Walmart)	Retail & Gas Station	12,814,194
Preswick Glen	Real Estate	12,132,440
Wachs NH Development	Real Estate	11,319,401
Utica National Insurance	Insurance	11,116,100
Burrstone Medical	Medical	10,630,000
Sangertown Square Mall	Regional Shopping Mall	10,612,540

The ten taxpayers, listed above, have a total assessed of \$125,838,520 that represents 4.36% of the 2026 tax base of the Town.

As of the date of this Official Statement, the Town does not currently have any pending or outstanding tax certioraris that are reasonably expected to have a material impact on the Town.

Source: Town tax rolls.

Additional Tax Information

Real property subject to Town taxes is assessed by the Town.

Veterans' and senior citizens' exemptions are offered to those who qualify.

The total assessed valuation of the Town consists of approximately 73%-residential, 25%-commercial, 1%-industrial, and 1%-agricultural properties.

The total property tax bill of a \$100,000 market value residential property located in the Town is approximately \$7,725 including County, School District and Town taxes.

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, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation 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. It was set to expire on June 15, 2020 unless extended; it has since been made permanent. 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 are required 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 town may exceed the tax levy limitation for the coming fiscal year only if the governing body of such town first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law, 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. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality, prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, 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 or to be paid within three fiscal year periods, 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; unless substantially level or declining debt service is utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. 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 such required annual installments on its notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, 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 method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

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

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

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided, generally, that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the Town with the power to issue certain other short-term general obligations indebtedness including revenue and tax anticipation notes and budget and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Years Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 12,722,124	\$ 20,689,528	\$ 19,485,010	\$ 18,874,385	\$ 17,703,292
Bond Anticipation Notes	6,798,650	0	0	0	6,033,045
Other Obligations ⁽¹⁾	<u>122,930</u>	<u>57,449</u>	<u>38,862</u>	<u>158,492</u>	<u>126,555</u>
Total Debt Outstanding	<u>\$ 19,643,704</u>	<u>\$ 20,746,977</u>	<u>\$ 19,523,872</u>	<u>\$ 19,032,877</u>	<u>\$ 23,862,892</u>

⁽¹⁾- Represents Capital Lease Liability. Does not constitute general obligation debt, but does counts toward the debt limit.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of April 2, 2026:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2026-2048	\$ 16,783,292
<u>Bond Anticipation Notes</u>		
Various Purposes	April 24, 2026	<u>6,033,045</u>
Total Indebtedness		<u>\$ 22,816,337</u>

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 2, 2026:

Five-Year Average Full Valuation of Taxable Real Property	\$ 2,337,055,554
Debt Limit - 7% thereof	163,593,888

Inclusions:

Bonds.....	\$ 16,783,292	
Bond Anticipation Notes (BANs):	<u>6,033,045</u>	
Total Inclusions prior to issuance of the Notes	<u>22,816,337</u>	
Less: BANs being redeemed from appropriations	(0)	
Add: New money proceeds of the Notes	<u>0</u>	
Total Net Inclusions after issuance of the Notes		<u>\$ 22,816,337</u>

Exclusions:

Appropriations ⁽¹⁾	\$ 137,798	
Sewer Debt ⁽²⁾	0	
Water Debt ⁽³⁾	<u>1,810,211</u>	
Total Exclusions.....		<u>\$ 1,948,009</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 20,868,328</u>
Net Debt-Contracting Margin.....	<u>\$ 142,725,560</u>
Percent of Debt Contracting Power Exhausted.....	12.76%

- (1) Appropriations and revenue obligations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (2) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law by a Certificate of Exclusion issued by the State Comptroller.
- (3) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: The debt statement does not include capital leases. See “Capital Leases” herein.

Bonded Debt Service

A schedule of Bonded Debt Service may be found attached hereto as “APPENDIX – B” of this Continuing Disclosure Statement.

Cash Flow Borrowing

The Town has not found it necessary to issue revenue or tax anticipation notes nor budgetary or deficiency notes in its recent history and does not anticipate having to issue such notes in the foreseeable future.

Capital Lease Payable

The Town is obligated under certain leases accounted for as capital leases. The Towns outstanding leases are for the purchase agreements for vehicles. The leased assets and related obligations are accounted for in the Governmental Funds.

The following is a schedule of future minimum lease payments under capital leases.

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>
2026	\$ 34,515
2027	34,515
2028	34,515
2029	<u>23,010</u>
Total lease payments	<u>\$ 126,555</u>

Source: Town Officials.

Capital Projects

Other than the issuance of the Notes, the Town does not have any additional projects on going or contemplated for which debt will be issued other than those stated above.

Estimated Overlapping Indebtedness

In addition to the Town, the following political subdivisions have the power to issue Bonds and to levy taxes or cause taxes to be levied on taxable real property in the Town. The estimated gross outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:				
Oneida	12/31/2024	\$ 475,600,014	14.60%	\$ 69,437,602
Village of:				
New Hartford	5/31/2024	2,613,435	100.00%	2,613,435
New York Mills	5/31/2024	-	10.01%	-
School District:				
Clinton	6/30/2024	13,532,473	9.67%	1,308,590
New Hartford	6/30/2024	28,536,000	97.06%	27,697,042
New York Mills	6/30/2024	4,437,377	50.06%	2,221,351
Sauquoit Valley	6/30/2024	23,330,000	16.08%	3,751,464
Total:				<u>\$ 107,029,484</u>

⁽¹⁾ Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

Note: Gross Indebtedness sourced from local government data provided by the State Comptroller's office. Information regarding applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for the municipalities and state building aid for the school districts is not available from source.

Debt Ratios

The following table sets forth certain ratios relating to the Town's net indebtedness as of April 2, 2026:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 20,868,328	\$ 943.97	0.72%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	127,897,812	5,785.40	4.43

^(a) The current estimated population of the Town is 22,107. (See "THE TOWN - Population" herein.)

^(b) The Town's full value of taxable real estate for 2026 is \$2,888,800,396. (See "TAX INFORMATION" herein.)

^(c) See "Debt Statement Summary" herein.

^(d) Estimated gross overlapping indebtedness is \$107,029,484. (See "Estimated Overlapping Indebtedness" herein.)

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 the Town, 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.

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 City 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 described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the 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 has not requested FRB assistance nor does it reasonably expect to do 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 principal of or interest on Town indebtedness is past due.

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 small 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 “THE TOWN – 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 MATTERS" 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.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Town will enter into an Undertaking to Provide Notice of Material Events Certificate, a description of which, is attached hereto as "APPENDIX – C".

Historical Compliance

Except as mentioned below, the Town is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12:

- Due to a change in personnel, the Town failed to provide Annual Financial Information, consisting of its Audited Financial Statements for the fiscal year ending December 31, 2021, December 31, 2022, December 31, 2023 and December 31, 2024 not later than the last business day of the succeeding fiscal year, as required by certain outstanding undertaking agreements of the Town. The failure to file notices for the 2021 and 2022 audits were posted to EMMA on January 11, 2024 and a failure to file notice for the 2023 audit was posted to EMMA on January 14, 2025. The Audited Financial Statements for the fiscal year ending December 31, 2021, December 31, 2022 and December 31, 2023 have since been filed to the MSRB's EMMA website. The Town filed a failure to provide annual financial information for the fiscal year ending December 31, 2024 and failure to provide event filing information material event notice on March 17, 2026. The Audited Financial Statements for the fiscal year ending December 31, 2024, are unavailable as of the date of this Official Statement. The Town is currently working on the above-mentioned financial statements and expects both the December 31, 2024 and December 31, 2025 audits to be available by the end of 2026.

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 individual alternative minimum tax. 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 form of opinion of Bond Counsel is set forth in "APPENDIX – E".

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 bonds, 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 bonds 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 bonds 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

The legality of the authorization and issuance of the Notes is covered by the approving legal opinion of Bond Counsel. The proposed form of Bond Counsel's opinion is attached hereto at "APPENDIX – E".

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town.

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (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 provided advice as to the plan of financing and the structuring of the Notes. 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. The fees to be paid by the Town to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the Town; provided, however, the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Notes are not rated. Subject to the approval of the Town, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the Town, such as a rating action that may require the filing of a material event notification to EMMA and/or the provision of a supplement to the Final Official Statement.

On March 3, 2025, S&P Global Ratings placed its long-term and underlying rating of the Town of New Hartford on CreditWatch with negative implications. The ratings were placed on CreditWatch because S&P had yet to receive fiscal 2023 financial statements from the Town. S&P considers the financial statements necessary to maintain and assess the ratings on the Town. On April 4, 2025, S&P Global Ratings withdrew its "AA-" issuer credit rating of the Town. The withdrawal reflected S&P's inability to obtain adequate and timely financial information necessary to maintain surveillance of the ratings in accordance with their applicable criteria and policies. Such financial information included 2023 audited financial statements.

A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

On March 14, 2024, Moody's Investors Service, Inc. ("Moody's") withdrew its underlying rating on the Town's general obligation debt due to insufficient or otherwise inadequate information to support the maintenance of the ratings.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

MISCELLANEOUS

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

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

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Town as to which no representation can be made.

The Official Statement is submitted only in connection with the sale of the Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.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. Fiscal Advisors & Marketing, 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 Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, 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. Fiscal Advisors & Marketing, Inc. and the Town also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town contact information is as follows: James Messa, Town Supervisor, 8635 Clinton Street, New Hartford, New York 13413, telephone (315) 733-7500 x2321, email jmessa@townofnewhartfordny.gov. The Town Supervisor is the Chief Fiscal Officer.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com.

TOWN OF NEW HARTFORD

Dated: April 2, 2026

JAMES MESSA
Town Supervisor

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,851,086	\$ 1,294,394	\$ 2,316,050	\$ 3,450,794	\$ 4,092,257
Restricted Cash and Cash Equivalents	-	-	942,151	1,484,302	1,084,302
Accounts Receivable	233,869	370,232	161,955	148,477	244,744
State and Federal Aid Receivables	-	-	-	-	-
Lease Receivable	-	-	-	177,025	153,853
Due from Other Funds	609,072	1,154,766	1,023,298	1,023,298	1,023,298
Intergovernmental Receivables	609,475	574,186	637,174	553,174	477,978
Prepaid Items	158,896	144,520	126,263	167,009	29,988
Inventories	5,163	-	-	-	-
TOTAL ASSETS	\$ 3,467,561	\$ 3,538,098	\$ 5,206,891	\$ 7,004,079	\$ 7,106,420
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 58,609	\$ 89,967	\$ 54,141	\$ 55,631	\$ 22,603
Due to Other Funds	169,147	170,554	171,854	171,854	196,854
Intergovernmental Payables	-	-	-	-	-
BAN Payable	-	-	-	-	-
Accrued Liabilities	27,317	40,641	38,756	47,372	69,425
Unearned Revenue	-	-	942,151	1,484,302	1,084,302
Deferred Revenues	-	-	-	-	-
TOTAL LIABILITIES	\$ 255,073	\$ 301,162	\$ 1,206,902	\$ 1,759,159	\$ 1,373,184
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows - relating to leases	\$ -	\$ -	\$ -	\$ 177,025	\$ 153,853
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ 177,025	\$ 153,853
<u>FUND BALANCES</u>					
Nonspendable	\$ 164,059	\$ 144,520	\$ 126,263	\$ 167,009	\$ 1,053,286
Restricted	-	-	-	-	-
Assigned	374,400	374,500	374,500	530,684	532,335
Unassigned	2,674,029	2,717,916	3,499,226	4,370,202	3,993,762
TOTAL FUND EQUITY	\$ 3,212,488	\$ 3,236,936	\$ 3,999,989	\$ 5,067,895	\$ 5,579,383
TOTAL LIABILITIES and FUND BALANCES	\$ 3,467,561	\$ 3,538,098	\$ 5,206,891	\$ 7,004,079	\$ 7,106,420

Source: 2019-2023 Audited Financial Statements of the Town.
This Appendix is not itself audited.

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2019	2020	2021	2022	2023
REVENUES					
Real Property Taxes and Items	\$ 1,778,892	\$ 1,884,081	\$ 1,978,500	\$ 2,223,774	\$ 1,874,570
Non-Property Tax Items	1,470,022	880,064	1,235,201	1,592,841	1,404,386
Departmental Income	343,128	199,386	262,141	253,293	249,394
Intergovernmental Charges	-	-	-	-	41,126
Use of Money & Property	43,120	21,996	21,272	43,052	134,465
Licenses and Permits	29,315	23,424	17,703	15,816	17,403
Fines and Forfeitures	156,758	64,134	127,039	58,053	108,106
Sale of Property and					
Compensation for Loss	834,519	7,060	-	-	-
Miscellaneous	82,685	14,233	135,051	132,726	10,590
Interfund Transfers	-	-	-	-	-
Revenues from State Sources	494,529	514,196	684,503	542,585	430,647
Revenues from Federal Sources	-	-	-	400,000	400,000
Total Revenues	<u>\$ 5,232,968</u>	<u>\$ 3,608,574</u>	<u>\$ 4,461,410</u>	<u>\$ 5,262,140</u>	<u>\$ 4,670,687</u>
EXPENDITURES					
General Government Support	\$ 1,337,889	\$ 1,216,155	\$ 1,248,674	\$ 1,484,408	\$ 1,461,665
Public Safety	139,809	113,693	98,692	113,994	105,277
Health	-	-	43,969	-	-
Transportation	147,822	134,642	137,489	127,213	111,757
Economic Assistance and					
Opportunity	92,226	26,397	10,239	3,108	6,790
Culture and Recreation	785,204	701,378	692,654	772,052	745,854
Home and Community Services	-	-	-	-	-
Employee Benefits	654,994	576,391	558,185	500,073	605,184
Debt Service	650,435	889,373	908,455	793,386	722,672
Total Expenditures	<u>\$ 3,808,379</u>	<u>\$ 3,658,029</u>	<u>\$ 3,698,357</u>	<u>\$ 3,794,234</u>	<u>\$ 3,759,199</u>
Excess of Revenues Over (Under)					
Expenditures	<u>1,424,589</u>	<u>(49,455)</u>	<u>763,053</u>	<u>1,467,906</u>	<u>911,488</u>
Other Financing Sources (Uses):					
Proceeds from refunding bond	-	-	-	-	-
Premium on refunding bond	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Operating Transfers In	83,200	81,675	-	-	-
Operating Transfers Out	<u>(868,510)</u>	<u>(7,772)</u>	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Total Other Financing	<u>(785,310)</u>	<u>73,903</u>	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Excess of Revenues and Other					
Sources Over (Under) Expenditures					
and Other Uses	<u>639,279</u>	<u>24,448</u>	<u>763,053</u>	<u>1,067,906</u>	<u>511,488</u>
FUND BALANCE					
Fund Balance - Beginning of Year	2,573,209	3,212,488	3,236,936	3,999,989	5,067,895
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 3,212,488</u>	<u>\$ 3,236,936</u>	<u>\$ 3,999,989</u>	<u>\$ 5,067,895</u>	<u>\$ 5,579,383</u>

Source: Audited Financial Statements of the Town. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:	2023			2024	2025	2026
	Adopted Budget	Final	Actual	Adopted Budget	Adopted Budget	Adopted Budget
REVENUES						
Real Property Taxes & Tax Items	\$ 1,909,597	\$ 1,909,597	\$ 1,874,570	\$ 1,848,714	\$ 1,960,786	\$ 1,671,175
Non-Property Tax Items	795,646	1,115,646	1,404,386	809,446	682,470	1,228,341
Departmental Income	176,105	177,605	249,394	178,105	178,105	234,605
Intergovernmental Charges	-	-	41,126	-	-	-
Use of Money & Property	5,000	5,000	134,465	200,000	325,200	335,000
Licenses and Permits	28,050	28,050	17,403	17,550	17,550	15,000
Fines and Forfeitures	70,000	70,000	108,106	70,000	70,000	59,000
Sale of Property & Compensation for Loss	-	-	-	-	-	-
Miscellaneous	12,090	12,090	10,590	81,500	113,800	142,210
Revenues from State Sources	499,476	499,476	430,647	466,603	446,603	546,603
Revenues from Federal Sources	-	400,000	400,000	-	-	-
Revenues Serial Bonds	-	-	-	-	-	-
Total Revenues	\$ 3,495,964	\$ 4,217,464	\$ 4,670,687	\$ 3,671,918	\$ 3,794,514	\$ 4,231,934
EXPENDITURES						
General Government Support	\$ 1,592,318	\$ 1,613,319	\$ 1,461,665	\$ 1,640,497	\$ 1,704,089	\$ 1,679,920
Public Safety	115,626	116,626	105,277	113,400	123,547	143,888
Health	-	-	-	-	-	-
Transportation	125,177	125,177	111,757	127,388	128,229	131,489
Economic Assistance and Opportunity	15,700	15,700	6,790	12,700	12,700	52,700
Culture and Recreation	890,588	889,789	745,854	931,322	981,453	1,064,149
Home and Community Services	-	-	-	-	-	-
Employee Benefits	690,008	678,346	605,184	775,723	690,385	805,756
Debt Service	697,202	697,202	722,672	583,342	554,109	629,222
Other	-	-	-	-	-	-
Total Expenditures	\$ 4,126,618	\$ 4,136,159	\$ 3,759,199	\$ 4,184,373	\$ 4,194,514	\$ 4,507,124
Excess of Revenues Over (Under) Expenditures	(630,654)	81,305	911,488	(512,455)	(400,000)	(275,190)
Other Financing Sources (Uses):						
Operating Transfers In	100,000	-	-	512,455	400,000	-
Operating Transfers Out	-	(400,000)	(400,000)	-	-	-
Total Other Financing	100,000	(400,000)	(400,000)	512,455	400,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(530,654)	(318,695)	511,488	-	-	(275,190)
FUND BALANCE						
Fund Balance - Beginning of Year	530,654	318,695	5,067,895			275,190
Prior Period Adjustments (net)	-	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 5,579,383	\$ -	\$ -	\$ -

Source: 2023 Audited Financial Statements and adopted budgets (unaudited) of the Town.
This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>GENERAL FUND - TOWN OUTSIDE VILLAGE</u> ⁽¹⁾					
Fund Equity - Beginning of Year	\$ 1,459,484	\$ 1,917,634	\$ 2,325,609	\$ 3,140,411	\$ 3,351,423
Prior Period Adjustments	-	-	-	-	-
Revenues & Other Sources	4,935,397	4,757,806	5,465,978	4,859,085	5,574,797
Expenditures & Other Uses	4,477,247	4,349,831	4,651,176	4,648,073	5,337,525
Fund Equity - End of Year	\$ 1,917,634	\$ 2,325,609	\$ 3,140,411	\$ 3,351,423	\$ 3,588,695
<u>GENERAL FUND - PART TOWN</u>					
Fund Equity - Beginning of Year	\$ 497,600	\$ 645,228	\$ 745,840	\$ 829,986	\$ 730,753
Prior Period Adjustments	-	-	-	-	-
Revenues & Other Sources	615,356	629,494	634,925	256,364	286,449
Expenditures & Other Uses	467,728	528,882	550,779	355,597	317,983
Fund Equity - End of Year	\$ 645,228	\$ 745,840	\$ 829,986	\$ 730,753	\$ 699,219
<u>HIGHWAY - PART TOWN</u>					
Fund Equity - Beginning of Year	\$ 499,369	\$ 822,782	\$ 944,516	\$ 1,693,426	\$ 2,988,888
Prior Period Adjustments	-	-	-	-	-
Revenues & Other Sources	4,072,615	3,748,343	5,064,171	5,475,455	6,138,473
Expenditures & Other Uses	3,749,202	3,626,609	4,315,261	4,179,993	4,854,453
Fund Equity - End of Year	\$ 822,782	\$ 944,516	\$ 1,693,426	\$ 2,988,888	\$ 4,272,908
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 102,649	\$ 102,649	\$ 102,651	\$ 100,255	\$ 96,412
Revenues & Other Sources	122,988	128,755	128,752	128,753	128,753
Expenditures & Other Uses	122,988	128,753	131,148	132,596	134,518
Fund Equity - End of Year	\$ 102,649	\$ 102,651	\$ 100,255	\$ 96,412	\$ 90,647
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 2,129,689	\$ 2,102,719	\$ 2,090,221	\$ 1,980,650	\$ 1,737,507
Prior Period Adjustments	-	-	-	-	-
Revenues & Other Sources	490,283	486,122	440,128	265,006	320,144
Expenditures & Other Uses	517,253	498,620	549,699	508,149	1,424,907
Fund Equity - End of Year	\$ 2,102,719	\$ 2,090,221	\$ 1,980,650	\$ 1,737,507	\$ 632,744

⁽¹⁾ Represents information from the Town's Unaudited Annual Financial Statements.

Source: Audited Financial Statements and unaudited Annual Financial Statements of the Town. This Appendix is not itself audited.

APPENDIX - B
Town of New Hartford

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2026	\$ 1,198,080	\$ 490,031.19	\$ 1,688,110.87
2027	1,225,001	456,011.30	1,681,011.98
2028	1,086,923	423,977.15	1,510,899.83
2029	1,113,845	393,736.78	1,507,581.46
2030	1,135,766	362,679.34	1,498,445.02
2031	1,162,688	330,799.90	1,493,487.58
2032	1,199,610	297,862.15	1,497,471.83
2033	1,156,531	264,910.77	1,421,441.45
2034	1,141,355	232,737.30	1,374,092.06
2035	1,162,577	201,518.75	1,364,095.75
2036	1,194,499	169,393.75	1,363,892.75
2037	1,231,420	136,243.75	1,367,663.75
2038	1,100,000	101,243.75	1,201,243.75
2039	1,140,000	64,281.25	1,204,281.25
2040	470,000	38,125.00	508,125.00
2041	485,000	23,203.13	508,203.13
2042	500,000	7,812.50	507,812.50
TOTALS	\$ 17,703,292	\$ 3,994,567.76	\$ 21,697,859.96

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2008 Water - 0% EFC Bond			2013 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 140,282	-	\$ 140,282.00	\$ 165,000	\$ 8,206.25	\$ 173,206.25
2027	142,203	-	142,203.00	170,000	2,762.50	172,762.50
2028	144,125	-	144,125.00	-	-	-
2029	146,047	-	146,047.00	-	-	-
2030	147,968	-	147,968.00	-	-	-
2031	149,890	-	149,890.00	-	-	-
2032	151,812	-	151,812.00	-	-	-
2033	153,733	-	153,733.00	-	-	-
2034	155,655	-	155,655.00	-	-	-
2035	157,577	-	157,577.00	-	-	-
2036	159,499	-	159,499.00	-	-	-
2037	161,420	-	161,420.00	-	-	-
TOTALS	\$ 1,810,211	\$ -	\$ 1,810,211.00	\$ 335,000	\$ 10,968.75	\$ 345,968.75

Fiscal Year Ending December 31st	2018 Refunding of 2009 Bonds		
	Principal	Interest	Total
2026	\$ 75,000	\$ 14,925.00	\$ 89,925.00
2027	75,000	11,925.00	86,925.00
2028	75,000	9,675.00	84,675.00
2029	75,000	7,425.00	82,425.00
2030	70,000	5,250.00	75,250.00
2031	70,000	3,150.00	73,150.00
2032	70,000	1,050.00	71,050.00
TOTALS	\$ 510,000	\$ 53,400.00	\$ 563,400.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2019 Various Projects			2022 Public Improvement SB		
	Principal	Interest	Total	Principal	Interest	Total
	2026	\$ 305,000	\$ 198,843.75	\$ 503,843.75	\$ 450,000	\$ 249,312.50
2027	315,000	189,543.75	504,543.75	460,000	235,087.50	695,087.50
2028	325,000	179,943.75	504,943.75	480,000	219,812.50	699,812.50
2029	335,000	170,043.75	505,043.75	495,000	203,968.75	698,968.75
2030	345,000	159,843.75	504,843.75	510,000	187,637.50	697,637.50
2031	355,000	149,343.75	504,343.75	525,000	170,818.75	695,818.75
2032	370,000	138,468.75	508,468.75	545,000	153,431.25	698,431.25
2033	380,000	127,218.75	507,218.75	560,000	135,475.00	695,475.00
2034	390,000	115,668.75	505,668.75	580,000	116,950.00	696,950.00
2035	405,000	103,743.75	508,743.75	600,000	97,775.00	697,775.00
2036	415,000	91,443.75	506,443.75	620,000	77,950.00	697,950.00
2037	430,000	78,768.75	508,768.75	640,000	57,475.00	697,475.00
2038	440,000	65,718.75	505,718.75	660,000	35,525.00	695,525.00
2039	455,000	52,293.75	507,293.75	685,000	11,987.50	696,987.50
2040	470,000	38,125.00	508,125.00	-	-	-
2041	485,000	23,203.13	508,203.13	-	-	-
2042	500,000	7,812.50	507,812.50	-	-	-
TOTALS	\$ 6,720,000	\$ 1,890,028.13	\$ 8,610,028.13	\$ 7,810,000	\$ 1,953,206.25	\$ 9,763,206.25

Fiscal Year Ending December 31st	2024 NYS Power Authority SB		
	Principal	Interest	Total
2026	\$ 62,798	\$ 18,743.69	\$ 81,541.37
2027	62,798	16,692.55	79,490.23
2028	62,798	14,545.90	77,343.58
2029	62,798	12,299.28	75,096.96
2030	62,798	9,948.09	72,745.77
2031	62,798	7,487.40	70,285.08
2032	62,798	4,912.15	67,709.83
2033	62,798	2,217.02	65,014.70
2034	15,700	118.55	15,818.31
TOTALS	\$ 518,081	\$ 86,964.63	\$ 605,045.83

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the Town has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) 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 or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the Town
- (m) 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
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) 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 Note holders, if material; and
- (p) 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 (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt servc reserves" will be established for the Notes.

With respect to event (d) 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 (l) 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 (o) and (p), 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 from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Town 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 material event except those events listed above.

The Town reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Note within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town’s obligations under its material event notices undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Note to recover monetary damages.

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser at closing.

TOWN OF NEW HARTFORD

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2023

Such Annual Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

**TOWN OF NEW HARTFORD,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2023
and Independent Auditors' Reports*

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INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of New Hartford, New York

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of New Hartford, New York (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of the report, the accompanying financial statements do not present fairly the financial position of the governmental activities of the Town, as of December 31, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Discretely Presented Component Unit, Each Major Fund, and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Town, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 4 to the financial statements, management does not maintain a complete record of capital assets for governmental activities. As a result, we were unable to obtain sufficient appropriate audit evidence to support the Town's balance of capital assets for governmental activities. Accounting principles generally accepted in the United States of America require that capital assets be properly capitalized and

depreciated, which would increase the assets and net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined. Additionally, as discussed in Note 7, the Town has not recorded the estimated value of the long-term pension liability related to its Length of Service Award Program (“LOSAP”), or the related deferred inflows of resources and deferred outflows of resources, thereof. Accounting principles generally accepted in the United States of America require that the long-term pension liability and related deferred inflows of resources and deferred outflows of resources be properly recorded, which would increase the liabilities, deferred inflows of resources, deferred outflows of resources and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred inflows of resources, deferred outflows of resources, net position, and expenses of the governmental activities have not been determined.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025 on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Drescher + Maleki LLP

November 19, 2025

TOWN OF NEW HARTFORD, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2023

As management of the Town of New Hartford, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2023. We encourage readers to consider the financial information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town's primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$2,436,351 (*net position*). This consists of \$3,974,393 net investment in capital assets, \$1,810,303 restricted for specific purposes and an unrestricted net position of (\$8,221,047).
- The Town's total primary government net position increased by \$350,531 during the year ended December 31, 2023.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,837,619, an increase of \$1,303,307.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$3,993,762, or 96.0 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 71.6 percent of the General Fund's total fund balance of \$5,579,383 at December 31, 2023.
- During the year ended December 31, 2023, the Town's total serial bonds outstanding decreased \$1,204,520 due to scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise 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 themselves.

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, liabilities and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of 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 (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and unallocated interest and fiscal charges. The Town does not engage in any business-type activities.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate Library (the New Hartford Public Library) for which the Town is financially accountable. Financial information for this discretely presented component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-14 of this report.

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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Police Fund, Highway Town-wide Fund, Highway Part-Town Fund, Sewer Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources are not available to support the Town’s own programs. The Town maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on pages 19-20 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 on pages 21-50 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s net pension liabilities/(assets), the changes in the Town’s total other postemployment benefits (“OPEB”) obligations, and the Town’s budgetary comparison schedules for the General Fund, Police Fund, Highway Town-wide Fund, Highway Part-Town Fund and Sewer Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 51-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section on pages 63-64 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,436,351 at the close of the most recent fiscal year, as compared to \$2,786,882 at the close of the fiscal year ended December 31, 2022.

Table 1, as shown on the following page, presents a condensed statement of net position as compared to the prior year.

Table 1—Condensed Statement of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2023	2022
Current assets	\$ 20,510,276	\$ 20,081,415
Noncurrent assets	21,383,473	23,442,279
Total assets	<u>41,893,749</u>	<u>43,523,694</u>
Deferred outflows of resources	<u>8,623,039</u>	<u>8,406,443</u>
Current liabilities	1,719,880	2,461,888
Noncurrent liabilities	43,709,580	43,213,535
Total liabilities	<u>45,429,460</u>	<u>45,675,423</u>
Deferred inflows of resources	<u>7,523,679</u>	<u>9,041,596</u>
Net position:		
Net investment in capital assets	3,974,393	5,399,718
Restricted	1,810,303	1,477,437
Unrestricted	(8,221,047)	(9,664,037)
Total net position	<u>\$ (2,436,351)</u>	<u>\$ (2,786,882)</u>

The largest portion of the Town’s net position, \$3,974,393 reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure and right-to-use lease assets), net of accumulated depreciation/amortization and less any related debt used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens; consequently, these assets are *not* available for future spending. Although the Town’s investment in 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 these liabilities.

An additional portion of the Town’s net position, \$1,810,303, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the Town’s net position, \$(8,221,047) is considered to be an unrestricted net deficit. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the Town’s capital assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences, the net pension liability and OPEB obligation, are funded annually within the funds.

Table 2, as presented on the following page, shows the changes in net position for the years ended December 31, 2023 and December 31, 2022.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities	
	Year Ended December 31,	
	2023	2022
Program revenues:		
Charges for services	\$ 1,060,890	\$ 1,038,884
Operating grants and contributions	943,547	699,977
Capital grants and contributions	512,401	409,020
General revenues	<u>16,185,427</u>	<u>15,291,333</u>
Total revenues	<u>18,702,265</u>	<u>17,439,214</u>
 Total expenses	 <u>18,351,734</u>	 <u>15,418,308</u>
 Change in net position	 350,531	 2,020,906
Net position—beginning	<u>(2,786,882)</u>	<u>(4,807,788)</u>
Net position—ending	<u>\$ (2,436,351)</u>	<u>\$ (2,786,882)</u>

Overall revenues of the primary government increased 7.2 percent from the prior year, while overall expenses increased 19.0 percent. The increase in revenues is due an increase in use of money and property and nonproperty tax items. The increase in expenses is due to an increase in home and community service expenses related to sewer contractual expenses.

A summary of sources of revenues for the years ended December 31, 2023 and December 31, 2022 is presented in Table 3 below.

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 1,060,890	\$ 1,038,884	\$ 22,006	2.1
Operating grants and contributions	943,547	699,977	243,570	34.8
Capital grants and contributions	512,401	409,020	103,381	25.3
Real property taxes and tax items	6,382,648	6,430,408	(47,760)	(0.7)
Nonproperty tax items	8,356,500	7,890,507	465,993	5.9
Use of money and property	529,779	43,591	486,188	1,115.3
Sale of property and compensation for loss	288,600	113,226	175,374	154.9
Miscellaneous	197,253	273,468	(76,215)	(27.9)
Unrestricted state aid	430,647	540,133	(109,486)	(20.3)
Total revenues	<u>\$ 18,702,265</u>	<u>\$ 17,439,214</u>	<u>\$ 1,263,051</u>	7.2

The Town's most significant source of revenue for the year ended December 31, 2023 was nonproperty tax items, which accounted for \$8,356,500, or 44.7 percent of total revenues. The next largest sources of revenue were real property taxes and tax items of \$6,382,648, or 34.1 percent of total revenues, and charges for services of \$1,060,890, or 5.7 percent of total revenues. For the year ended December 31, 2022, the Town's most significant source of revenue was was nonproperty tax items, which accounted for \$7,890,507, or 45.2 percent of total revenues. The next largest sources of revenue were real property taxes

and tax items of \$6,430,408, or 36.9 percent of total revenues, and charges for services of \$1,038,884, or 6.0 percent of total revenues.

A summary of program expenses for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 4:

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 2,149,060	\$ 2,150,032	\$ (972)	(0.0)
Public safety	7,070,770	6,014,207	1,056,563	17.6
Health	82,905	75,862	7,043	9.3
Transportation	4,972,247	4,884,038	88,209	1.8
Economic assistance and opportunity	9,984	4,425	5,559	125.6
Culture and recreation	1,096,616	1,099,217	(2,601)	(0.2)
Home and community services	2,225,534	839,028	1,386,506	165.3
Interest and fiscal charges	744,618	351,499	393,119	111.8
Total expenses	<u>\$ 18,351,734</u>	<u>\$ 15,418,308</u>	<u>\$ 2,933,426</u>	19.0

The Town’s most significant expense item for the year ended December 31, 2023 was public safety, which accounted for \$7,070,770, or 38.5 percent of total expenses. The next largest expense items were transportation of \$4,972,247, or 27.1 percent of total expenses, and home and community services of \$2,225,534, or 12.1 percent of total expenses. For the year ended December 31, 2022, most significant expense item for the year ended December 31, 2023 was public safety, which accounted for \$6,014,207, or 39.0 percent of total expenses. The next largest expense items were transportation of \$4,884,038, or 31.7 percent of total expenses, and general government support of \$2,150,032, or 13.9 percent of total expenses.

Financial Analysis of Governmental 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 discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board.

At December 31, 2023, the Town’s governmental funds reported combined ending fund balances of \$18,837,619, an increase of \$1,303,307 from the prior year fund balance of \$17,534,312. Total unassigned fund balance is \$3,993,762. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is (1) not in spendable form, \$1,231,662, (2) restricted for particular purposes, \$3,603,224, or (3) assigned for particular purposes, \$10,008,971.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,993,762, while total fund balance increased to \$5,579,383. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 96.0 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 134.1 percent of that same amount. The total fund balance of the Town's General Fund increased by \$511,488 during the current fiscal year, primarily due to savings realized within general government support and culture and recreation expenditures as well as higher than anticipated nonproperty tax revenue.

The Town's Police Fund ending fund balance was \$2,977,409 at December 31, 2023. Of this amount, \$2,449,533 is assigned to specific Police Fund use and \$401,000 is assigned for the subsequent year's expenditures. During the year ended December 31, 2023, the Police Fund's fund balance increased \$356,739, primarily due to higher than anticipated nonproperty tax items and state aid.

The Town's Highway Town-wide Fund ending fund balance was \$595,255. The entire fund balance was assigned for specific Highway Town-wide Fund use. During the year ended December 31, 2023, the Highway Town-wide Fund's fund balance increased \$218,324 due to savings realized within transportation expenditures and higher than anticipated sales tax.

The Town's Highway Part-Town Fund ending fund balance was \$4,272,908. Of this amount, \$43,567 is nonspendable, \$531,834 is assigned for the subsequent year's expenditures and \$3,697,507 is assigned for specific Highway Part-Town Fund use. During the year ended December 31, 2023, the Highway Part-Town Fund's fund balance increased \$1,284,020 primarily due to an increase in nonproperty tax items related to sales tax.

The Town's Sewer Fund ending fund balance was \$632,744. Of this amount, \$3,090 is nonspendable, \$625,000 is assigned for the subsequent year's appropriations, and \$4,654 is assigned for specific Sewer Fund use. During the year ended December 31, 2023, the Sewer Fund's fund balance decreased \$1,104,763, primarily as a result of expenditures exceeding the Sewer Fund's real property tax and departmental income revenues.

The Town's Capital Projects Fund's fund balance decreased \$423,957 during the year ended December 31, 2023. The ending fund balance in the Capital Projects Fund was \$1,792,921, all of which is reported as restricted fund balance.

General Fund Budgetary Highlights

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2023 is presented in Table 5 on the following page.

Table 5—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 3,595,965	\$ 4,217,464	\$ 4,670,687	\$ 453,223
Expenditures and other financing uses	4,126,649	4,536,159	4,159,199	376,960
Excess (deficiency) of revenues over expenditures and other financing uses	\$ (530,684)	\$ (318,695)	\$ 511,488	\$ 76,263

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted revenues increased \$721,499. Revenues were amended to reflect increases in nonproperty taxes and federal aid.

Final budget compared to actual results—A review of actual expenditures compared to estimated appropriations in the final budget yields several favorable variances, most notably related to lower than anticipated culture and recreation and employee benefits expenditures. Revenues were higher than anticipated due to unanticipated increases in sales tax and state aid.

Capital Assets and Debt Administration

Capital assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2023, amounted to \$21,383,473 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, infrastructure and right-to-use lease assets.

Capital assets net of depreciation for the governmental activities at December 31, 2023 and 2022 are presented below.

Table 6—Summary of Capital Assets (Net of Depreciation/Amortization)

	Governmental Activities	
	December 31,	
	2023	2022
Land	\$ 611,634	\$ 611,634
Construction in progress	5,295,101	4,871,144
Buildings and improvements	527,681	658,390
Machinery and equipment	64,422	1,088,551
Infrastructure	14,850,678	15,469,823
Right-to-use lease assets	33,957	53,118
Total	\$ 21,383,473	\$ 22,752,660

Additional information on the Town’s capital assets can be found in Note 4 to the financial statements.

Long-term debt—At December 31, 2023, the Town had net bonded debt outstanding of \$19,485,008 as compared to \$20,689,528 at December 31, 2022. The Town made scheduled principal payments of \$1,204,520 during the year ended December 31, 2023.

The Town’s governmental activities also have recorded debt for lease liabilities, compensated absences, a net pension liability and other postemployment benefits (“OPEB”) obligation.

A summary of the Town’s long-term liabilities at December 31, 2023 and December 31, 2022 is presented in Table 7 below:

Table 7—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2023	2022
Serial bonds	\$ 19,485,008	\$ 20,689,528
Premium on serial bonds	49,289	54,466
Lease liability	38,863	57,449
Compensated absences	879,967	880,519
Net pension liability	4,746,618	247,785
OPEB obligation	<u>18,509,835</u>	<u>21,283,788</u>
Total	<u>\$ 43,709,580</u>	<u>\$ 43,213,535</u>

Additional information on the Town’s long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate, not seasonally adjusted, for the region at December 31, 2023 was 4.4 percent. This compares to New York State’s average unemployment rate of 4.5 percent. These factors are considered in preparing the Town’s budget.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Supervisor of the Town of New Hartford, 8635 Clinton Street, New Hartford, New York 13413.

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BASIC FINANCIAL STATEMENTS

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TOWN OF NEW HARTFORD, NEW YORK
Statement of Net Position
December 31, 2023

	Primary Government	Component Unit
	Governmental Activities	New Hartford Public Library
ASSETS		
Cash and cash equivalents	\$ 12,643,246	\$ 90,827
Restricted cash and cash equivalents	4,147,615	200,673
Restricted investments	581,127	-
Receivables	591,456	2,670
Intergovernmental receivables	2,184,615	-
Lease receivable	153,853	-
Prepaid items	208,364	2,876
Capital assets not being depreciated/amortized	5,906,735	96,460
Capital assets, net of accumulated depreciation/amortization	15,476,738	1,451,057
Total assets	41,893,749	1,844,563
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows—relating to pension plans	3,615,511	58,216
Deferred outflows—relating to OPEB	4,998,013	-
Deferred charge on refunding	9,515	-
Total deferred outflows of resources	8,623,039	58,216
LIABILITIES		
Accounts payable	197,497	3,808
Accrued liabilities	438,081	12,275
Unearned revenues	1,084,302	-
Noncurrent liabilities:		
Due within one year	1,259,758	5,406
Due within more than one year	42,449,822	78,010
Total liabilities	45,429,460	99,499
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows—relating to pension plans	244,708	5,370
Deferred inflows—relating to OPEB	7,125,118	-
Deferred inflows—relating to leases	153,853	-
Total deferred inflows of resources	7,523,679	5,370
NET POSITION		
Net investment in capital assets	3,974,393	1,547,517
Restricted for:		
Mitigation	459,437	-
Capital	-	200,673
Debt service	769,739	-
Service awards program	581,127	-
Unrestricted	(8,221,047)	250,393
Total net position	\$ (2,436,351)	\$ 1,797,910

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

TOWN OF NEW HARTFORD, NEW YORK
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit New Hartford Public Library
Primary government:						
Governmental activities:						
General government support	\$ 2,149,060	\$ 378,764	\$ -	\$ -	\$ (1,770,296)	\$ -
Public safety	7,070,770	57,525	400,000	-	(6,613,245)	-
Health	82,905	-	-	-	(82,905)	-
Transportation	4,972,247	425,374	543,547	512,401	(3,490,925)	-
Economic assistance and opportunity	9,984	-	-	-	(9,984)	-
Culture and recreation	1,096,616	179,699	-	-	(916,917)	-
Home and community services	2,225,534	19,528	-	-	(2,206,006)	-
Interest and other fiscal charges	744,619	-	-	-	(744,619)	-
Total primary government	<u>\$ 18,351,734</u>	<u>\$ 1,060,890</u>	<u>\$ 943,547</u>	<u>\$ 512,401</u>	<u>(15,834,896)</u>	<u>-</u>
Component unit:						
New Hartford Public Library	\$ 558,872	\$ 7,621	\$ 344,519	\$ 7,006		(199,726)
Total component unit	<u>\$ 558,872</u>	<u>\$ 7,621</u>	<u>\$ 344,519</u>	<u>\$ 7,006</u>		<u>(199,726)</u>
General revenues:						
					6,382,648	-
					8,356,500	-
					529,779	42
					288,600	723
					197,253	28,968
					430,647	-
					<u>16,185,427</u>	<u>(169,993)</u>
					350,531	(169,993)
					(2,786,882)	1,967,903
					<u>\$ (2,436,351)</u>	<u>\$ 1,797,910</u>

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

TOWN OF NEW HARTFORD, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2023

	Special Revenue					Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Police	Highway Town-wide	Highway Part-Town	Sewer			
ASSETS								
Cash and cash equivalents	\$ 4,092,257	\$ 2,464,537	\$ 902,944	\$ 2,954,690	\$ 3,999	\$ 1,023,298	\$ 1,201,521	\$ 12,643,246
Restricted cash and cash equivalents	1,084,302	-	-	-	-	2,154,965	908,348	4,147,615
Restricted investments	-	-	-	-	-	-	581,127	581,127
Receivables	244,744	236,493	-	96,249	-	-	13,970	591,456
Lease receivable	153,853	-	-	-	-	-	-	153,853
Intergovernmental receivables	477,978	404,059	58,309	1,227,874	-	-	16,395	2,184,615
Due from other funds	1,023,298	7	-	145,517	664,530	-	325,074	2,158,426
Prepaid items	29,988	126,876	-	43,567	3,090	-	4,843	208,364
Total assets	<u>\$ 7,106,420</u>	<u>\$ 3,231,972</u>	<u>\$ 961,253</u>	<u>\$ 4,467,897</u>	<u>\$ 671,619</u>	<u>\$ 3,178,263</u>	<u>\$ 3,051,278</u>	<u>\$ 22,668,702</u>
LIABILITIES								
Accounts payable	22,603	95,018	-	51,353	26,489	400	1,634	197,497
Accrued liabilities	69,425	101,068	-	53,823	5,776	-	6,913	237,005
Due to other funds	196,854	58,477	365,998	89,813	6,610	1,384,942	55,732	2,158,426
Unearned revenue	<u>1,084,302</u>	-	-	-	-	-	-	<u>1,084,302</u>
Total liabilities	<u>1,373,184</u>	<u>254,563</u>	<u>365,998</u>	<u>194,989</u>	<u>38,875</u>	<u>1,385,342</u>	<u>64,279</u>	<u>3,677,230</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows—relating to leases	<u>153,853</u>	-	-	-	-	-	-	<u>153,853</u>
Total deferred inflows of resources	<u>153,853</u>	-	-	-	-	-	-	<u>153,853</u>
FUND BALANCES								
Nonspendable	1,053,286	126,876	-	43,567	3,090	-	4,843	1,231,662
Restricted	-	-	-	-	-	1,792,921	1,810,303	3,603,224
Assigned	532,335	2,850,533	595,255	4,229,341	629,654	-	1,171,853	10,008,971
Unassigned	<u>3,993,762</u>	-	-	-	-	-	-	<u>3,993,762</u>
Total fund balances	<u>5,579,383</u>	<u>2,977,409</u>	<u>595,255</u>	<u>4,272,908</u>	<u>632,744</u>	<u>1,792,921</u>	<u>2,986,999</u>	<u>18,837,619</u>
Total liabilities and fund balances	<u>\$ 7,106,420</u>	<u>\$ 3,231,972</u>	<u>\$ 961,253</u>	<u>\$ 4,467,897</u>	<u>\$ 671,619</u>	<u>\$ 3,178,263</u>	<u>\$ 3,051,278</u>	<u>\$ 22,668,702</u>

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

TOWN OF NEW HARTFORD, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2023

Amounts reported for governmental activities in the statement of net position (page 13) are different because:

Total fund balances—governmental funds (page 15)	\$	18,837,619
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$53,658,946 and the accumulated depreciation is \$32,275,473.		21,383,473
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		9,515
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$	621,042
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion		2,994,469
Deferred inflows related to pension plans		(244,708)
Deferred outflows related to OPEB		4,998,013
Deferred inflows related to OPEB		<u>(7,125,118)</u>
		1,243,698
Net accrued interest expense for serial bonds is not reported in the fund statements.		(201,076)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$	(19,485,008)
Premium on serial bonds		(49,289)
Lease liability		(38,863)
Compensated absences		(879,967)
Net pension liability		(4,746,618)
OPEB obligation		<u>(18,509,835)</u>
		<u>(43,709,580)</u>
Net position of governmental activities	\$	<u>(2,436,351)</u>

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

TOWN OF NEW HARTFORD, NEW YORK
Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds
Year Ended December 31, 2023

	Special Revenue					Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Police	Highway Town-wide	Highway Part-Town	Sewer			
REVENUES								
Real property taxes	\$ 1,702,968	\$ 2,632,605	\$ -	\$ -	\$ 301,066	\$ -	\$ 1,574,407	\$ 6,211,046
Real property tax items	171,602	-	-	-	-	-	-	171,602
Nonproperty tax items	1,404,386	1,647,052	237,332	5,000,957	-	-	66,773	8,356,500
Departmental income	249,394	31,989	-	-	19,078	-	122,103	422,564
Intergovernmental charges	41,126	-	-	374,123	-	-	-	415,249
Use of money and property	134,465	101,941	55,451	124,220	-	-	113,702	529,779
Sale of property and compensation for loss	-	17,884	-	10,849	-	-	259,867	288,600
Licenses and permits	17,403	-	-	-	-	-	97,568	114,971
Fines and forfeitures	108,106	-	-	-	-	-	-	108,106
Miscellaneous	10,590	15,271	-	115,923	-	-	55,469	197,253
State aid	430,647	536,053	-	512,401	-	-	-	1,479,101
Federal aid	400,000	7,494	-	-	-	-	-	407,494
Total revenues	<u>4,670,687</u>	<u>4,990,289</u>	<u>292,783</u>	<u>6,138,473</u>	<u>320,144</u>	<u>-</u>	<u>2,289,889</u>	<u>18,702,265</u>
EXPENDITURES								
Current:								
General government support	1,461,665	-	-	-	-	-	-	1,461,665
Public safety	105,277	3,094,661	-	-	-	-	1,355,531	4,555,469
Health	-	-	-	-	-	-	56,387	56,387
Transportation	111,757	-	2,131	3,251,163	-	-	16,780	3,381,831
Economic assistance and opportunity	6,790	-	-	-	-	-	-	6,790
Culture and recreation	745,854	-	-	-	-	-	-	745,854
Home and community services	-	-	-	-	1,361,488	-	152,190	1,513,678
Employee benefits	605,184	1,891,554	-	735,764	51,437	-	106,905	3,390,844
Debt service:								
Principal	490,052	27,830	63,100	494,880	9,334	-	137,910	1,223,106
Interest and fiscal charges	232,620	19,505	9,228	372,646	2,648	-	2,730	639,377
Capital outlay	-	-	-	-	-	423,957	-	423,957
Total expenditures	<u>3,759,199</u>	<u>5,033,550</u>	<u>74,459</u>	<u>4,854,453</u>	<u>1,424,907</u>	<u>423,957</u>	<u>1,828,433</u>	<u>17,398,958</u>
Excess (deficiency) of revenues over expenditures	<u>911,488</u>	<u>(43,261)</u>	<u>218,324</u>	<u>1,284,020</u>	<u>(1,104,763)</u>	<u>(423,957)</u>	<u>461,456</u>	<u>1,303,307</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	400,000	-	-	-	-	-	400,000
Transfers out	(400,000)	-	-	-	-	-	-	(400,000)
Total other financing sources (uses)	<u>(400,000)</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	511,488	356,739	218,324	1,284,020	(1,104,763)	(423,957)	461,456	1,303,307
Fund balances—beginning	<u>5,067,895</u>	<u>2,620,670</u>	<u>376,931</u>	<u>2,988,888</u>	<u>1,737,507</u>	<u>2,216,878</u>	<u>2,525,543</u>	<u>17,534,312</u>
Fund balances—ending	<u>\$ 5,579,383</u>	<u>\$ 2,977,409</u>	<u>\$ 595,255</u>	<u>\$ 4,272,908</u>	<u>\$ 632,744</u>	<u>\$ 1,792,921</u>	<u>\$ 2,986,999</u>	<u>\$ 18,837,619</u>

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

TOWN OF NEW HARTFORD, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances—total governmental funds (page 17) \$ 1,303,307

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period.

Capital asset additions, net of disposals	\$ 423,957	
Depreciation/amortization expense	<u>(1,793,144)</u>	(1,369,187)

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 the governmental funds.

(1,153)

Net differences between pension contributions and OPEB changes recognized on the fund financial statements and the government-wide financial statements are as follows:

Town pension contributions	\$ 824,014	
Cost of benefits earned net of employee contributions	(1,543,519)	
Changes in OPEB assumptions	<u>(2,756,453)</u>	(3,475,958)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

(109,266)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized within the government-wide statements. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Principal payments on serial bonds	\$ 1,204,520	
Amortization of bond premium	5,177	
Principal payments on lease liability	18,586	
Change in compensated absences	552	
Change in OPEB obligation	<u>2,773,953</u>	<u>4,002,788</u>

Change in net position of governmental activities \$ 350,531

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

TOWN OF NEW HARTFORD, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
December 31, 2023

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 704,020
Prepays items	<u>2,955</u>
Total assets	<u>706,975</u>
LIABILITIES	
Accounts payable and other liabilities	<u>693,339</u>
Total liabilities	<u>693,339</u>
NET POSITION	
Restricted for other organizations	<u>\$ 13,636</u>

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

TOWN OF NEW HARTFORD, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
Year Ended December 31, 2023

	Custodial Fund
ADDITIONS	
Funds received on behalf of others	\$ 6,690
Total additions	6,690
 DEDUCTIONS	
Funds distributed on behalf of others	-
Total deductions	-
Change in fiduciary net position	6,690
Net position—beginning	6,946
Net position—ending	\$ 13,636

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

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TOWN OF NEW HARTFORD, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of New Hartford, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges to external customers for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Town reports one component unit, the New Hartford Public Library.

Reporting Entity

The Town, which was established in 1870, is located within the County of Oneida, New York. The Town is governed by the general laws of the State of New York and various local laws and ordinances. The Town Board is the legislative body responsible for the overall operations of the Town. The Supervisor serves as the Chief Executive Officer and as Chief Fiscal Officer of the Town.

The following basic services are provided: general government support, fire protection through contracts with local volunteer companies, safety inspection, highway maintenance, recreational programs, water transmission services, sanitary sewerage, street lighting, refuse, and general administration.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk and Receiver of Taxes
Councilmembers (4)	Town Justices (2)
Superintendent of Highways	

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

Discretely Presented Component Unit—The component unit column in the basic financial statements includes the financial data of the Town’s discretely presented component unit. This unit is reported in a separate column to emphasis that it is legally separate from the Town.

- **New Hartford Public Library**—The New Hartford Public Library (the “Library”) was established in 1977 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Town appoints all trustees, raises taxes for

the library purposes, and as needed, issues all library indebtedness which is supported by the full faith and credit of the Town. The Library has title to its capital assets. The Library is a discretely presented component unit of the Town.

Units of local government which operate within the boundaries of the Town consist of the Village of New Hartford, the Village of New York Mills, and the hamlets of Chadwicks and Washington Mills. Public education is provided by one independent school districts within the Town.

Basis of Presentation—Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide statements.

As discussed earlier, the Town has one discretely presented component unit shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *Police Fund*—This fund accounts for the revenues and expenditures related to Police services. Real property taxes are raised for police services from the whole Town excluding the Village of New York Mills.
- *Highway Town-wide Fund*—The Highway Town-wide Fund is used to record all revenues and expenditures related to road maintenance and construction inside Village boundaries. The major source of revenue for this fund is sales tax.
- *Highway Part-Town Fund*—The Highway Part-Town Fund is used to record all revenues and expenditures related to road maintenance and construction outside Village boundaries. The major source of revenue for this fund is non-property taxes.

- *Sewer Fund*—The Sewer Fund is used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for the purpose of the Sewer Fund. The major source of revenue for this fund is real property taxes.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

Additionally, the Towns reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary fund include monies held on behalf of others.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

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* or *economic resources*. 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*. 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only 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.

Property taxes, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Custodial Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents and Investments—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town investments are recorded at fair value based on quoted market value.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support unearned revenue, fund balance restrictions, unspent proceeds of debt and cash held on behalf of others.

Restricted Investments—The Town’s restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”).

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible account has been provided since it is believed that such an allowance would not be material.

Leases Receivables—The Town is a lessor for various leases. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Prepaid Items—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

Capital Assets—Capital assets, which include buildings and improvements, machinery and equipment, infrastructure and right-to-use lease assets are reported in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Donated assets are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the life of an asset are capitalized. Other costs incurred for repairs and maintenance and expensed as incurred. Infrastructure assets are capitalized on a prospective basis. Right-to-use leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and are amortized on a straight-line basis over their useful lives. Land and construction in progress are not depreciated. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as shown below:

Assets	Years
Buildings and improvements	40
Machinery and equipment	3-15
Infrastructure	40
Right-to-use lease assets	5-10

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2023, the Town reported unearned revenue within the General Fund of \$1,084,302. This balance is related to American Rescue Plan Act relief funds, but the Town has not performed the related services, and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2023, the Town has three items that qualify for reporting in this category. This first item represents the effect of the net change in the Town’s proportion of the collective net pension liability, the difference during the measurement period between the Town’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item represents the effects of the change in the Town’s proportion of the collective OPEB liability and difference during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The final item represents a deferred charge on refunding. Each of these items are reported in the government-wide financial statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2023, the Town has three items that qualify for reporting in this category. The first item represents the effect of the net change in the Town’s proportion of the collective net pension liability and the difference during the measurement periods between the Town’s contributions and its proportionate share of the total

contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the Town's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is related to leases receivable reported on the government-wide financial statements and on the balance sheet of governmental funds, which is reported equal to the lease receivable at the present value of the remaining lease payments expected to be received during the lease term and amortized over the life of the lease.

Net Position Flow Assumption—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned 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. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by Town Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—The amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All

taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Taxes are collected by the receiver of taxes during the period January 1st to January 31st without penalty. Taxes are due by January 31st. If received during February, there is a 1% penalty. If payment is received in March, there is a 1.5% penalty. After May 31st, any unpaid amount is turned over to Oneida County. The County is responsible for collecting all taxes after April 1st. The County pays the Town for the delinquent taxes and assumes enforcement responsibility for all taxes levied in the Town.

Compensated Absences—Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limits.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

Pension Plans—The Town is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Length of Service Awards Program ("LOSAP")—The Town has adopted a LOSAP for firefighters that serve on a volunteer basis. This program is administered by an outside agency with the Town as trustee. More information is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 8.

Other

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 revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended the year ended December 31, 2023, the Town implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements ("PPPs"). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements ("SBITAs") and providing uniform guidance for accounting and financial reporting for transactions that meet that

definition. GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the Town's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, 102, 103 and 104 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than October 5th, the Town Supervisor submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of legislative resolution no later than Thursday after election date. Certified copies are filed no later than November 20th with the tax roll coordinator of Oneida County for the purpose of preparing the tax levy.
- The Town Supervisor is authorized to transfer certain budgeted amounts within departments and/or individual funds.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Collateral is required for demand 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 obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2023 are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 375	\$ -	\$ 375
Deposits	17,166,420	704,020	17,870,440
Total	<u>\$ 17,166,795</u>	<u>\$ 704,020</u>	<u>\$ 17,870,815</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2023 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	17,243,301	16,870,440
Total	<u>\$ 18,243,301</u>	<u>\$ 17,870,440</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023, the Town’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Town’s name.

Interest Rate Risk—In accordance with its investment policy, the Town manages exposures by limiting investments to low risk type investments governed by New York State statute.

Restricted Cash and Cash Equivalents—The Town reports amounts to support unearned revenue, restricted fund balance, unspent proceeds of debt and amounts held on behalf of others as restricted cash and cash equivalents. At December 31, 2023, the Town reported \$1,084,302, \$2,154,965, \$459,437, \$448,911 and \$704,020 of restricted cash and cash equivalents within the General Fund, Capital Projects Fund, Mitigation Fund, Debt Service Fund and Custodial Fund, respectively.

Restricted Investments—The Town’s restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”), a defined benefit volunteer firefighter award program (see Note 7). These amounts are guaranteed fixed annuities, whereby the reported values are reported daily based on the valuation method disclosed in the annuity contract as calculated by the annuity provider and therefore are considered Level 2 inputs for fair value measurement purposes. The interest on each annuity varies but they are all fixed rate with a guaranteed minimum rate for a specific period. The cost and fair value of the contracts amounted to \$581,127 at December 31, 2023 and are recorded within the Fire Protection Fund.

Fair Value Measurement—The Town reports its treasury bill fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Town has access at the measurement date.

- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and,
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

New Hartford Public Library—The Library’s cash and cash equivalents, including restricted cash of \$200,673, totaled \$291,500 and were fully collateralized or FDIC insured at December 31, 2023.

3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2023 consisted of the following:

Receivables—Represents amounts due from various sources. Receivables at December 31, 2023 are shown below:

General Fund:			
PILOT	\$	106,576	
Cable TV franchise fees		83,065	
Justice Court fees		10,351	
Other		44,752	\$ 244,744
<hr/>			
Police Fund:			
Town patrols			236,493
Highway Part-Town Fund:			
Fuel & repairs			96,249
Nonmajor Funds:			
General Part-Town Fund—fees			13,970
Total governmental funds	\$		<u>591,456</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Oneida or other local governments. Intergovernmental receivables at December 31, 2023 are shown below:

General Fund:			
Mortgage tax	\$	217,091	
Sales tax		260,887	\$ 477,978
<hr/>			
Police Fund:			
Sales tax			404,059
Highway Town-Wide Fund:			
Sales tax			58,309
Highway Part-Town Fund:			
Sales tax			1,227,874
Nonmajor Funds:			
General Part-Town Fund—sales tax			16,395
Total governmental funds	\$		<u>2,184,615</u>

Lease Receivables—The Town recognizes a lease receivable for renting a cell tower and is measured at the present value of the remaining lease payments expected to be received during the lease terms. The lease has a maturity date in 2028, and the Town recognized \$16,800 in lease revenue during the current year end. As of December 31, 2023, the Town’s outstanding receivable for lease payments was \$153,853. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$153,853.

4. CAPITAL ASSETS

The Town’s management does not maintain a complete record of capital assets for governmental activities. Capital asset activity for governmental activities for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated/amortized:				
Land	\$ 611,634	\$ -	\$ -	\$ 611,634
Construction in progress	4,871,144	423,957	-	5,295,101
Total capital assets, not being depreciated/amortized	<u>5,482,778</u>	<u>423,957</u>	<u>-</u>	<u>5,906,735</u>
Capital assets, being depreciated:				
Buildings and improvements	5,286,290	-	-	5,286,290
Machinery and equipment	13,379,079	-	-	13,379,079
Infrastructure	28,957,224	-	-	28,957,224
Right-to-use lease asset	129,618	-	-	129,618
Total capital assets, being depreciated/amortized	<u>47,752,211</u>	<u>-</u>	<u>-</u>	<u>47,752,211</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	4,627,900	130,709	-	4,758,609
Machinery and equipment	12,290,528	1,024,129	-	13,314,657
Infrastructure	13,487,401	619,145	-	14,106,546
Right-to-use lease asset	76,500	19,161	-	95,661
Total accumulated depreciation/amortization	<u>30,482,329</u>	<u>1,793,144</u>	<u>-</u>	<u>32,275,473</u>
Total capital assets, being depreciated/amortized, net	<u>17,269,882</u>	<u>(1,793,144)</u>	<u>-</u>	<u>15,476,738</u>
Total capital assets, net	<u>\$ 22,752,660</u>	<u>\$ (1,369,187)</u>	<u>\$ -</u>	<u>\$ 21,383,473</u>

Depreciation expense was charged to the functions of the governmental activities for the year ended December 31, 2023 as shown below:

General government support	\$ 350,241
Public safety	586,745
Transportation	602,258
Culture and recreation	96,379
Home and community services	157,521
Total	<u>\$ 1,793,144</u>

New Hartford Public Library—Capital asset activity for the Library for the year ended December 31, 2023 is shown below:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 96,460	\$ -	\$ -	\$ 96,460
Total capital assets, not being depreciated	<u>96,460</u>	<u>-</u>	<u>-</u>	<u>96,460</u>
Capital assets, being depreciated:				
Land improvements	150,662	-	-	150,662
Buildings and improvements	3,081,508	8,280	(15,239)	3,074,549
Machinery and equipment	355,614	-	-	355,614
Total capital assets, being depreciated	<u>3,587,784</u>	<u>8,280</u>	<u>(15,239)</u>	<u>3,580,825</u>
Less accumulated depreciation for:				
Land improvements	154,248	10,614	-	164,862
Buildings and improvements	1,503,199	101,342	(15,239)	1,589,302
Machinery and equipment	362,761	12,843	-	375,604
Total accumulated depreciation	<u>2,020,208</u>	<u>124,799</u>	<u>(15,239)</u>	<u>2,129,768</u>
Total capital assets, being depreciated, net	<u>1,567,576</u>	<u>(116,519)</u>	<u>(30,478)</u>	<u>1,451,057</u>
Total capital assets, net	<u>\$ 1,664,036</u>	<u>\$ (116,519)</u>	<u>\$ (30,478)</u>	<u>\$ 1,547,517</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2023 were as follows:

	General Fund	Police Fund	Highway Part-Town Fund	Sewer Fund	Total Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 69,425	\$ 101,068	\$ 53,823	\$ 5,776	\$ 6,913	\$ 237,005
Total accrued liabilities	<u>\$ 69,425</u>	<u>\$ 101,068</u>	<u>\$ 53,823</u>	<u>\$ 5,776</u>	<u>\$ 6,913</u>	<u>\$ 237,005</u>

6. PENSION PLANS

New York State and Local Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The Town participates in the PFRS and ERS (the “Systems”). The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. System benefits are established under the provisions of 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 (“GLIP”), which provides death benefits in the form of life insurance. The Systems are included in the State’s financial report as a pension trust fund. That report, including information with regards 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 Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the Town reported the following liabilities for its proportionate share of the net pension liability for each of the Systems. The net pension liabilities were measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2022, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 2,900,049	\$ 1,846,569
Town's portion of the Plan's total net pension liability	0.0526280%	0.0086111%

For the year ended December 31, 2023, the Town recognized pension expenses of \$889,851 and \$652,501, respectively, for PFRS and ERS. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 283,451	\$ 196,674	\$ -	\$ 51,858
Changes of assumptions	1,413,186	896,813	-	9,911
Net difference between projected and actual earnings on pension plan investments	5,127	-	-	10,849
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	151,632	47,586	117,601	54,489
Town contributions subsequent to the measurement date	384,090	236,952	-	-
Total	<u>\$ 2,237,486</u>	<u>\$ 1,378,025</u>	<u>\$ 117,601</u>	<u>\$ 127,107</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the following page.

Year Ending December 31,	PFRS	ERS
2024	\$ 318,346	\$ 242,010
2025	(62,886)	(101,684)
2026	864,183	370,668
2027	545,092	502,972
2028	71,060	-

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.9%	5.9%
Salary scale	4.4%	6.2%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustments	1.5%	1.5%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

Measurement date	PFRS and ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
	March 31, 2023	
Asset class:		
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Opportunistic/absolute return strategies	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.0
Total	100 %	

Discount Rate—The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability—PFRS	\$ 6,045,288	\$ 2,900,049	\$ 295,602
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 4,462,366	\$ 1,846,569	\$ (339,233)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
	April 1, 2022	April 1, 2022	
Valuation date			
Employers' total pension liability	\$ 43,835,333	\$ 232,627,259	\$ 276,462,592
Plan fiduciary net position	38,324,863	211,183,223	249,508,086
Employers' net pension liability	<u>\$ 5,510,470</u>	<u>\$ 21,444,036</u>	<u>\$ 26,954,506</u>
System fiduciary net position as a percentage of total pension liability	87.4%	90.8%	90.3%

The New Hartford Public Library—The Library also participates in the ERS system.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2023, the Library reported a liability of \$78,010 for its proportionate share of the net pension liability. At the March 31, 2023 measurement date, the Library's proportion was 0.0003638%.

For the year ending December 31, 2023, the Library recognized pension expense of \$27,565. At December 31, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	
Differences between expected and actual experiences	\$ 8,309	\$ 2,191
Changes of assumptions	37,887	419
Net difference between projected and actual earnings on pension plan investments	-	458
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	2,010	2,302
Library contributions subsequent to the measurement date	<u>10,010</u>	<u>-</u>
Total	<u>\$ 58,216</u>	<u>\$ 5,370</u>

The Town’s contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2024	\$ 10,224
2025	(4,296)
2026	15,659
2027	21,249

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The following chart presents the Library’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Library’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability	\$ 188,517	\$ 78,010	\$ (14,331)

7. PENSION OBLIGATIONS—LOSAP

The Town has not implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*.

Plan Description—The Town established a defined benefit Length of Service Award Program (“LOSAP”) for the active volunteer firefighters of the Willowvale Fire Co., Inc. the Willowvale Fire Co., Inc. Service Award Program took effect in January 1, 2008. The program was established pursuant to Article 11-A of General Municipal Law. The program provides municipally-funded, pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program.

The Town’s financial statements are for the year ended December 31, 2023. However, the actuarially calculated obligations of the plan contained in this note are based on the information for the LOSAP for the plan year ended on January 1, 2024, which is the most recent plan year for which complete information is available.

Participation, Vesting and Service Credit—Active volunteer firefighters who have reached the age of 18 and who are current active members for one year on the Emergency Service organization’s membership roster are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates points in accordance with the method used by the sponsor to determine active status. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on a basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Benefits—A participant’s benefit under the program is paid as a life annuity guaranteed for ten years. Equal to \$15 multiplied by the firefighter’s total number of years of firefighting service. The number of years of firefighters service use to compute the benefit cannot exceed 40 years, except in the case of death or disability, in which benefits are payable when the participant reached the entitlement age. The maximum benefit is \$600. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control—Service credit is determined by the governing Board of the sponsor, based on information certified to the governing Board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing Board of the Sponsor has retained and designated Firefighters Benefit and Insurance Services (“FBIS”) to assist in the administration of the program. The designated program administrator’s functions include those services listed in the service fee agreement. Disbursements of program assets for the payment of benefits or administrative expenses must be approved. The following is an explanation of the process for approving disbursements for benefits:

1. Entitlement Benefits—FBIS prepared and submits to the Plan Administrator (Sponsor) a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon terminations from the plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to FBIS to disburse entitlement benefits.
2. Death Benefits—Upon notification from the Plan Administrator (Sponsor) of a participant’s death, FBIS prepares a Verification of Benefits statement and a lump-sum death benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork accompanied by a death certificate to FBIS authorizing FBIS to disburse a death benefit.
3. Disability Benefits—Upon notification from the Plan Administrator (Sponsor) of a participant’s total and permanent disability, FBIS prepares a Verification of Benefits statement, a physician statement form, and lump-sum disability benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork authorizing FBIS to disburse a disability benefit.

Payment of Administrative Expenses—Per the executed service fee agreement, the Plan Administrator agrees to payment as contracted.

Program assets are required to be held in trust by the LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are held in compliance with GML 11-A217(j).

Authority to invest program assets is vested in the Hartford Life Insurance Company. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule.

Program Financial Condition—The Sponsor is required to retain an actuary to determine the amount of Sponsor’s contributions to the plan. The actuary retained by the Sponsor for this purpose is FBIS. Portions of the following information are derived from a report prepared by the actuary with a valuation date of January 1, 2024 for the plan year ending December 31, 2023.

Prior service costs have been amortized and paid. The program assets are less than the actuarial present value of accrued benefits.

Program Financial Condition

Asset and Liabilities:

Actuarial Present Value of Benefits at December 31, 2023:		\$	581,127
Less: Assets available for benefits	<u>% of total</u>		
Cash	0.00%		-
Life Insurance - Specialty	4.39%		25,521
International Stock	14.01%		81,436
Small-Cap Stock	2.11%		12,270
Mid-Cap Stock	4.06%		23,579
Large-Cap Stock	21.12%		122,715
Bonds	54.31%		<u>315,606</u>
Total net assets available for benefits			<u>581,127</u>
Total unfunded benefits		\$	<u>-</u>

Receipts and Disbursements:

Plan net assets, January 1, 2023		\$	525,658
Changes during the year:			
Add: Plan contributions	\$	26,295	
Earnings from investments		58,514	
Less: Payments to retirees		(50,996)	
Insurance premiums		<u>21,656</u>	
Net change			<u>55,469</u>
Plan net assets, December 31, 2023		\$	<u>581,127</u>

Contributions

Amount of sponsor's contributions recommended by actuary	\$	32,147
Amount of sponsor's actual contributions	\$	26,295

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description and Benefits Provided—In addition to pension benefits, the Town administers a single-employer defined benefit medical plan (the “Plan”). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Town subject to applicable collective bargaining and employment agreements. Generally, the employees may retire with benefits when they reach the age of 55 and have 20 years of service with the Town. The Plan does not issue standalone publicly available financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Employees Covered by Benefit Terms—At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Active employees	<u>54</u>
Total	<u>86</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments, which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The Town’s total OPEB liability of \$18,509,835 was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2023 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.06% effective January 1, 2022 to 3.72% effective January 1, 2023 based on a 20-year high-quality tax-exempt municipal bond index as of the measurement date. The salary scale is 3.50%. Adjusted RPH-2014, fully generational using scale MP-2014 was used for mortality rates adjusted using scale MP-2014, and projected forward with scale MP-2021. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.8%, while the ultimate healthcare cost trend rate is 4.1%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance as of December 31, 2022:	<u>\$ 21,283,788</u>
Changes for the year:	
Service cost	706,431
Interest	447,047
Changes in benefit terms	(39,492)
Differences between expected and actual experience	1,186,549
Changes in assumptions and other inputs	(4,496,737)
Benefits payments	<u>(577,751)</u>
Net changes	<u>(2,773,953)</u>
Balance at December 31, 2023:	<u>\$ 18,509,835</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have a profound impact on total liabilities. The table below presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 21,560,189	\$ 18,509,835	\$ 16,064,791

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the initial (7.8%)/ultimate (4.1%) healthcare cost trend rates.

	1% Decrease (6.8% / 3.10%)	Healthcare Cost Trend Rates (7.8% / 4.10%)	1% Increase (8.80% / 5.10%)
Total OPEB liability	\$ 15,832,728	\$ 18,509,835	\$ 21,918,498

Funding Policy—Authorization for the Town to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the Town Board. The Town recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. Town governmental activities contributed \$577,751 for the fiscal year ended December 31, 2023. For the year ended December 31, 2023, the Town’s governmental activities recognized OPEB expense of \$619,545. The Town’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 15. Any amendments to the employer’s contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Town reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The following table presents the Town’s deferred outflows and inflows of resources at December 31, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,038,968	\$ 2,445,549
Changes of assumptions	3,322,000	4,679,569
Benefit payments subsequent to the measurement date	637,045	-
Total	<u>\$ 4,998,013</u>	<u>\$ 7,125,118</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending December 31,	
2024	\$ (494,441)
2025	(554,178)
2026	(263,809)
2027	(353,857)
2028	(274,439)
Thereafter	(823,426)

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for: property coverage, inland marine coverage, general liability coverage, crime coverage, automobile coverage, umbrella coverage, accidental death and dismemberment coverage and cyber coverage. There have been no significant reduction in the levels of this commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years.

Property insurance is limited based on scheduled locations. Inland marine coverage has various limits for each individually scheduled property and equipment. The general liability insurance is limited to \$1 million per occurrence, with a \$3 million annual aggregate limit. Various crime coverage is limited to \$1 million per each wrongful act, with a \$2 million aggregate limit. Automobile insurance is limited to \$1 million per accident. Umbrella coverage is limited to \$4 million per occurrence with a \$4 million annual aggregate limit. Accidental death and dismemberment varies. Cyber coverage limits range from \$500,000 to \$1,000,000 for each first party insured event.

10. LEASE LIABILITIES

The Town is a lessee for various leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities if they are considered significant, individually or in the aggregate, to the financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported within capital assets and lease liabilities are reported within noncurrent liabilities on the statement of net position.

As a result of the implementation of the GASB Statements No. 87, *Leases*, the Town reports certain leases as lease liabilities. As of December 31, 2023, the value of the lease liabilities was \$38,863. The value of the right-to-use lease assets as of the end of the current fiscal year was \$129,618 and reported accumulated amortization of \$95,661.

11. 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town’s outstanding long-term liabilities include serial bonds, premiums on serial bonds, lease liability, compensated absences, net pension liability and other postemployment benefits (“OPEB”) obligations. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town’s long-term debt for the year ended December 31, 2023 follows:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Serial bonds	\$ 20,689,528	\$ -	\$ 1,204,520	\$ 19,485,008	\$ 1,191,439
Premium on serial bonds	54,466	-	5,177	49,289	5,177
Net bonds payable	20,743,994	-	1,209,697	19,534,297	1,196,616
Lease liability	57,449	-	18,586	38,863	19,144
Compensated absences*	880,519	-	552	879,967	43,998
Net pension liability*	247,785	4,498,833	-	4,746,618	-
OPEB obligation	21,283,788	2,340,027	5,113,980	18,509,835	-
Total	<u>\$ 43,213,535</u>	<u>\$ 6,838,860</u>	<u>\$ 6,342,815</u>	<u>\$ 43,709,580</u>	<u>\$ 1,259,758</u>

*Additions/reductions to compensated absences and the net pension liability are reported net of additions/reductions.

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town.

A summary of additions and payments for the year ended December 31, 2023 is presented on the following page.

Purpose	Year of Issue/ Maturity	Interest Rate (%)	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023	Due Within One Year
General Fund:							
Public improvements	2013/2027	2.50-3.25%	\$ 114,000	\$ -	\$ 22,000	\$ 92,000	\$ 22,000
Parks and recreation improvements	2016/2024	0.85-2.30%	102,140	-	51,070	51,070	51,070
Public improvements—refunding	2018/2032	1.90-4.00%	845,000	-	185,000	660,000	75,000
Public improvements	2019/2042	3.00-3.13%	4,684,228	-	172,804	4,511,424	178,976
Public improvements	2022/2039	3.00-3.50%	1,589,890	-	59,179	1,530,711	74,194
Total General Fund			<u>7,335,258</u>	<u>-</u>	<u>490,053</u>	<u>6,845,205</u>	<u>401,240</u>
General Part-Town Fund:							
Public improvement	2019/2042	3.00-3.13%	<u>37,570</u>	<u>-</u>	<u>1,386</u>	<u>36,184</u>	<u>1,436</u>
Total General Fund Part-Town			<u>37,570</u>	<u>-</u>	<u>1,386</u>	<u>36,184</u>	<u>1,436</u>
Police Fund:							
Public improvements	2013/2027	2.50-3.25%	19,600	-	3,800	15,800	3,800
Parks and recreation improvements	2016/2024	0.85-2.30%	8,800	-	4,400	4,400	4,400
Public improvements	2019/2042	3.00-3.13%	241,703	-	8,918	232,785	9,236
Public improvements	2022/2039	3.00-3.50%	287,800	-	10,713	277,087	13,431
Total Police Fund			<u>557,903</u>	<u>-</u>	<u>27,831</u>	<u>530,072</u>	<u>30,867</u>
Highway Town-wide Fund:							
Public improvements	2013/2027	2.50-3.25%	<u>327,700</u>	<u>-</u>	<u>63,100</u>	<u>264,600</u>	<u>63,100</u>
Total Highway Town-wide Fund			<u>327,700</u>	<u>-</u>	<u>63,100</u>	<u>264,600</u>	<u>63,100</u>
Highway Part-Town Fund:							
Public improvements	2013/2027	2.50-3.25%	343,700	-	66,100	277,600	66,100
Parks and recreation improvements	2016/2024	0.85-2.30%	106,254	-	53,127	53,127	53,127
Public improvements	2019/2042	3.00-3.13%	2,492,675	-	91,957	2,400,718	95,240
Public improvements	2022/2039	3.00-3.50%	7,122,310	-	265,108	6,857,202	332,374
Total Highway Part-Town Fund			<u>10,064,939</u>	<u>-</u>	<u>476,292</u>	<u>9,588,647</u>	<u>546,841</u>
Water Fund:							
Water improvements	2006/2036	0.00%	<u>2,219,528</u>	<u>-</u>	<u>134,518</u>	<u>2,085,010</u>	<u>136,439</u>
Total Water Fund			<u>2,219,528</u>	<u>-</u>	<u>134,518</u>	<u>2,085,010</u>	<u>136,439</u>
Sewer Fund:							
Parks and recreation improvements	2016/2024	0.85-2.30%	12,806	-	6,403	6,403	6,403
Public improvements	2019/2042	3.00-3.13%	79,454	-	2,932	76,522	3,036
Total Sewer Fund			<u>92,260</u>	<u>-</u>	<u>9,335</u>	<u>82,925</u>	<u>9,439</u>
Fire Fund:							
Public improvements	2019/2042	3.00-3.13%	<u>54,370</u>	<u>-</u>	<u>2,006</u>	<u>52,364</u>	<u>2,077</u>
Total Fire Fund			<u>54,370</u>	<u>-</u>	<u>2,006</u>	<u>52,364</u>	<u>2,077</u>
Total			<u>\$ 20,689,528</u>	<u>\$ -</u>	<u>\$ 1,204,520</u>	<u>\$ 19,485,008</u>	<u>\$ 1,191,439</u>

Premium on Serial Bonds—The Town issued 2018 Public Improvement Refunding Bonds at a premium of \$59,452 and 2022 Public Improvement Serial Bonds at a premium of \$15,805. The premiums are being amortized over the life of the bonds. At December 31, 2023, the unamortized premium is \$49,289.

Compensated Absences—As described in Note 1, the Town records the value of compensated absences. The annual budgets of the respective funds of which the employees’ payroll is recorded provide funding for these benefits as they become payable. The value recorded at December 31, 2023, for governmental activities is \$879,967. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$43,998 will become due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the New York State and Local Employee Retirement System and Police and Fire Retirement System. The total net pension liability is estimated to be \$4,746,618. Refer to Note 6 for additional information related to the Town’s net pension liability.

OPEB Obligation—As discussed in Note 8, the Town’s total OPEB obligation at December 31, 2023 is estimated to be \$18,509,835.

The following is a maturity schedule of the Town’s indebtedness.

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	Lease Liability	Compensated Absences	Net Pension Liability	OPEB Obligation	Total
2024	\$ 1,191,439	\$ 5,177	\$ 19,144	\$ 43,998	\$ -	\$ -	\$ 1,259,758
2025	1,108,360	5,177	19,719	-	-	-	1,133,256
2026	1,135,283	5,177	-	-	-	-	1,140,460
2027	1,162,204	5,177	-	-	-	-	1,167,381
2028	1,024,125	5,177	-	-	-	-	1,029,302
2029-2033	5,454,453	18,450	-	-	-	-	5,472,903
2034-2038	5,814,151	4,650	-	-	-	-	5,818,801
2039-2042	2,594,993	304	-	-	-	-	2,595,297
Thereafter	-	-	-	835,969	4,746,618	18,509,835	24,092,422
Total	<u>\$ 19,485,008</u>	<u>\$ 49,289</u>	<u>\$ 38,863</u>	<u>\$ 879,967</u>	<u>\$ 4,746,618</u>	<u>\$ 18,509,835</u>	<u>\$ 43,709,580</u>

Interest requirements on serial bonds payable and lease liabilities are as follows:

Year ending December 31,	Serial Bonds	Lease Liability
2024	\$ 531,414	\$ 1,166
2025	501,818	592
2026	471,287	-
2027	439,318	-
2028	409,430	-
2029-2033	1,613,124	-
2034-2038	841,020	-
2039-2042	133,436	-
Total	<u>\$ 4,940,847</u>	<u>\$ 1,758</u>

The New Hartford Public Library

The Library's outstanding long-term liabilities include compensated absences and net pension liability. A summary of changes in the Library's long-term debt at December 31, 2023 is shown below:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Compensated absences	\$ 4,648	\$ 758	\$ -	\$ 5,406	\$ 5,406
Net pension liability*	-	78,010	-	78,010	-
Total	<u>\$ 4,648</u>	<u>\$ 78,768</u>	<u>\$ -</u>	<u>\$ 83,416</u>	<u>\$ 5,406</u>

(*Reductions to the net pension liability are shown net of additions.)

Compensated Absences—As described in Note 1, the Library records the value of compensated absences. The value recorded at December 31, 2023 for the Library is \$5,406, all of which is considered to be due within one year.

Net Pension Liability—The Library reported a liability for its proportionate share of the net pension liability for the Local Employees' Retirement System. The total net pension liability is estimated to be \$78,010. Refer to Note 6 for additional information related to the Library's net pension liability.

12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town's governmental activities net investment in capital assets is shown below:

Capital assets, net of accumulated depreciation	\$ 21,383,473
Related debt:	
Serial bonds	(19,485,008)
Capital Projects Fund accounts payable	(400)
Unamortized premium on serial bonds	(49,289)
Deferred charge on refunding	9,515
Lease liability	(38,863)
Unspent debt proceeds	<u>2,154,965</u>
Net investment in capital assets	<u>\$ 3,974,393</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation.
- **Unrestricted Net Position**—This category represents the net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2023 are shown below:

- **Prepaid Items**—Represents amounts prepaid for various insurance policies and prepaid retirement expenditures. The General Fund, Police Fund, Highway Part-Town Fund, Sewer Fund and Nonmajor Funds reported \$29,988, \$126,876, \$43,567, \$3,090 and \$4,843, respectively, at December 31, 2023.
- **Long-term Receivable**—Represents long-term receivables owed from the Capital Projects Fund. The General Fund reported \$1,023,298 of nonspendable fund balance at December 31, 2023.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2023 include:

- **Restricted for LOSAP**— Represents monies, \$581,127, held in trust for the administration of the Town’s LOSAP.
- **Restricted for Mitigation**—Represents funds, \$459,437, held from the collection of mitigation fees that can only be spent on specific public improvements.
- **Restricted for Debt Service**—Represents resources that have been legally restricted for principal and interest payments that will be made in future periods. At December 31, 2023, the Debt Service Fund reported \$769,739.
- **Restricted for Capital Projects**—Represents resources set aside to fund future capital improvements. At December 31, 2023, the Capital Projects Fund reported restricted fund balance of \$1,792,921.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town’s highest level of decision-making authority. At December 31, 2023, the Town reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the Town Board. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. At December 31, 2023, the following fund balances were considered to be assigned:

	General Fund	Police Fund	Highway Town-wide Fund	Highway Part-Town Fund	Sewer Fund	Nonmajor Funds	Total
Subsequent year's appropriations	\$ 532,335	\$ 401,000	\$ -	\$ 531,834	\$ 625,000	\$ 76,419	\$ 2,166,588
Specific use	-	2,347,592	539,804	3,949,221	4,654	999,267	7,840,538
Total assigned fund balance	<u>\$ 532,335</u>	<u>\$ 2,748,592</u>	<u>\$ 539,804</u>	<u>\$ 4,481,055</u>	<u>\$ 629,654</u>	<u>\$ 1,075,686</u>	<u>\$ 10,007,126</u>

- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2024 fiscal year.

- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment’s purpose relates to each fund’s operations and represents amounts within funds that are not restricted or committed.

If the Town must use funds for emergency expenditures, the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if the funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other funds are available, the Town will use unassigned fund balance.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the ensuing year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

Interfund receivables, payables, and transfers of the Town as of, and for the year ended December 31, 2023 are presented below:

Fund	Interfund			
	Receivables	Payables	Transfers in	Transfers out
Governmental funds:				
General Fund	\$ 1,023,298	\$ 196,854	\$ -	\$ 400,000
Police Fund	7	58,477	400,000	-
Highway Town-Wide Fund	-	365,998	-	-
Highway Part-Town Fund	145,517	89,813	-	-
Sewer Fund	664,530	6,610	-	-
Capital Projects Fund	-	1,384,942	-	-
Nonmajor funds	325,074	55,732	-	-
Total	<u>\$ 2,158,426</u>	<u>\$ 2,158,426</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>

15. LABOR CONTRACTS

Town employees are represented by three bargaining units with the balance governed by Town Board rules and regulations. The Joseph Corr Police Benevolent Association has a contract through December 31, 2023, and the Parks and Recreation Teamsters Local No. 294 and Highway Teamsters Local No. 294 have contracts through December 31, 2024.

16. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2022, the Town did not report any significant encumbrances.

17. TAX ABATEMENTS

The Town is subject to programs entered into by the Oneida County Industrial Development Agency (“OCIDA”). These programs have the stated purpose of increasing business activity and employment in the region and providing housing for senior citizens and disabled citizens with low to moderate income. Economic development agreements entered into by the OCIDA includes the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the OCIDA and the Town, the Town collected \$65,027 during the 2023 fiscal year in payments in lieu of taxes (“PILOTs”); these collections were made in lieu of \$71,088 in property taxes.

18. CONTINGENCIES

Grants—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Litigation—The Town is involved in litigation in the ordinary course of its operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town’s financial condition or results of operations.

Assessments—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 19, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF NEW HARTFORD, NEW YORK
Schedule of the Town's Proportionate Share of the
Net Pension Liability—Police and Fire Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0526280%	0.0436208%	0.0462052%	0.0495700%	0.0516585%	0.0533926%	0.0567903%	0.058437%	0.058184%	0.058184%
Town's proportionate share of the net pension liability	<u>\$ 2,900,049</u>	<u>\$ 247,785</u>	<u>\$ 802,250</u>	<u>\$ 2,649,487</u>	<u>\$ 866,346</u>	<u>\$ 539,670</u>	<u>\$ 1,177,066</u>	<u>\$ 1,730,184</u>	<u>\$ 160,158</u>	<u>\$ 242,227</u>
Town's covered payroll	\$ 2,271,314	\$ 2,064,831	\$ 1,908,737	\$ 1,938,270	\$ 1,903,898	\$ 1,870,032	\$ 1,857,505	\$ 1,788,100	\$ 1,731,783	\$ 1,709,519
Town's proportionate share of the net pension liability as a percentage of its covered payroll	127.7%	12.0%	42.0%	136.7%	45.5%	28.9%	63.4%	96.8%	9.2%	14.2%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%	98.5%

TOWN OF NEW HARTFORD, NEW YORK
Schedule of the Town's Contributions—
Police and Fire Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 530,652	\$ 526,360	\$ 497,936	\$ 437,699	\$ 430,576	\$ 428,947	\$ 416,259	\$ 397,862	\$ 476,267	\$ 428,212
Contributions in relation to the contractually required contribution	(530,652)	(526,360)	(497,936)	(437,699)	(430,576)	(428,947)	(416,259)	(397,862)	(476,267)	(428,212)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 2,282,389	\$ 2,019,813	\$ 1,801,448	\$ 1,886,006	\$ 1,903,146	\$ 1,882,884	\$ 1,867,125	\$ 1,851,484	\$ 1,840,060	\$ 1,731,108
Contributions as a percentage of covered payroll	23.2%	26.1%	27.6%	23.2%	22.6%	22.8%	28.5%	21.5%	25.9%	24.7%

TOWN OF NEW HARTFORD, NEW YORK
Schedule of the Town's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
Primary Government ("Town"):										
Town's proportion of the net pension liability	0.0086111%	0.0084362%	0.0087502%	0.0088535%	0.0091519%	0.0092398%	0.0091062%	0.0097943%	0.0105183%	0.0105045%
Town's proportionate share of the net pension liability/(asset)	<u>\$ 1,846,569</u>	<u>\$ (689,619)</u>	<u>\$ 8,712</u>	<u>\$ 2,344,447</u>	<u>\$ 648,436</u>	<u>\$ 298,209</u>	<u>\$ 855,636</u>	<u>\$ 1,572,015</u>	<u>\$ 355,333</u>	<u>\$ 474,681</u>
Town's covered payroll	\$ 2,710,938	\$ 2,510,128	\$ 2,407,025	\$ 2,549,191	\$ 2,555,046	\$ 2,619,631	\$ 2,573,075	\$ 2,558,750	\$ 2,569,190	\$ 2,473,210
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	68.1%	(27.5)%	0.4%	92.0%	25.4%	11.4%	33.3%	61.4%	13.8%	19.2%
Town of New Hartford Public Library ("Library"):										
Library's proportion of the net pension liability	0.0003638%	0.0004597%	0.0003350%	0.0003508%	0.0003330%	0.0003093%	0.0006226%	0.0006677%	0.0006567%	0.0006705%
Library's proportionate share of the net pension liability/(asset)	<u>\$ 78,010</u>	<u>\$ (37,581)</u>	<u>\$ 344</u>	<u>\$ 92,901</u>	<u>\$ 23,595</u>	<u>\$ 9,982</u>	<u>\$ 58,505</u>	<u>\$ 107,166</u>	<u>\$ 22,184</u>	<u>\$ 30,299</u>
Library's covered payroll	\$ 143,690	\$ 136,848	\$ 94,820	\$ 100,971	\$ 92,944	\$ 113,464	\$ 94,650	\$ 160,611	\$ 197,461	\$ 161,164
Library's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	54.3%	(27.5)%	0.4%	92.0%	25.4%	8.8%	61.8%	66.7%	11.2%	18.8%

TOWN OF NEW HARTFORD, NEW YORK
Schedule of the Town's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended March 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Primary Government ("Town"):										
Contractually required contribution	\$ 282,854	\$ 299,940	\$ 373,945	\$ 382,459	\$ 385,343	\$ 391,532	\$ 397,720	\$ 489,332	\$ 456,306	\$ 521,918
Contributions in relation to the contractually required contribution	(282,854)	(299,940)	(373,945)	(382,459)	(385,343)	(391,532)	(397,720)	(489,332)	(456,306)	(521,918)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 2,596,139	\$ 2,449,188	\$ 2,279,358	\$ 2,314,674	\$ 2,549,013	\$ 2,663,573	\$ 2,597,911	\$ 2,524,980	\$ 2,694,546	\$ 2,608,107
Contributions as a percentage of covered payroll	10.9%	12.2%	16.4%	16.5%	15.1%	14.7%	15.3%	19.4%	16.9%	20.0%
Town of New Hartford Public Library ("Library")										
Contractually required contribution	\$ 11,939	\$ 16,435	\$ 14,745	\$ 15,149	\$ 14,022	\$ 13,106	\$ 11,632	\$ 30,570	\$ 28,507	\$ 32,606
Contributions in relation to the contractually required contribution	(11,939)	(16,435)	(14,745)	(15,149)	(14,022)	(13,106)	(11,632)	(30,570)	(28,507)	(32,606)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered payroll	\$ 141,538	\$ 133,526	\$ 89,791	\$ 91,682	\$ 92,725	\$ 118,668	\$ 108,990	\$ 95,586	\$ 189,115	\$ 194,453
Contributions as a percentage of covered payroll	8.4%	12.3%	16.4%	16.5%	15.1%	11.0%	10.7%	32.0%	15.1%	16.8%

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last Six Fiscal Years*

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	\$ 706,431	\$ 663,526	\$ 714,274	\$ 486,746	\$ 675,307	\$ 609,152
Interest	447,047	427,237	594,155	668,947	675,868	668,295
Changes in benefit terms	(39,492)	-	-	526,177	-	-
Differences between expected and actual experience	1,186,549	-	(3,387,563)	-	(1,746,884)	-
Changes of assumptions or other inputs	(4,496,737)	977,404	1,119,269	3,919,072	(2,327,878)	1,026,391
Benefit payments	(577,751)	(547,085)	(495,306)	(424,162)	(414,634)	(390,232)
Net changes in total OPEB liability	(2,773,953)	1,521,082	(1,455,171)	5,176,780	(3,138,221)	1,913,606
Total OPEB liability—beginning	21,283,788	19,762,706	21,217,877	16,041,097	19,179,318	17,265,712
Total OPEB liability—ending	<u>\$ 18,509,835</u>	<u>\$ 21,283,788</u>	<u>\$ 19,762,706</u>	<u>\$ 21,217,877</u>	<u>\$ 16,041,097</u>	<u>\$ 19,179,318</u>
Plan Fiduciary Net Position						
Contributions—employer	\$ 577,751	\$ 547,085	\$ 495,306	\$ 424,162	\$ 414,634	\$ 390,232
Benefit payments	(577,751)	(547,085)	(495,306)	(424,162)	(414,634)	(390,232)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's net OPEB liability—ending	<u>\$ 18,509,835</u>	<u>\$ 21,283,788</u>	<u>\$ 19,762,706</u>	<u>\$ 21,217,877</u>	<u>\$ 16,041,097</u>	<u>\$ 19,179,318</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 3,947,559	\$ 3,704,061	\$ 3,728,918	\$ 3,728,918	\$ 3,728,918	\$ 3,728,918

*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 1,702,998	\$ 1,710,998	\$ 1,702,968	\$ (8,030)
Real property tax items	206,600	198,599	171,602	(26,997)
Nonproperty tax items	795,646	1,115,646	1,404,386	288,740
Departmental income	176,105	177,605	249,394	71,789
Intergovernmental charges	-	-	41,126	41,126
Use of money and property	5,000	5,000	134,465	129,465
Licenses and permits	28,050	28,050	17,403	(10,647)
Fines and forfeitures	70,000	70,000	108,106	38,106
Miscellaneous	12,090	12,090	10,590	(1,500)
State aid	499,476	499,476	430,647	(68,829)
Federal aid	-	400,000	400,000	-
Total revenues	<u>3,495,965</u>	<u>4,217,464</u>	<u>4,670,687</u>	<u>453,223</u>
EXPENDITURES				
Current:				
General government support	1,592,348	1,613,319	1,461,665	151,654
Public safety	115,626	116,626	105,277	11,349
Transportation	125,177	125,177	111,757	13,420
Economic assistance and opportunity	15,700	15,700	6,790	8,910
Culture and recreation	890,588	889,789	745,854	143,935
Employee benefits	690,008	678,346	605,184	73,162
Debt service:				
Principal	490,052	490,052	490,052	-
Interest and fiscal charges	207,150	207,150	232,620	(25,470)
Total expenditures	<u>4,126,649</u>	<u>4,136,159</u>	<u>3,759,199</u>	<u>376,960</u>
Excess (deficiency) of revenues over expenditures	<u>(630,684)</u>	<u>81,305</u>	<u>911,488</u>	<u>76,263</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	-	-	-
Transfers out	-	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>100,000</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balances*	(530,684)	(318,695)	511,488	76,263
Fund balances—beginning	5,067,895	5,067,895	5,067,895	-
Fund balances—ending	<u>\$ 4,537,211</u>	<u>\$ 4,749,200</u>	<u>\$ 5,579,383</u>	<u>\$ 76,263</u>

* The net change in fund balance was included as an appropriation (i.e. spenddown) of fund balance. The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Police Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 2,632,605	\$ 2,632,605	\$ 2,632,605	\$ -
Nonproperty tax items	1,235,788	1,235,788	1,647,052	411,264
Departmental income	330,350	330,350	31,989	(298,361)
Use of money and property	-	-	101,941	101,941
Sale of property and compensation for loss	15,000	15,000	17,884	2,884
Miscellaneous	-	-	15,271	15,271
State aid	835,904	295,904	536,053	240,149
Federal aid	-	-	7,494	7,494
Total revenues	<u>5,049,647</u>	<u>4,509,647</u>	<u>4,990,289</u>	<u>480,642</u>
EXPENDITURES				
Current:				
General government support	7,000	7,000	-	7,000
Public safety	3,250,194	3,250,694	3,094,661	156,033
Employee benefits	1,870,673	1,869,330	1,891,554	(22,224)
Debt service:				
Principal	27,830	27,830	27,830	-
Interest and fiscal charges	14,950	14,950	19,505	(4,555)
Total expenditures	<u>5,170,647</u>	<u>5,169,804</u>	<u>5,033,550</u>	<u>163,033</u>
Excess (deficiency) of revenues over expenditures	<u>(121,000)</u>	<u>(660,157)</u>	<u>(43,261)</u>	<u>643,675</u>
OTHER FINANCING SOURCES				
Transfers in	-	400,000	400,000	-
Total other financing sources	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances*	(121,000)	(260,157)	356,739	643,675
Fund balances—beginning	<u>2,620,670</u>	<u>2,620,670</u>	<u>2,620,670</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,499,670</u>	<u>\$ 2,360,513</u>	<u>\$ 2,977,409</u>	<u>\$ 643,675</u>

* The net change in fund balance was included as an appropriation (i.e. spenddown) of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Highway Town-wide Fund
Year Ended December 31, 2023

	<u>Highway Town-wide Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Nonproperty tax items	\$ 177,328	\$ 177,328	\$ 237,332	\$ 60,004
Use of money and property	-	-	55,451	55,451
Total revenues	<u>177,328</u>	<u>177,328</u>	<u>292,783</u>	<u>115,455</u>
EXPENDITURES				
Current:				
Transportation	105,000	105,000	2,131	102,869
Debt service:				
Principal	63,100	63,100	63,100	-
Interest and fiscal charges	9,228	9,228	9,228	-
Total expenditures	<u>177,328</u>	<u>177,328</u>	<u>74,459</u>	<u>102,869</u>
Net change in fund balance	-	-	218,324	162,873
Fund balances—beginning	<u>376,931</u>	<u>376,931</u>	<u>376,931</u>	-
Fund balances—ending	<u>\$ 376,931</u>	<u>\$ 376,931</u>	<u>\$ 595,255</u>	<u>\$ 162,873</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Highway Part-Town Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Nonproperty tax items	\$ 3,744,738	\$ 3,744,738	\$ 5,000,957	\$ 1,256,219
Intergovernmental charges	258,200	258,200	374,123	115,923
Use of money and property	-	-	124,220	124,220
Sale of property and compensation for loss	20,000	20,000	10,849	(9,151)
Miscellaneous	-	-	115,923	115,923
State aid	161,279	161,279	512,401	351,122
Total revenues	<u>4,184,217</u>	<u>4,184,217</u>	<u>6,138,473</u>	<u>1,954,256</u>
EXPENDITURES				
Current:				
Transportation	2,717,727	2,717,700	3,251,163	(533,463)
Employee benefits	890,318	890,528	735,764	154,764
Debt service:				
Principal	548,218	548,218	494,880	53,338
Interest and fiscal charges	385,724	385,724	372,646	13,078
Total expenditures	<u>4,541,987</u>	<u>4,542,170</u>	<u>4,854,453</u>	<u>(312,283)</u>
Excess (deficiency) of revenues over expenditures	<u>(357,770)</u>	<u>(357,953)</u>	<u>1,284,020</u>	<u>1,641,973</u>
OTHER FINANCING SOURCES				
Transfers in	357,770	-	-	-
Total other financing sources	<u>357,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(357,953)	1,284,020	1,641,973
Fund balances—beginning	2,988,888	2,988,888	2,988,888	-
Fund balances—ending	<u>\$ 2,988,888</u>	<u>\$ 2,630,935</u>	<u>\$ 4,272,908</u>	<u>\$ 1,641,973</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 301,066	\$ 301,066	\$ 301,066	\$ -
Departmental income	<u>24,729</u>	<u>24,729</u>	<u>19,078</u>	<u>(5,651)</u>
Total revenues	<u>325,795</u>	<u>325,795</u>	<u>320,144</u>	<u>(5,651)</u>
EXPENDITURES				
Current:				
General government support	991	991	-	991
Home and community services	809,868	809,868	1,361,488	(551,620)
Employee benefits	52,936	52,936	51,437	1,499
Debt service:				
Principal	9,335	9,335	9,334	1
Interest and fiscal charges	<u>2,525</u>	<u>2,525</u>	<u>2,648</u>	<u>(123)</u>
Total expenditures	<u>875,655</u>	<u>875,655</u>	<u>1,424,907</u>	<u>(549,252)</u>
Net change in fund balances*	(549,860)	(549,860)	(1,104,763)	(554,903)
Fund balances—beginning	<u>1,737,507</u>	<u>1,737,507</u>	<u>1,737,507</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,187,647</u>	<u>\$ 1,187,647</u>	<u>\$ 632,744</u>	<u>\$ (554,903)</u>

* The net change in fund balance was included as an appropriation (i.e. spenddown) of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NEW HARTFORD, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2023

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rates and medical healthcare cost trend rate. The discount rate is based on a 20-year high-quality tax-exempt municipal bond index as of the measurement date, which increased from 2.06% to 3.72% at December 31, 2023. The medical healthcare trend rates were updated to reflect current medical provisions and premiums and expected future experience.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund does not have appropriated budgets since there are other means to control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The appropriated budget is prepared by fund, function and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is as the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

Excess of Expenditures over Appropriations—The Town's Highway Part-Town Fund incurred expenditures for the year ended December 31, 2022 which exceeded the final budgeted appropriations as follows:

- General Fund—Interest and fiscal charges—The \$25,470 variance is related to higher than expected interest charges related to debt service payments.
- Police Fund—Employee benefits—The \$22,224 variance is primarily due to increased costs related to the state retirement system.
- Police Fund—Interest and fiscal charges—The \$4,555 variance is related to higher than expected interest charges related to debt service payments.
- Highway Part-Town Fund—Transportation—The \$157,529 variance is due to unexpected purchases on new equipment and increases in wages related to highway maintenance and snow removal services.

- Sewer Fund—Home and community services—The \$551,620 variance is due to significant contractual services expenditures that were not anticipated during the original budget process.
- Sewer Fund—Interest and fiscal charges—The \$123 variance is related to higher than expected interest charges related to debt service payments.

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SUPPLEMENTARY INFORMATION

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TOWN OF NEW HARTFORD, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2023

	Fire	General Part-Town	Mitigation	Debt Service	Water	Lighting Districts	Total Nonmajor Funds
ASSETS							
Cash and cash equivalents	\$ 151,756	\$ 747,309	\$ 39,115	\$ -	\$ 94,971	\$ 168,370	\$ 1,201,521
Restricted cash and cash equivalents	-	-	459,437	448,911	-	-	908,348
Restricted investments	581,127	-	-	-	-	-	581,127
Receivables	-	13,970	-	-	-	-	13,970
Intergovernmental receivables	-	16,395	-	-	-	-	16,395
Due from other funds	-	4,246	-	320,828	-	-	325,074
Prepaid items	-	4,843	-	-	-	-	4,843
Total assets	<u>\$ 732,883</u>	<u>\$ 786,763</u>	<u>\$ 498,552</u>	<u>\$ 769,739</u>	<u>\$ 94,971</u>	<u>\$ 168,370</u>	<u>\$ 3,051,278</u>
LIABILITIES							
Accounts payable	\$ -	\$ 1,634	\$ -	\$ -	\$ -	\$ -	\$ 1,634
Accrued liabilities	-	6,913	-	-	-	-	6,913
Due to other funds	9,924	1,550	39,115	-	-	5,143	55,732
Total liabilities	<u>9,924</u>	<u>10,097</u>	<u>39,115</u>	<u>-</u>	<u>-</u>	<u>5,143</u>	<u>64,279</u>
FUND BALANCES							
Nonspendable	-	4,843	-	-	-	-	4,843
Restricted	581,127	-	459,437	769,739	-	-	1,810,303
Assigned	141,832	771,823	-	-	94,971	163,227	1,171,853
Total fund balances	<u>722,959</u>	<u>776,666</u>	<u>459,437</u>	<u>769,739</u>	<u>94,971</u>	<u>163,227</u>	<u>2,986,999</u>
Total liabilities and fund balances	<u>\$ 732,883</u>	<u>\$ 786,763</u>	<u>\$ 498,552</u>	<u>\$ 769,739</u>	<u>\$ 94,971</u>	<u>\$ 168,370</u>	<u>\$ 3,051,278</u>

TOWN OF NEW HARTFORD, NEW YORK
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2023

	<u>Fire</u>	<u>General Part-Town</u>	<u>Mitigation</u>	<u>Debt Service</u>	<u>Water</u>	<u>Lighting Districts</u>	<u>Total Nonmajor Funds</u>
REVENUES							
Real property taxes	\$ 1,336,664	\$ -	\$ -	\$ -	\$ 128,753	\$ 108,990	\$ 1,574,407
Nonproperty tax items	-	66,773	-	-	-	-	66,773
Departmental income	-	122,103	-	-	-	-	122,103
Use of money and property	-	5	17,472	58	-	-	17,535
Sale of property and compensation for loss	-	-	-	259,867	-	-	259,867
Licenses and permits	-	97,568	-	-	-	-	97,568
Miscellaneous	55,469	-	-	-	-	-	55,469
Total revenues	<u>1,392,133</u>	<u>286,449</u>	<u>17,472</u>	<u>259,925</u>	<u>128,753</u>	<u>108,990</u>	<u>2,193,722</u>
EXPENDITURES							
Current:							
Public safety	1,355,531	-	-	-	-	-	1,355,531
Health	-	56,387	-	-	-	-	56,387
Transportation	-	-	-	-	-	16,780	16,780
Home and community services	-	152,190	-	-	-	-	152,190
Employee benefits	-	106,905	-	-	-	-	106,905
Debt service:							
Principal	2,006	1,386	-	-	134,518	-	137,910
Interest and fiscal charges	1,615	1,115	-	-	-	-	2,730
Total expenditures	<u>1,359,152</u>	<u>317,983</u>	<u>-</u>	<u>-</u>	<u>134,518</u>	<u>16,780</u>	<u>1,828,433</u>
Excess (deficiency) of revenues over expenditures	<u>32,981</u>	<u>(31,534)</u>	<u>17,472</u>	<u>259,925</u>	<u>(5,765)</u>	<u>92,210</u>	<u>365,289</u>
Fund balances—beginning	<u>680,951</u>	<u>730,753</u>	<u>441,965</u>	<u>509,814</u>	<u>96,412</u>	<u>65,648</u>	<u>2,525,543</u>
Fund balances—ending	<u>\$ 713,932</u>	<u>\$ 699,219</u>	<u>\$ 459,437</u>	<u>\$ 769,739</u>	<u>\$ 90,647</u>	<u>\$ 157,858</u>	<u>\$ 2,890,832</u>

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

Honorable Town Board
Town of New Hartford, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of New Hartford, New York (the "Town") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 19, 2025 (which report contains an adverse opinion on governmental activities due to capital assets and net pension related to its Length of Service Award Program).

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Town's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Drescher + Malecki LLP

November 19, 2025

TOWN OF NEW HARTFORD, NEW YORK
Schedule of Findings
Year Ended December 31, 2023

We consider the deficiencies presented below to be material weaknesses in internal control.

Finding 2023-001—Governmental Accounting Standards and Principles

Criteria: Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to fully comply with Governmental Accounting Standards Board (“GASB”) requirements.

Condition and Context: GASB statements require that the Town appropriately account for their capital assets and the related depreciation on those assets. While conducting our audit we found that the Town does not maintain a complete inventory of capital assets, and does not track capital asset deletions or depreciation. The Town has not performed, and has not had performed, an inventory of capital assets that meets the recognition criteria under GASB standards.

In addition, in accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the Town is responsible to determine its net pension liability related to its length of service awards programs (“LOSAP”).

Cause: The lack of complete capital asset records and failure to consider the effects of the GASB Statement No. 73.

Effect or Potential Effect: The financial statement balances of the Town’s capital assets and the Town’s LOSAP pension liability and related deferred inflows of resources and deferred outflows of resources could have a material impact on the Town’s governmental activities net position.

Recommendation: We recommend that the Town perform an inventory of capital assets that meet the GASB recognition criteria, and records the appropriate infrastructure and depreciation for those and all other depreciable assets.

We also recommend that the Town work with their LOSAP actuary and establish a timeline to obtain actuarial information for the year ended December 31, 2023 which addresses the provisions of GASB Statement No. 73 to estimate the Town’s LOSAP net pension liability and related deferred inflows and outflows of resources.

Management’s Response: The Town Board will determine a course of action to develop a comprehensive, detailed list of all assets and put in place a procedure to monitor those assets on a regular basis. In addition, the Town will also reach out to the LOSAP actuary to ensure that the valuation for the year ended December 31, 2024 addresses and includes the provisions of GASB Statement No. 73.

Finding 2023-002—Knowledge of Governmental Generally Accepted Accounting Principles and Audit Readiness

Criteria: Adequate knowledge of generally accepted accounting principles in the United States (“GAAP”) for governmental entities should be in place to ensure that accurate financial records are maintained to produce financial reports with complete and accurate disclosures, exclusive of the efforts of the independent auditor. Prior to providing financial records to auditors, the Town should prepare for the audit of its financial statements by appropriately closing the books for the year. Standard closing procedures should be established to include sufficient documentation that is readily available, and ensure that reconciliations of account balances are performed on a monthly basis.

Condition and Context: The expertise in selecting and applying governmental GAAP was not present throughout the year. Certain account balances in the trial balance that was provided had not been appropriately adjusted and reconciled.

Cause: Insufficient knowledge in governmental GAAP throughout the year and a lack of standard processes.

Effect or Potential Effect: Potential for misstatement of account balances.

Recommendation: We recommend that the Town maintain financial records and produce a reliable and timely financial statement in accordance with governmental GAAP. In addition, we recommend that the Town inquire about additional training resources for the accounting system and establish formal documented monthly processes related to journal entries, cash reconciliations and other key accounting procedures. In addition, the Town should consider whether accounting staffing levels are adequate.

Management’s Response: The Town will seek guidance from their auditors to develop formal policies and procedures relating to GAAP and audit readiness. Implementation of strengthened controls and greater expertise within the accounting department are anticipated in the near future.

Finding 2023-003—Bank Reconciliations

Criteria: Bank accounts should be reconciled to the general ledger for all cash accounts within a reasonable time of receiving the bank statements. This reconciliation should be signed off and dated by the preparer and then be appropriately reviewed by another party.

Condition and Context: Several bank accounts were not reconciled during the year ended December 31, 2023.

Effect or Potential Effect: The Town is at risk of misstated general ledger account balances and exposed to increased risk of errors in reporting and the opportunity for fraud.

Cause: Bank reconciliations were not performed within a reasonable amount of time during the year ended December 31, 2023.

Recommendation: We recommend that the Town performs timely bank reconciliations on all cash accounts. Further, these reconciliations should be signed off by the preparer and reviewed and approved by an independent reviewer. The individual responsible for performing the reconciliations, the individual responsible for reviewing the reconciliations, and the appropriate timeline of performing these functions should be communicated in a formal policy.

Management's Response: The Town Board will put procedures in place to all bank reconciliations are performed on a monthly basis and be submitted to the Town Supervisor and Town Board for review. Full implementation of improved procedures is anticipated to being in November 2025.

Finding 2023-004—Journal Entries

Criteria: All manual journal entries should clearly identify the purpose of each manual journal entry, provide supporting documentation and include evidence of an independent review of each journal entry.

Condition and Context: During the year ended December 31, 2023, we found that journal entries lacked supporting documentation and there was no evidence of an independent review of each journal entry.

Effect or Potential Effect: There is the potential the Town's financial statements will not present the financial position and the changes in financial position in conformity with accounting principles generally accepted in the United States of America. In addition, there is the potential risk of material misstatement of the Town's financial statements due to fraud or error.

Cause: Lack of accounting policies and procedures.

Recommendation: We recommend the Town develop a formal journal entry policy. Additionally, we recommend that the Town clearly identify the purpose, provide supporting documentation and include evidence of an independent review each journal entry.

Management's Response: The Town Board will put procedures in place for reviewing journal entries on a monthly basis. These will include requiring supporting documentation for each journal entry, which will be submitted to the Town Supervisor and Town Board for review on a monthly basis. Full implementation of improved procedures is anticipated to begin in November 2025.

Finding 2023-005—Budget Monitoring

Criteria: A formal policy should be established and followed regarding the budget process and standard budget monitoring procedures.

Condition and Context: The Town does not have standard policies in place establishing procedures to routinely perform budget amendments and transfers.

Effect or Potential Effect: The absence of standard budget monitoring policies and procedures can result in potential overspending when there are budget shortfalls. Additionally, budget amendments and transfers can be utilized to aid in the potential of budget shortfalls to ensure the budget is appropriate given current Town spending.

Cause: There are currently no procedures in place to ensure that the Town budget is monitored and budget transfers and amendments are made prior to overspending the budget.

Recommendation: We recommend that the Town formalize its policy to ensure budget monitoring is being performed continuously throughout the fiscal year. Additionally, budget amendments and transfers should be reviewed and approved on a more frequent basis to ensure that transfers are appropriate and no budget issues arise.

Management's Response: The Town Supervisor plans to track revenues and expenditures and perform budget monitoring procedures. Budget amendments and transfers will be reviewed on a monthly basis. Formal policies and procedures are to be implemented by December 2025.

FORM OF BOND COUNSEL'S OPINION

April 23, 2026

Town of New Hartford,
County of Oneida
State of New York

Re: Town of New Hartford, Oneida County, New York
\$6,033,045 Bond Anticipation Notes, 2026 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$6,033,045 Bond Anticipation Notes, 2026 (Renewals) (the "Obligations"), of the Town of New Hartford, Oneida County, New York (the "Obligor"), April 23, 2026, numbered 1, of the denomination of \$ _____, bearing interest at the rate of ___% per annum, payable at maturity, and maturing April 23, 2027.

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 Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations, including the form of the Obligations. 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 Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (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 Obligations; 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 Obligations 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 Obligations is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Obligations 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 Obligations.

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 Obligations) 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 Obligations 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 Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations 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 Obligations 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 Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP