

**PRELIMINARY OFFICIAL STATEMENT**

**NEW 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 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.*

**\$2,779,606**  
**TOWN OF LAGRANGE**  
**DUTCHESS COUNTY, NEW YORK**

**\$2,779,606 Bond Anticipation Notes, 2020 Series B**  
**(the "Notes")**

**Dated: November 12, 2020**

**Due: May 13, 2021**

The Notes are general obligations of the Town of LaGrange, Dutchess 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 "THE NOTES – Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes are to be issued without the option of prior redemption.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the purchaser, 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 at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Town. Paying agent fees, if any, will be the responsibility of the purchaser should the purchaser choose to engage same.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereon, except for one necessary odd denomination which is or includes \$9,606. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (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 November 12, 2020.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on October 29, 2020 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.**

October 22, 2020

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 LAGRANGE DUTCHESS COUNTY, NEW YORK

## TOWN OFFICIALS

### TOWN BOARD

ALAN BELL  
Supervisor

GARY BARIGHT  
JOSEPH J. LUNA

EDWARD P. JESSUP  
RICHARD RYAN

\* \* \* \* \*

CHRISTINE TOUSSAINT  
Town Comptroller

CHRISTINE O'REILLY-RAO  
Town Clerk

GERARD COMATOS, ESQ.  
Town Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor



**orrick**  
ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

No person has been authorized by the Town of LaGrange 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 LaGrange.

## TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
<b>THE NOTES.....</b>	<b>1</b>
Description of the Notes .....	1
No Optional Redemption.....	1
Purpose of Issue.....	2
Nature of Obligation .....	2
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	<b>3</b>
Certificated Notes .....	5
<b>THE TOWN.....</b>	<b>5</b>
General Information .....	5
Population Trends.....	5
Major Employers .....	5
Selected Wealth & Income Indicators .....	6
Unemployment Rate Statistics.....	7
Form of Town Government .....	7
Financial Organization.....	7
Budgetary Procedure .....	8
Investment Policy .....	8
State Aid .....	9
Employees .....	9
Status and Financing of Employee Pension Benefits....	9
Other Post-Employment Benefits .....	11
Other Information.....	12
Financial Statements.....	13
New York State Comptroller Reports of Examination	13
Fiscal Stress Monitoring System .....	13
<b>TAX INFORMATION.....</b>	<b>14</b>
Taxable Valuations .....	14
Tax Rate Per \$1,000 (Assessed) .....	14
Tax Collection Procedure .....	14
Tax Levy and Tax Collection Record.....	15
Larger Taxpayers – 2020 Assessment Roll .....	15
Real Property Tax Revenues .....	15
Sales Tax Revenue.....	16
Additional Tax Information .....	16
<b>TAX LEVY LIMITATION LAW.....</b>	<b>16</b>
<b>STATUS OF INDEBTEDNESS.....</b>	<b>17</b>
Constitutional Requirements .....	17
Statutory Procedure .....	18
Debt Outstanding End of Fiscal Year .....	18
Details of Outstanding Indebtedness .....	19
Debt Statement Summary.....	19
Bonded Debt Service .....	19
Cash Flow Borrowings .....	19
Estimate of Obligations to be Issued .....	20
Estimated Overlapping Indebtedness.....	20
Debt Ratios .....	20
<b>SPECIAL PROVISIONS AFFECTING     REMEDIES UPON DEFAULT .....</b>	<b>21</b>
<b>MARKET AND RISK FACTORS.....</b>	<b>23</b>
<b>CONTINUING DISCLOSURE.....</b>	<b>25</b>
Historical Compliance.....	25
<b>TAX MATTERS.....</b>	<b>25</b>
<b>LEGAL MATTERS .....</b>	<b>26</b>
<b>LITIGATION .....</b>	<b>26</b>
<b>MUNICIPAL ADVISOR .....</b>	<b>26</b>
<b>CUSIP IDENTIFICATION NUMBERS .....</b>	<b>26</b>
<b>RATINGS.....</b>	<b>26</b>
<b>MISCELLANEOUS .....</b>	<b>27</b>
<b>APPENDIX – A     GENERAL FUND - Balance Sheets</b>	
<b>APPENDIX – A1     GENERAL FUND – Revenues, Expenditures and     Changes in Fund Balance</b>	
<b>APPENDIX – A2     GENERAL FUND – Revenues, Expenditures and     Changes in Fund Balance - Budget and Actual</b>	
<b>APPENDIX – B     BONDED DEBT SERVICE</b>	
<b>APPENDIX – B1     CURRENT BONDS OUTSTANDING</b>	
<b>APPENDIX – C     MATERIAL EVENT NOTICES</b>	
<b>APPENDIX – D     AUDITED FINANCIAL STATEMENTS     For the Fiscal Year Ending – December 31, 2019</b>	
<b>APPENDIX – E     FORM OF BOND COUNSEL’S OPINION</b>	

PREPARED WITH THE ASSISTANCE OF:



Fiscal Advisors & Marketing, Inc.  
250 South Clinton Street, Suite 502  
Syracuse, New York 13202  
(315) 752-0051  
<http://www.fiscaladvisors.com>

**OFFICIAL STATEMENT**  
**of the**  
**TOWN OF LAGRANGE**  
**DUTCHESS COUNTY, NEW YORK**

**Relating To**  
**\$2,779,606 Bond Anticipation Notes, 2020 Series B**

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of LaGrange, Dutchess County, New York (the “Town”, “County”, and “State”, respectively), in connection with the sale by the Town of \$2,779,606 Bond Anticipation Notes, 2020 Series B (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.

**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 November 12, 2020 and mature, without option of prior redemption, on May 13, 2021. 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 Lagrangeville, New York.

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

## Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and various bond resolutions of the Town for the purposes and amounts outlined below.

Date Authorized	Purpose	Amount Outstanding	Principal Paydown	New Money	Amount of the Notes
09-03-20	Manchester Sewer District	\$0	\$0	\$ 2,774,728	\$2,774,728
09-23-20	Overlook Place Sewer District	0	0	4,878	4,878
Totals		<u>\$0</u>	<u>\$0</u>	<u>\$2,779,606</u>	<u>\$2,779,606</u>

The proceeds of the Notes will provide \$2,779,606 of new money for the above-mentioned purposes.

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

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

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

### **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](http://www.dtcc.com) and [www.dtc.org](http://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 \$9,606. 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 LaGrange encompasses 40.8 square miles within the central part of the County of Dutchess, New York. The Town includes the unincorporated communities of Arthursburg, Freedom Plains, LaGrangeville, Moores Mills, Manchester Bridge and Titusville. LaGrange is primarily residential in nature. The Town also enjoys farm, commercial activity and some light industry.

Services The Town provides many governmental services to its residents. Water and sewer services are furnished by various water and sewer districts which have been formed within the Town. The Town currently employs a private firm to act as Chief Operator of the Water Treatment facilities and the Sewer Collection Systems. Highway construction and maintenance is also a Town function. In addition, recreation is provided and parks maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration, cultural recreation and the local justice court system. The County Sheriff's Office and the New York State Police, furnish police protection while fire protection is provided for through the LaGrange Fire District located in the Town. Education is the responsibility of the three independent school districts serving the Town. The County of Dutchess provides various social and health services.

Education Elementary and secondary education is the responsibility of the three independent school districts in the Town. Children of the Town attend one of the three districts, as determined by geography. Dutchess County Community A-19 College, a two-year co-educational college, offers four main programs of study leading to associate degrees in the arts, science, applied science and a one-year certificate. In addition, there are three four-year colleges located in the County. These institutions are Bard College, Marist College and Vassar College. Also located in the County is the Culinary Institute of America offering both associate and bachelor's degrees in the culinary arts.

Financial Institutions Numerous banking facilities are available in and around the Town. Many of the State's major commercial banks have branch offices located in the area. Bank of America, The Bank of New York, HSBC, Key Bank, Mahopac National Bank and Manufacturers and Traders Trust Company are located within the Town or nearby.

Transportation The Town maintains its own interior road network. Several U.S. and State Highways serve the Town including U.S. Routes 82 and 55, N.Y.S. Route 376 and the Taconic State Parkway. The State has completed a major reconstruction project of Route 55. Frequent bus service is available by the Dutchess County Loop System which provides intra-county service. Metro North Railroad runs a commuter service to New York City via the Hudson Line (with County stops at Poughkeepsie, New Hamburg and Beacon) and the Harlem line, (with County stops at Pawling, Wassaic and Dover Plains). Amtrak also provides service from the Poughkeepsie station. Commercial air transportation is available at nearby Stewart Airport located in Orange County and the Dutchess County Airport located in the Town of Wappinger.

Utilities Electricity is supplied throughout the Town by CH Energy Corp. Telephone service is provided by Verizon Corporation and Frontier Communications Corporation. Natural gas is also supplied by CH Energy Corp. to certain western portions of the Town. Certain water and sewer facilities are furnished and maintained by the Town. Water distribution facilities serve approximately 21.5% of the population of the Town. Water is supplied from wells. Approximately 12.6% of the population of the Town is provided sanitary sewage collection and treatment services from existing facilities. The sewage is treated at the treatment plants of the respective districts of the Town.



## Population Trends

<u>Year</u>	<u>Town of LaGrange</u>	<u>Dutchess County</u>	<u>New York State</u>
2000	14,928	280,150	18,976,457
2010	15,730	297,488	19,378,102
2017 (Estimate)	15,680	295,685	19,849,399
2018 (Estimate)	15,595	293,718	19,542,209
2019 (Estimate)	15,627	294,218	19,453,561

Source: U.S. Census Bureau.

## Major Employers

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Nuvance	Hospital	5,600
International Business Machine Corp.	Technology	4,100
GlobalFoundries/iPark	Manufacturing	2,500
Bard College	College	1,800
Mid-Hudson Regional Hospital	Hospital	1,800
Culinary Institute of America	College	1,500
Gap Inc.	Warehousing/Distribution	1,300
Marist College	College	1,300
Vassar College	College	1,100
Central Hudson Gas & Electric Corp.	Electric Services	1,000

Source: Dutchess County Official Statement dated March 4, 2020.

## Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 2000 US Census Report, and the 2006-2010 and 2014-2018 American Community Survey 5-Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
Town of LaGrange	\$ 27,872	\$ 38,374	\$ 48,417	\$ 80,724	\$103,002	\$123,650
County of: Dutchess	23,940	31,642	38,048	63,254	83,599	97,249
State of: New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

## 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 of Dutchess. The information set forth below with respect to the County is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County or State is necessarily representative of the Town, or vice versa.

	<u>Annual Averages</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Dutchess County	6.7%	5.3%	4.5%	4.2%	4.3%	3.7%	3.6%
State of New York	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

### 2020 Monthly Figures

	<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>
Dutchess County	4.0%	3.9%	3.8%	14.2%	10.6%	11.4%	12.5%	9.4%	5.8%	N/A
New York State	4.1%	3.9%	4.2%	15.1%	14.2%	15.5%	16.0%	12.6%	9.4%	N/A

Note: Unemployment rates for October of 2020 are not available as of the date of this Official Statement.

Unemployment rates have increased drastically since March of 2020 due to the COVID-19 pandemic.

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

## Form of Town Government

The Town of LaGrange was established in 1821. (The Town was originally named Freedom, and was changed to LaGrange in 1829). The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders are portions of three independent school districts. The school districts use the Town's assessment roll as the basis for taxation of real property within the Town.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Town Supervisor, who is the presiding member and Chief Fiscal Officer of the Town, and is elected for a term of two years. The four other members of the Town Board are elected to four-year terms. The Board Members are elected at large. There are no limitations as to the number of terms which may be served.

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

## Financial Organization

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

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

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

## **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.

## **Investment Policy**

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

The Town has designated three banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Town is permitted to invest in special time deposits or certificates of deposit. In addition to bank deposits, the Town is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the Town include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the Town (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the Town, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Town may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Town, must be purchased A-5 through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State. Reverse repurchase agreements are not allowed under State law.

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

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

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

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

## State Aid

The Town receives financial assistance from the State. In its General Fund budget for the 2020 fiscal year, approximately 9.09% of the operating revenues of the Town is expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained this year or in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

## State Aid Revenues

The following table illustrates the percentage of total revenues of the Town for the below years comprised of State Aid Revenues.

<u>Fiscal Year Ending</u> <u>December 31<sup>st</sup></u>	<u>Total Revenues</u>	<u>State Aid Revenues</u>	<u>Percentage of</u> <u>Total Revenues Consisting</u> <u>of State Aid</u>
2015	\$4,702,185	\$474,882	10.10%
2016	4,740,962	506,073	10.67
2017	4,933,379	525,147	10.64
2018	5,297,176	527,223	9.95
2019	5,531,423	522,009	9.44
2020 (Budgeted)	5,225,494	475,000	9.09

Source: Audited Financial Statements of the Town for 2015-2019, and the adopted budgets of the Town for 2020. This table is not audited.

## Employees

The Town employs approximately 49 full-time and 11 part-time employees. Town employees are represented by the following unions:

<u>Union Representation</u>	<u>Number</u>	<u>Contract</u> <u>Expiration Date</u>
CSEA	24	December 31, 2020

<sup>(1)</sup> Currently under negotiations. A tentative agreement has been reached for January 1, 2021 to December 31, 2022.

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 ("ERS" or the "Retirement System"). The ERS is generally also known as the "Common Retirement Fund". The Retirement System is a cost-sharing multiple public employer retirement system. 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 System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. 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 System.

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.

For ERS, 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 ERS, Tier 6 provides for:

- Increase in contribution rates of between 3% and 6% base 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 since the 2015 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>ERS</u>
2015	\$375,348
2016	326,536
2017	356,075
2018	346,044
2019	367,436
2020 (Budgeted)	387,000

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 (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>
2017	15.5%
2018	15.3
2019	14.9
2020	14.6
2021	14.6

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 the Local Police and Fire Retirement System ("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. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years, than "Smoothing" contributions.

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 recent years, 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 an actuarial firm to calculate its first actuarial valuation under GASB 75 for the fiscal year ending December 31, 2018.

The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	2017	2018
Balance beginning at December 31:		
<u>Changes for the year:</u>	<u>\$ 5,902,850</u>	<u>\$ 5,597,681</u>
Service cost	217,942	202,294
Interest	181,492	243,016
Differences between expected and actual experience	-	(58,287)
Changes in assumptions or other inputs	(983,837)	1,294,899
Changes of benefit terms	422,391	-
Benefit payments	<u>(143,157)</u>	<u>(138,375)</u>
Net Changes	<u>\$ (305,169)</u>	<u>\$ 1,543,547</u>
Balance ending at December 31:		
	<u>2018</u>	<u>2019</u>
	<u>\$ 5,597,681</u>	<u>\$ 7,141,228</u>

Note: The above table is not audited. See “APPENDIX – D” for additional information.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The Town has reserved \$0 towards its OPEB liability. The Town funds this liability on a pay-as-you-go basis.

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

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state’s OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller’s proposal, there are no restrictions on the amount a government can deposit into the trust. While it was not enacted into law in the last two legislative sessions, it is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced and enacted into law in the future.

## Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Notes are to be issued, is the Town Law and the Local Finance Law.

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

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 accounting firm for a continuous independent audit of all financial transactions of the Town. The Audited Financial report for Fiscal Year ended December 31, 2019 is attached hereto as "APPENDIX – D". 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 was required to issue its audited 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 is and has been in compliance with GASB Statement No. 34 for all years required.

PFK O'Connor Davies, LLP, the independent auditor for the Town, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. PFK O'Connor Davies, LLP also has not performed any procedures relating to this Official Statement.

## 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.

There are no recent State Comptroller's audits of the Town, nor are there any that are currently in progress or pending release.

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated 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 four years for the Town are as follows:

<u>Fiscal Year Ending</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	6.7
2018	No Designation	6.7
2017	No Designation	6.7
2016	No Designation	6.7

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.



## TAX INFORMATION

### Taxable Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
LaGrange	<u>\$1,793,160,258</u>	<u>\$1,792,743,257</u>	<u>\$1,804,777,437</u>	<u>\$1,821,403,884</u>	<u>\$1,888,569,079</u>
Total Assessed Values	<u>\$1,793,160,258</u>	<u>\$1,792,743,257</u>	<u>\$1,804,777,437</u>	<u>\$1,821,403,884</u>	<u>\$1,888,569,079</u>
State Equalization Rates					
Towns of:					
LaGrange	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total Taxable Full Valuation	<u>\$1,793,160,258</u>	<u>\$1,792,743,257</u>	<u>\$1,804,777,437</u>	<u>\$1,821,403,884</u>	<u>\$1,888,569,079</u>

### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
LaGrange	\$ 3.03	\$ 3.09	\$ 3.17	\$ 3.23	\$ 3.22

### Tax Collection Procedure

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State. Towns in the County are responsible to assess all real property within their boundaries and to collect real property taxes and assessments, including those for school district and County purposes, during the times prescribed by law.

Although the Town collects County and school taxes, it is the responsibility of the County to guarantee both Town and school district taxes and enforce the collection thereof. The Town retains the first moneys collected on the combined Town and County tax bills and therefore receives 100% of its levy. School taxes are paid over to schools only as collected by the Town. Unpaid school taxes are the County's responsibility.

Town and County real property taxes as well as Town special district assessments are levied on January 1 and become a lien against the property on this date. Tax bills include all taxes and assessments due to the Town and County. Pursuant to the Real Property Tax Law, taxes and assessments are due on January 1 and may be paid, without interest, at any time during the month of January. Payments received after January 31 must include interest at a rate of 1% per month. Taxpayers may elect to pay their taxes in two installments by paying 50% of the total tax due on or before January 31. The second installment may be paid to the Town on any date prior to August 1 with interest at 1% per month from February 1.

The Town collects all taxes (both installment and non-installment from January 1 until April 1 (Statutory date which historically has been extended by the County to May 1). During this time, the Town retains the first moneys to satisfy its own levy and thereafter remits all tax collections to the County. The Town transmits a list of wholly unpaid taxes to County on or about April 1. Accrued interest on such wholly unpaid taxes is deducted by the Town from moneys otherwise payable to the County. A 5% penalty is added to such taxes by the County, which collects these taxes with interest computed at 1% per month from February 1. The Town continues to collect the second installment through July 31. Because the Town's levy is usually satisfied by February or March, these taxes are held and periodically paid over to the County. A listing of unpaid second installments together with the tax rolls are transmitted to the County shortly after July 31. The County adds a 5% penalty to unpaid installment taxes and continues to collect these and wholly unpaid taxes until the tax sale. Such tax sale is generally held in December of each year.

The Town also collects school taxes on behalf of three of the six districts located within its boundaries. However, the County guarantees unpaid school taxes and enforces the payment thereof. School taxes are due and payable on September 1 and may be paid in two installments if 50% of the total tax plus 2% interest is paid on or before September 15. Payments made after September 15 must include the full amount of the tax and applicable interest, if any. School taxes may be paid in full without interest on or before September 30. During the month of October, interest at 2% per annum is added to all payments. All unpaid school taxes, as of November 1, and the tax rolls are turned over to County. The County pays each school district the full amount of its unpaid taxes and thereafter collects the second installment of school taxes. Ultimately, unpaid school taxes are enforced by the County in the same manner as any other real property tax.

## Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 19,104,115	\$ 19,637,951	\$ 19,947,463	\$ 20,803,427	\$ 21,235,181
Amount Uncollected <sup>(1)</sup>	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

<sup>(1)</sup> See "Tax Collection Procedure" herein.

## Larger Taxpayers – 2020 Assessment Roll

<u>Name</u>	<u>Type of Entity</u>	<u>Assessed Valuation</u>
CH Energy Corp.	Utility	\$ 49,504,450
NYS James Baird State Park	Recreation	9,862,100
Consolidated Edison Company	Utility	8,377,237
Taconic Realty Associates LLC	Commercial	7,761,600
Anthony Associates LP	Shopping Center	6,635,000
Titusville Properties LLC	Commercial	5,901,000
Iroquois Gas Trans. System	Utility	5,407,677
Apple Valley K LLC	Shopping Center	5,052,500
John Page Development	Commercial	4,789,200
Poughkeepsie CSC LLC	Commercial	4,500,000

The ten largest taxpayers shown have a total assessed valuation of \$107,790,764, which represents 5.71% of the tax base of the Town for the 2020 fiscal year.

The Town currently does not have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the Town.

Source: Town tax rolls.

## Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the Town for the below years comprised of Real Property Tax Revenues.

<u>Fiscal Year Ending</u> <u>December 31<sup>st</sup></u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Percentage of</u> <u>Total Revenues Consisting</u> <u>of Real Property Tax</u>
2015	\$4,702,185	\$2,094,492	44.54%
2016	4,740,962	2,130,049	44.93
2017	4,933,379	2,153,202	43.65
2018	5,297,176	2,172,321	41.01
2019	5,531,423	2,292,105	41.44
2020 (Budgeted)	5,225,494	2,451,800	46.92

Source: Audited Financial Statements of the Town for 2015-2019, and the adopted budgets of the Town for 2020. This table is not audited.

## Sales Tax Revenues

The following table illustrates the percentage of total revenues of the Town for the below years comprised of Sales Tax Revenues.

<u>Fiscal Year Ending December 31<sup>st</sup></u>	<u>Total Revenues</u>	<u>Sales Tax</u>	<u>Percentage of Total Revenues Consisting of Sales Tax</u>
2015	\$4,702,185	\$808,302	17.19%
2016	4,740,962	837,016	17.65
2017	4,933,379	879,565	17.83
2018	5,297,176	1,030,402	19.45
2019	5,531,423	1,118,660	20.22
2020 (Budgeted)	5,225,494	890,000	17.03

Source: Town officials.

## 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.

## 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 was made permanent in recent legislative sessions. 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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 12,308,084	\$ 11,106,000	\$ 15,401,259	\$ 14,160,000	\$ 12,915,000
Bond Anticipation Notes	<u>7,180,181</u>	<u>6,823,645</u>	<u>8,242,763</u>	<u>6,351,626</u>	<u>10,022,627</u>
Total Debt Outstanding	\$ 19,488,265	\$ 17,929,645	\$ 23,644,022	\$ 20,511,626	\$ 22,936,727

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town as of October 22, 2020:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2020-2047	\$ 14,376,830
<u>Bond Anticipation Notes</u>		
Various Purposes	May 13, 2021	<u>8,436,450</u>
	Total Indebtedness	\$ 22,813,280

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of October 22, 2020:

Five-Year Average Full Valuation of Taxable Real Property .....	\$ 1,820,130,783
Debt Limit – 7% thereof .....	127,409,155

### Inclusions:

Bonds.....	\$ 14,376,830	
Bond Anticipation Notes .....	<u>8,436,450</u>	
Total Inclusions.....		<u>\$ 22,813,280</u>

### Exclusions:

Appropriations <sup>(1)</sup> .....	\$ 0	
Water Debt - Serial Bonds <sup>(2)</sup> .....	4,760,026	
Water Debt – BAN <sup>(2)</sup> .....	2,586,225	
Sewer Debt <sup>(3)</sup> .....	<u>0</u>	
Total Exclusions.....		<u>\$ 7,346,251</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 15,467,029</u>
Net Debt-Contracting Margin.....	<u>\$ 111,942,126</u>
The percent of debt contracting power exhausted is .....	12.14%

- (1) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.  
(2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.  
(3) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.

Note: The issuance of the Notes will increase the net indebtedness of the Town by \$2,779,606.

## Bonded Debt Service

A schedule of Bonded Debt Service may be found in “APPENDIX – B” to this Official Statement.

## Cash Flow Borrowings

The Town has not issued revenue anticipation notes or tax anticipation notes in the recent past, and does not reasonably expect to issue such notes in the foreseeable future.

## Estimate of Obligations to be Issued

The Town issues annually for equipment and road improvements and water and sewer projects. The Town issued \$8,436,450 bond anticipation notes on May 13, 2020 for various improvements and equipment for the Town. After the issuance of the \$8,436,450 bond anticipation notes, the Town will have authorized and unissued debt in the amount of \$585,684 for the purpose of preserving open space and \$300,000 for the purpose of repairing the Town Hall roof, neither of which the Town expects to issue for.

The proceeds of the Notes will provide new monies for a new sewer District. The Town anticipates issuing an estimated \$7.0 million for the new sewer district in the next one to three years.

On July 8, 2020 the Town approved a \$30,000 bond resolution for increase and improvement of the Grandview Water District. The Town does not expect issuing debt against the above mentioned resolution.

Other than noted above the Town does not have any authorized and unissued capital projects, nor are any contemplated as of the date of this Official Statement.

## 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 outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Dutchess	2/21/2020	\$ 152,860,000	\$ 13,780,000 <sup>(2)</sup>	\$ 139,080,000	6.20%	\$ 8,622,960
School District:						
Arlington	6/30/2019	81,783,181	57,575,359 <sup>(3)</sup>	24,207,822	30.99%	7,502,004
Wappingers	6/30/2019	80,489,361	49,339,978 <sup>(3)</sup>	31,149,383	1.19%	370,678
Millbrook	6/30/2019	19,119,256	4,397,429 <sup>(3)</sup>	14,721,827	3.24%	476,987
					Total:	<u>\$ 16,972,629</u>

- (1) Bonds and bond anticipation notes outstanding as of the above listed dates, and are not adjusted to include subsequent bond or note sales, if any.
- (2) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
- (3) Estimated State Building aid.

Source: Official Statement for the County listed above and Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended 2019.

## Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of October 22, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 15,467,029	\$ 989.76	0.82%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	32,439,658	2,075.87	1.72

- (a) The 2019 estimated population of the Town is 15,627. (See "THE TOWN – Population Trends" herein.)
- (b) The Town's full valuation of taxable real estate for 2020 is \$1,888,569,079. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt statement Summary" herein for the calculation of Net Indebtedness.
- (d) Estimated net overlapping indebtedness is \$16,972,629. (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 “THE NOTES - Nature of Obligation” and “State Debt Moratorium Law” herein.

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

## **MARKET AND RISK FACTORS**

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

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

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

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

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the 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).

Cybersecurity. The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

COVID 19. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added "disease outbreak" to the definition of "disaster" (which already includes "epidemic" ) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the virus might affect revenue streams supporting revenue bond debt of some public authorities, as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets, or state and local resources to meet their obligations supporting same.

The degree of any such impact to the Town's operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Town and its economy. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

Emergency Preparedness – COVID-19. While the health emergency situation is currently on-going, the Town is well-positioned to handle the crises with leadership who have emergency management backgrounds. The Town has had no service interruptions and continues to function with a mostly off-site workforce during this public health emergency. Finance staff in particular is actively managing the inflow and outflow of Town revenue and obligations to ensure as little disruption as possible.

## 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:

- The Town issued bond anticipation notes for various purposes on July 18, 2019 and December 16, 2019; however, the Town failed to timely file material event notices pertaining to the incurrence of the financial obligations, as required by its existing continuing disclosure undertakings. The Town filed a material event notice disclosing the incurrence of said financial obligations, along with disclosure of its failure to timely file, to EMMA on February 12, 2020.

## 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 and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

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 insure that interest on the Notes will not be included in federal gross income. 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) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

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.

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 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.

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 Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 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, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **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.

## **RATINGS**

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.

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying rating of "Aa2" to the Town's outstanding bonds. The rating reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich St., New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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 may have an adverse effect on the market price of the Notes.

## 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](http://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: Christine Toussaint, Comptroller, Town of LaGrange, 120 Stringham Road, LaGrangeville, NY 12540, Phone: (845) 452-1970, Fax: (845) 240-7004, Email: [ctoussaint@lagrangeny.gov](mailto:ctoussaint@lagrangeny.gov).

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com) and [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com).

**TOWN OF LAGRANGE**

**Dated: October 22, 2020**

**ALAN BELL**  
**Town Supervisor**

**APPENDIX - A**  
**Town of LaGrange**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>ASSETS</u></b>					
Cash and Short-term Investments	\$ 2,203,411	\$ 2,322,854	\$ 3,504,069	\$ 2,607,600	\$ 2,803,611
Accounts Receivable	177,383	192,074	146,351	163,795	123,809
Due from Other Funds	3,512	2,517	115	316	414
Due from Other Governments	320,136	352,387	392,521	543,199	633,781
State and Federal Aid Receivables	86,296	112,364	103,248	106,149	188,566
Prepaid Expenses	<u>66,408</u>	<u>67,704</u>	<u>70,883</u>	<u>79,785</u>	<u>84,119</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,857,146</u></b>	<b><u>\$ 3,049,900</u></b>	<b><u>\$ 4,217,187</u></b>	<b><u>\$ 3,500,844</u></b>	<b><u>\$ 3,834,300</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 46,497	\$ 60,345	\$ 64,540	\$ 89,634	\$ 135,872
Accrued Liabilities	34,460	42,781	50,185	55,763	72,197
Due to Other Funds	1,064	837	915,260	555	2,385
Due to Other Governments	1,577	12,000	-	-	-
Unearned Revenues	-	-	-	-	-
Due to Retirement System	153,997	135,090	148,726	155,149	162,809
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 237,595</u></b>	<b><u>\$ 251,053</u></b>	<b><u>\$ 1,178,711</u></b>	<b><u>\$ 301,901</u></b>	<b><u>\$ 373,263</u></b>
<b><u>FUND EQUITY</u></b>					
Nonspendable	\$ 66,408	\$ 67,704	\$ 70,883	\$ 79,785	\$ 84,119
Restricted	11,400	5,680	81,289	50,895	71,643
Assigned	-	6,000	30,000	59,470	-
Unassigned	<u>2,541,743</u>	<u>2,719,463</u>	<u>2,856,304</u>	<u>3,008,793</u>	<u>3,305,275</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 2,619,551</u></b>	<b><u>\$ 2,798,847</u></b>	<b><u>\$ 3,038,476</u></b>	<b><u>\$ 3,198,943</u></b>	<b><u>\$ 3,461,037</u></b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b><u>\$ 2,857,146</u></b>	<b><u>\$ 3,049,900</u></b>	<b><u>\$ 4,217,187</u></b>	<b><u>\$ 3,500,844</u></b>	<b><u>\$ 3,834,300</u></b>

Source: Audited Financial Statements of the Town except where otherwise noted. This Appendix is not itself audited.

**APPENDIX - A1**  
**Town of LaGrange**

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 2,094,492	\$ 2,130,049	\$ 2,153,202	\$ 2,172,321	\$ 2,292,105
Other Tax Items	59,540	57,905	62,044	48,856	59,907
Non-Property Tax Items	1,068,454	1,117,730	1,167,837	1,355,812	1,440,092
Departmental Income	437,900	414,570	461,321	552,967	443,455
Use of Money & Property	6,589	7,629	24,822	55,141	101,607
Licenses and Permits	149,278	191,660	215,062	208,439	240,968
Fines and Forfeitures	255,019	193,068	181,065	194,543	228,598
Sale of Property and Compensation for Loss	19,517	18,494	9,593	39,764	1,561
Interfund Revenues	82,600	90,426	92,532	33,808	111,819
Miscellaneous	53,914	13,358	40,754	527,223	89,302
Revenues from State Sources	474,882	506,073	525,147	108,302	522,009
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 4,702,185</u>	<u>\$ 4,740,962</u>	<u>\$ 4,933,379</u>	<u>\$ 5,297,176</u>	<u>\$ 5,531,423</u>
<b><u>EXPENDITURES</u></b>					
General Government Support	\$ 1,465,437	\$ 1,509,323	\$ 1,604,875	\$ 1,659,705	\$ 1,744,977
Public Safety	21,877	17,543	19,899	27,357	24,644
Health	3,000	3,000	3,500	3,500	3,500
Transportation	209,808	197,521	211,350	258,940	234,235
Economic Assistance and Opportunity	23,635	23,148	27,800	27,865	27,498
Culture and Recreation	1,362,087	1,282,577	1,447,844	1,506,182	1,645,229
Home and Community Services	273,292	329,428	394,158	358,795	377,390
Employee Benefits	707,789	760,590	811,113	882,382	941,811
Debt Service	161,492	233,363	223,804	237,842	231,565
Refunding Bond Issuance Costs	76,857	-	-	-	-
Total Expenditures	<u>\$ 4,305,274</u>	<u>\$ 4,356,493</u>	<u>\$ 4,744,343</u>	<u>\$ 4,962,568</u>	<u>\$ 5,230,849</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 396,911</u>	<u>\$ 384,469</u>	<u>\$ 189,036</u>	<u>\$ 334,608</u>	<u>\$ 300,574</u>
Other Financing Sources (Uses):					
Refunding Bonds Issued	3,145,000	-	-	-	-
Payment to Refunded Bond Escrow Agent	(3,300,457)	-	-	-	-
Issuance Premium	232,314	-	-	-	-
Operating Transfers In	84,625	71,907	110,231	-	30,778
Operating Transfers Out	(189,800)	(277,080)	(59,638)	(174,141)	(69,258)
Total Other Financing	<u>\$ (28,318)</u>	<u>\$ (205,173)</u>	<u>\$ 50,593</u>	<u>\$ (174,141)</u>	<u>\$ (38,480)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>368,593</u>	<u>179,296</u>	<u>239,629</u>	<u>160,467</u>	<u>262,094</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	2,250,958	2,619,551	2,798,847	3,038,476	3,198,943
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u><u>\$ 2,619,551</u></u>	<u><u>\$ 2,798,847</u></u>	<u><u>\$ 3,038,476</u></u>	<u><u>\$ 3,198,943</u></u>	<u><u>\$ 3,461,037</u></u>

Source: Audited Financial Statements of the Town except where otherwise noted. This Appendix is not itself audited.



**GENERAL FUND**

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

Fiscal Years Ending	2019			2020
	Adopted Budget	Final . Budget	Actual	Adopted Budget
<b><u>REVENUES</u></b>				
Real Property Taxes	\$ 2,292,093	\$ 2,292,093	\$ 2,292,105	\$ 2,451,800
Real Property Tax Items	1,166,000	56,000	59,907	1,226,000
Non-Property Tax Items	-	1,120,000	1,440,092	-
Departmental Income	377,690	411,541	443,455	583,005
Use of Money & Property	44,400	65,510	101,607	44,400
Licenses and Permits	212,110	212,110	240,968	213,850
Fines and Forfeitures	210,000	210,000	228,598	175,000
Sale of Property and Compensation for Loss	-	1,166	1,561	-
Interfund Revenues	-	110,867	111,819	118,011
Miscellaneous	-	72,940	89,302	56,439
Revenues from State Sources	531,439	475,000	522,009	475,000
Revenues from Federal Sources	-	-	-	-
Total Revenues	<u>\$ 4,833,732</u>	<u>\$ 5,027,227</u>	<u>\$ 5,531,423</u>	<u>\$ 5,343,505</u>
<b><u>EXPENDITURES</u></b>				
General Government Support	\$ 1,603,494	\$ 2,155,926	\$ 1,744,977	\$ 1,769,642
Public Safety	23,500	24,904	24,644	25,360
Health	3,500	3,500	3,500	3,500
Transportation	219,352	235,002	234,235	225,066
Economic Assistance and Opportunity	28,913	28,913	27,498	28,913
Culture and Recreation	1,507,933	1,693,460	1,645,229	1,903,540
Home and Community Services	372,823	383,283	377,390	78,625
Employee Benefits	934,260	947,225	941,811	1,044,901
Debt Service	300,824	231,566	231,565	288,958
Total Expenditures	<u>\$ 4,994,599</u>	<u>\$ 5,703,779</u>	<u>\$ 5,230,849</u>	<u>\$ 5,368,505</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (160,867)</u>	<u>\$ (676,552)</u>	<u>\$ 300,574</u>	<u>\$ (25,000)</u>
Other Financing Sources (Uses):				
Operating Transfers In	110,867	33,260	30,778	-
Proceeds of Obligations	-	-	-	-
Operating Transfers Out	-	(69,258)	(69,258)	-
Total Other Financing	<u>\$ 110,867</u>	<u>\$ (35,998)</u>	<u>\$ (38,480)</u>	<u>\$ -</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(50,000)</u>	<u>(712,550)</u>	<u>262,094</u>	<u>(25,000)</u>
<b><u>FUND BALANCE</u></b>				
Fund Balance - Beginning of Year	50,000	712,550	3,198,943	25,000
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,461,037</u>	<u>\$ -</u>

Source: 2019 Audited Financial Statements and 2019 and 2020 budgets (unaudited) of the Town. This Appendix is not itself audited.

**APPENDIX - B**  
**Town of LaGrange**

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st	Principal	Interest	Total
2020	\$ 1,250,000	\$333,976.26	\$ 1,583,976.26
2021	1,291,830	390,674.63	1,682,504.63
2022	1,330,000	326,382.53	1,656,382.53
2023	1,335,000	290,463.78	1,625,463.78
2024	1,340,000	257,385.64	1,597,385.64
2025	1,345,000	226,575.63	1,571,575.63
2026	870,000	199,643.76	1,069,643.76
2027	530,000	181,453.12	711,453.12
2028	510,000	167,581.26	677,581.26
2029	515,000	153,696.91	668,696.91
2030	515,000	139,512.51	654,512.51
2031	465,000	125,837.50	590,837.50
2032	475,000	112,500.01	587,500.01
2033	235,000	102,487.51	337,487.51
2034	235,000	96,075.01	331,075.01
2035	240,000	89,606.27	329,606.27
2036	240,000	83,081.29	323,081.29
2037	245,000	76,406.28	321,406.28
2038	225,000	69,893.78	294,893.78
2039	225,000	63,693.78	288,693.78
2040	230,000	57,356.25	287,356.25
2041	230,000	50,881.26	280,881.26
2042	235,000	44,350.04	279,350.04
2043	235,000	37,762.53	272,762.53
2044	240,000	31,118.76	271,118.76
2045	240,000	24,337.51	264,337.51
2046	245,000	17,418.77	262,418.77
2047	190,000	11,300.02	201,300.02
2048	120,000	7,243.76	127,243.76
2049	120,000	4,393.76	124,393.76
2050	125,000	1,484.38	126,484.38
TOTALS	\$ 15,626,830	\$ 3,774,574.50	\$ 19,401,404.50

## 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 service 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(s) at closing.

# **TOWN OF LAGRANGE**

## **AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019**

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 LaGrange, New York

## Table of Contents

---

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Government -	
Wide Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General, Highway and Special Districts Funds	20
Statement of Assets and Liabilities - Fiduciary Fund	22
Notes to Financial Statements	23
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	48
New York State and Local Employees' Retirement System	
Schedule of the Town's Proportionate Share of the Net Pension Liability	49
Schedule of Contributions	49
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	50
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	51
Schedule of Revenues and Other Financing Sources Compared to Budget	53
Schedule of Expenditures and Other Financing Uses Compared to Budget	55
Highway Fund	
Comparative Balance Sheet	58
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	59
Special Districts Fund	
Combining Balance Sheet - Sub Funds	61
Combining Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Sub Funds	67
Special Purpose Fund	
Comparative Balance Sheet	73
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	74
Capital Projects Fund	
Comparative Balance Sheet	75
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	76
Project-Length Schedule	77

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of LaGrange, New York ("Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 5 in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit for the year ended December 31, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2019 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2019.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated June 20, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

July 7, 2020

## **Town of LaGrange, New York**

### **Management's Discussion and Analysis December 31, 2019**

---

The purpose of Management's Discussion and Analysis ("MD&A") is to provide the reader with a summary overview of the financial activities of the Town of LaGrange, New York ("Town") for the calendar year ending December 31, 2019. The MD&A is a summary and in no way is a substitute for the detailed information presented in the basic financial statements and other financial information and the accompanying notes to the financial statements that follow this section.

#### **Financial Highlights for Calendar Year 2019**

- On the government-wide financial statements, the Town had net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) of \$20,733,240 at calendar year end 2019. Unrestricted net position, which is available to meet the ongoing obligations of the Town totaled (\$1,353,589). The Town's net position decreased by \$573,657. This is a result of many factors, including the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 75 (see below).
- The Town's governmental funds combined ending fund balances (deficits) at December 31, 2019 were \$3,751,934. The total unassigned fund deficit for governmental funds was \$842,321 at December 31, 2019. This includes a deficit in the Capital Projects Fund of \$4,147,596.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$3,305,275 or 62% of the total General Fund expenditures and other financing uses. This is an increase of \$296,482 from fiscal year 2018.
- The Town maintained its AA2 bond rating during the 2019 fiscal year.
- At December 31, 2019, the Town reported in its Statement of Net Position a liability of \$620,853 for its proportionate share of the ERS net pension liability. More detailed information about the Town's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.

#### **Overview of the Financial Statements**

The Town's financial statements are composed of this MD&A and the basic financial statements. The MD&A serves as an introduction to the basic financial statements. The MD&A is an analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also includes other supplementary information as listed in the table of contents.

## **Government-wide Financial Statements**

The government-wide financial statements are prepared using the accrual basis of accounting and are presented in a format similar to private sector financial statements.

The components of the government-wide financial statements are as follows:

- The Statement of Net Position reports the Town's total assets, liabilities and deferred inflows/outflows of resources, and the difference, or net position. The intention is that, over time, the changes in net assets will indicate whether the Town's financial position is improving or deteriorating.
- The Statement of Activities indicates how the Town's net position changed from the prior calendar year. Changes in net position are reported as soon as the underlying event occurs, without regard to 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 such as uncollected taxes.

The Statement of Activities indicates the functions of the Town that are principally supported by taxes and intergovernmental revenues for governmental services. The governmental activities of the Town include: general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

## **Fund Financial Statements**

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

Governmental Funds - are used to account for the same functions 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 calendar year. This 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 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 the following governmental funds: General Fund, Special Revenue Funds (including Highway Fund, Special Districts Fund and the Special Purpose Fund) and Capital Projects Fund. Information is presented separately for each fund. Individual sub-fund data for the Special Districts Fund is provided in combining statements and schedules.

The Town adopts annual appropriated budgets for the General Fund, Highway Fund and the Special Districts Fund. Budgetary comparisons have been provided in the basic financial statements to demonstrate compliance with those budgets.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of these funds are not available to support the Town's own programs. The Town maintains one type of fiduciary fund, which is the Agency Fund. The Agency Fund maintains assets held for the benefit of others.

Notes to the Financial Statements - provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

As indicated previously, net position and changes to net position over time are expected to be a useful indicator of a government's financial position. The Town's net position at calendar year end December 31, 2019 was \$20,733,240. Approximately 16% of the Town's 2019 net position are restricted for various purposes (debt service and special purpose). Investments in capital assets, less any outstanding debt used to acquire those assets, account for the majority of the total net position. The Town uses these assets to provide services to citizens. Consequently, the assets cannot be used for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

A summary of the Town's net position is as follows:

<b>Governmental Activities Net Position</b>		
	2019	2018
Current Assets	\$ 14,484,939	\$ 13,353,635
Capital Assets, Net	37,905,425	37,966,052
<b>Total Assets</b>	<b>52,390,364</b>	<b>51,319,687</b>
Deferred Outflows of Resources	668,656	1,068,463
Current Liabilities	10,975,609	9,715,996
Long-Term Liabilities	21,148,409	20,490,964
<b>Total Liabilities</b>	<b>32,124,018</b>	<b>30,206,960</b>
Deferred Inflows of Resources	201,762	874,293
<b>Net Position</b>		
Net Investment in Capital Assets	20,772,921	19,927,615
Restricted	1,313,908	3,401,577
Unrestricted	(1,353,589)	(2,022,295)
<b>Total Net Position</b>	<b>\$ 20,733,240</b>	<b>\$ 21,306,897</b>

Restricted assets, which represent resources that are subject to external constraints on how they may be used, are approximately 16% of the total net position. The unrestricted net position may be used to meet the Town's ongoing financial obligations. This amount is (\$1,353,589) at December 31, 2019.

In 2019, The Town's net position, which relates solely to governmental activities, decreased by \$573,657 and is discussed in the next section.

Governmental Activities - account for the decrease in the Town's net position. A summary of the Town's change in net position, at December 31, 2019 is as follows:

<b>Changes in Net Position</b>		
<b>Year Ended December 31,</b>		
	2019	2018
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 2,458,468	\$ 2,486,583
Operating Grants and Contributions	369,846	305,796
Capital Grants and Contributions	39,875	201,125
General Revenues		
Real Property Taxes	7,084,587	7,030,254
Other Tax Items	277,399	141,154
Non-Property Taxes	1,440,092	1,355,812
Unrestricted Use of Money and Property	68,637	26,941
Sale of Property and Compensation for Loss	1,561	39,764
State Aid - unrestricted	522,009	517,422
Miscellaneous	88,302	33,808
Total Revenues	<u>12,350,776</u>	<u>12,138,659</u>
<b>PROGRAM EXPENSES</b>		
General Government Support	2,699,330	2,019,813
Public Safety	24,644	27,357
Health	7,054	4,983
Transportation	5,114,668	3,709,646
Economic Opportunity and Development	27,498	27,865
Culture and Recreation	2,219,458	1,800,914
Home and Community Services	2,246,844	2,358,824
Interest	584,937	540,766
Total Expenses	<u>12,924,433</u>	<u>10,490,168</u>
Change in Net Position	<u>(573,657)</u>	<u>1,648,491</u>
<b>NET POSITION</b>		
Beginning, as reported	21,306,897	20,679,689
Prior Period Adjustment	-	1,746,612
Cumulative Effect of Accounting Principle	-	(2,767,895)
Beginning, as restated	<u>21,306,897</u>	<u>19,658,406</u>
Ending	<u>\$ 20,733,240</u>	<u>\$ 21,306,897</u>

The major revenue categories are: Real Property Taxes 57%, Non-Property Taxes 12%, Charges for Services 20%, State Aid 4%, and Operating Grants and Contributions 3%. The major expenditure categories are: Transportation 40%, General Government Support 21%, Culture and Recreation 17%, and Home and Community Services 17%.

### **Financial Analysis of the Town's Funds**

It is still noteworthy to report that the Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

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

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. 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.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As previously indicated, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – are used to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financing requirements. The unassigned portion of fund balance can provide a useful measure of a government's net resources available for spending at the end of the calendar year. The Town's governmental funds reported total fund balances of \$7,899,530 (exclusive of Capital Projects deficit of \$4,147,596) and \$7,673,265 (exclusive of Capital Projects deficit of \$3,811,095) at December 31, 2019 and 2018, respectively. Approximately \$3,305,275 (exclusive of the Capital Projects Fund deficit), or about 42% of the 2019 total constitutes unassigned fund balance. The remaining fund balance is not available for new spending, because it has been committed for 2019: non-spendable \$84,119, restricted \$1,313,908, assigned \$3,196,228.

The General Fund is the Town's primary operating fund. At the end of the calendar year, the unassigned fund balance was \$3,305,275 and the total fund balance was \$3,461,037. As a measure of the General Fund's liquidity, it is useful to compare both the unassigned fund balance and the total fund balance to total General Fund expenditures and other financing uses. The unassigned fund balance represents approximately 62% and the total fund balance represents approximately 65% of General Fund expenditures and other financing uses.

The fund balance in the Town's General Fund increased by \$262,094 during the current calendar year. The primary reason for the increase was an increase in Non-property Tax and Miscellaneous revenues and an increase in General government Support and Culture and Recreation expenses.

The fund balance in the Town's Highway Fund decreased by \$343,954 during the current calendar year. The primary reason for the fund balance decrease was a decrease in Sale of Property and Compensation for Loss and an increase in Transportation and Interest expense.

### **General Fund Budgetary Highlights**

The difference between the original and final budgets for revenues and other financing sources is \$115,888 with the final amended budget more than the original budget. The increase relates to non-property tax (increase \$10,000), departmental income (increase \$33,851), use of money and property (increase \$21,110), sale of property and compensation for loss (increase \$1,166), miscellaneous income (increase \$16,501), and Other Financing Sources (\$33,260).

The difference between the original and final budgets for expenditures and other financing uses is \$768,968 with the final amended budget more than the original budget. The differences relate to General Government Support (increase \$542,962), Public Safety (increase \$1,404), Transportation (increase \$15,650), Culture and Recreation (increase \$185,527), Home and Community Services (increase \$10,460), and Employee Benefits (decrease \$12,965).

### **Capital Assets and Debt Administration**

Capital Assets – The Town's investment in capital assets for governmental activities at December 31, 2019 was \$37,905,425 net of accumulated depreciation of \$16,004,519. The investment in capital assets includes: land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure.

#### **Capital Assets (Net of Accumulated Depreciation) December 31,**

	2019	2018	Difference
Land	\$ 1,957,919	\$ 1,957,919	\$ -
Construction-in-progress	2,675,759	2,625,539	50,220
Buildings and Improvements	1,794,799	1,474,333	320,466
Machinery and Equipment	2,442,305	2,622,974	(180,669)
Infrastructure	29,034,643	29,285,287	(250,644)
<b>Total Capital Assets</b>	<b>\$ 37,905,425</b>	<b>\$ 37,966,052</b>	<b>\$ (60,627)</b>

Additional information on the Town's capital assets is available in the Notes to Financial Statements.

Outstanding Debt - at the end of calendar year 2019, the Town had a total of \$12,915,000 of bonded debt outstanding and \$10,022,627 of bond anticipation notes outstanding. All of the general obligation bonds are backed by the full faith and credit of the Town.

New York State statutes place a limit on the maximum amount of total outstanding long-term debt that may be incurred by a local municipal entity at no more than seven percent of the five-year average full valuation of all real property. The Town's current constitutional debt limitation is \$113,817,103 and the Town has consumed 10.67% of the debt contracting capacity.

Additional information on the Town's debt is available in the Notes to Financial Statements.

### **Economic Factors and Next Year's Budget and Rates**

The economic downturn continues to effect residents of the Town of LaGrange. In consideration of this and in response to the Property Tax Cap, which established a tax levy limit, the Town of LaGrange kept property tax levy increases under .75% in 2019 and under 2.26% in 2018.

While revenues were limited by the property tax increase, expenses such as health insurance premiums, personal services and debt service increased significantly. All of these factors were considered by management in preparing the Town's 2020 budget, which contained an increase over the 2019 budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the finances of the Town of LaGrange, New York. Questions about this report should be addressed to Mr. Alan Bell, Town Supervisor, Town of LaGrange, 120 Stringham Road, LaGrangeville, New York 12540.



**Town of LaGrange, New York**Statement of Net Position  
December 31, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 13,187,401
Receivables	
Accounts	391,072
State and Federal aid	188,566
Due from other governments	633,781
Prepaid expenses	84,119
Capital assets	
Not being depreciated	4,633,678
Being depreciated, net	33,271,747
Total Assets	52,390,364
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	668,656
<b>LIABILITIES</b>	
Accounts payable	335,331
Accrued liabilities	99,482
Due to retirement system	275,565
Bond anticipation notes payable	10,022,627
Accrued interest payable	242,604
Non-current liabilities	
Due within one year	1,276,743
Due in more than one year	19,871,666
Total Liabilities	32,124,018
<b>DEFERRED INFLOWS OF RESOURCES</b>	201,762
<b>NET POSITION</b>	
Net investment in capital assets	20,772,921
Restricted for	
Debt service	950,492
Special purpose	363,416
Unrestricted	(1,353,589)
Total Net Position	\$ 20,733,240

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

**Town of LaGrange, New York**

Statement of Activities

Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 2,699,330	\$ 80,371	\$ -	\$ -
Public safety	24,644	228,773	-	-
Health	7,054	-	-	-
Transportation	5,114,668	90,413	368,846	39,875
Economic opportunity and development	27,498	-	-	-
Culture and recreation	2,219,458	387,362	-	-
Home and community services	2,246,844	1,671,549	1,000	-
Interest	584,937	-	-	-
 Total Governmental Activities	 \$ 12,924,433	 \$ 2,458,468	 \$ 369,846	 \$ 39,875

General revenues

Real property taxes

Other tax items

Payments in lieu of taxes

Interest and penalties on real property taxes

Non-property taxes

Franchise fees

Non-property tax distribution from County

Unrestricted use of money and property

Sale of property and  
compensation for loss

Unrestricted State aid

Miscellaneous

Total General Revenues

Change in Net Position

**NET POSITION**

Beginning

Ending

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

<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>	
\$	(2,618,959)
	204,129
	(7,054)
	(4,615,534)
	(27,498)
	(1,832,096)
	(574,295)
	<u>(584,937)</u>
	 (10,056,244)
	 7,084,587
	136,108
	141,291
	321,432
	1,118,660
	68,637
	1,561
	522,009
	<u>88,302</u>
	<u>9,482,587</u>
	(573,657)
	 21,306,897
\$	<u><u>20,733,240</u></u>

**Town of LaGrange, New York**

Balance Sheet  
Governmental Funds  
December 31, 2019

	General	Highway	Special Districts	Special Purpose
<b>ASSETS</b>				
Cash and equivalents	\$ 2,803,611	\$ 890,378	\$ 3,227,686	\$ 363,416
Receivables				
Accounts	123,809	4,610	262,653	-
State and Federal aid	188,566	-	-	-
Due from other governments	633,781	-	-	-
Due from other funds	414	1,176	6,903	-
	946,570	5,786	269,556	-
Prepaid expenditures	84,119	-	-	-
Total Assets	<u>\$ 3,834,300</u>	<u>\$ 896,164</u>	<u>\$ 3,497,242</u>	<u>\$ 363,416</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 135,872	\$ 111,187	\$ 67,101	\$ -
Accrued liabilities	72,197	27,285	-	-
Due to retirement system	162,809	112,756	-	-
Due to other funds	2,385	-	-	-
Bond anticipation notes payable	-	-	-	-
Total Liabilities	373,263	251,228	67,101	-
Fund balances (deficits)				
Nonspendable	84,119	-	-	-
Restricted	71,643	51,781	827,068	363,416
Assigned	-	593,155	2,603,073	-
Unassigned	3,305,275	-	-	-
Total Fund Balances (Deficits)	3,461,037	644,936	3,430,141	363,416
Total Liabilities and Fund Balances (Deficits)	<u>\$ 3,834,300</u>	<u>\$ 896,164</u>	<u>\$ 3,497,242</u>	<u>\$ 363,416</u>

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

Capital Projects	Total Governmental Funds
\$ 5,902,310	\$ 13,187,401
-	391,072
-	188,566
-	633,781
-	8,493
-	1,221,912
-	84,119
\$ 5,902,310	\$ 14,493,432

\$ 21,171	\$ 335,331
-	99,482
-	275,565
6,108	8,493
10,022,627	10,022,627
10,049,906	10,741,498
-	84,119
-	1,313,908
-	3,196,228
(4,147,596)	(842,321)
(4,147,596)	3,751,934
\$ 5,902,310	\$ 14,493,432

## Town of LaGrange, New York

### Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position December 31, 2019

---

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

Fund Balances - Total Governmental Funds	\$ 3,751,934
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>37,905,425</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension liabilities whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	75,286
Deferred amounts on net pension liability	<u>391,608</u>
	<u>466,894</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(242,604)
Bonds payable	(13,060,194)
Net pension liability	(620,853)
Compensated absences	(234,935)
Landfill closure costs	(91,199)
Other post employment benefit obligations payable	<u>(7,141,228)</u>
	<u>(21,391,013)</u>
Net Position of Governmental Activities	<u>\$ 20,733,240</u>

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

**Town of LaGrange, New York**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**Governmental Funds**
**Year Ended December 31, 2019**

	General	Highway	Special Districts	Special Purpose
<b>REVENUES</b>				
Real property taxes	\$ 2,292,105	\$ 3,601,400	\$ 1,191,082	\$ -
Other tax items	59,907	-	217,492	-
Non-property taxes	1,440,092	-	-	-
Departmental income	443,455	-	1,166,014	-
Use of money and property	101,607	31,819	63,086	1,623
Licenses and permits	240,968	4,200	-	-
Fines and forfeitures	228,598	-	-	-
Sale of property and compensation for loss	1,561	34,643	-	-
Interfund revenues	111,819	15,613	-	-
State aid	522,009	368,846	-	-
Miscellaneous	89,302	19,716	51,376	140,000
<b>Total Revenues</b>	<b>5,531,423</b>	<b>4,076,237</b>	<b>2,689,050</b>	<b>141,623</b>
<b>EXPENDITURES</b>				
Current				
General government support	1,744,977	3,980	-	-
Public safety	24,644	-	-	-
Health	3,500	-	-	-
Transportation	234,235	3,195,749	23,226	-
Economic opportunity and development	27,498	-	-	-
Culture and recreation	1,645,229	-	-	-
Home and community services	377,390	-	1,033,208	-
Employee benefits	941,811	749,575	-	-
Debt service				
Principal	122,309	137,699	984,992	-
Interest	109,256	117,997	348,933	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>5,230,849</b>	<b>4,205,000</b>	<b>2,390,359</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>300,574</b>	<b>(128,763)</b>	<b>298,691</b>	<b>141,623</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,778	1,553	-	-
Transfers out	(69,258)	(216,744)	(132,189)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(38,480)</b>	<b>(215,191)</b>	<b>(132,189)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>262,094</b>	<b>(343,954)</b>	<b>166,502</b>	<b>141,623</b>
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	3,198,943	988,890	3,263,639	221,793
End of Year	\$ 3,461,037	\$ 644,936	\$ 3,430,141	\$ 363,416

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

Capital Projects	Governmental Funds
\$ -	\$ 7,084,587
-	277,399
-	1,440,092
-	1,609,469
-	198,135
-	245,168
-	228,598
-	36,204
-	127,432
-	890,855
39,875	340,269
39,875	12,478,208
-	1,748,957
-	24,644
-	3,500
-	3,453,210
-	27,498
-	1,645,229
-	1,410,598
-	1,691,386
-	1,245,000
-	576,186
762,236	762,236
762,236	12,588,444
(722,361)	(110,236)
418,191	450,522
(32,331)	(450,522)
385,860	-
(336,501)	(110,236)
(3,811,095)	3,862,170
\$ (4,147,596)	\$ 3,751,934



## Town of LaGrange, New York

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2019

---

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

Net Change in Fund Balances - Total Governmental Funds	\$ (110,236)
--	--------------

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

Capital outlay expenditures	1,186,687
Depreciation expense	<u>(1,247,314)</u>
	<u>(60,627)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of 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 on the statement of activities.

Amortization of premium and loss on refunding bonds	9,322
Principal paid on bonds	<u>1,245,000</u>
	<u>1,254,322</u>

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

Accrued interest	(18,073)
Compensated absences	(37,203)
Pension liability	(61,913)
Landfill closure cost	3,620
Other post employment benefit obligations	<u>(1,543,547)</u>
	<u>(1,657,116)</u>

Change in Net Position of Governmental Activities	<u>\$ (573,657)</u>
---	---------------------

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

**Town of LaGrange, New York**

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
General, Highway and Special Districts Funds  
Year Ended December 31, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 2,292,093	\$ 2,292,093	\$ 2,292,105	\$ 12
Other tax items	56,000	56,000	59,907	3,907
Non-property taxes	1,110,000	1,120,000	1,440,092	320,092
Departmental income	377,690	411,541	443,455	31,914
Use of money and property	44,400	65,510	101,607	36,097
Licenses and permits	212,110	212,110	240,968	28,858
Fines and forfeitures	210,000	210,000	228,598	18,598
Sale of property and compensation for loss	-	1,166	1,561	395
Interfund revenues	110,867	110,867	111,819	952
State aid	475,000	475,000	522,009	47,009
Miscellaneous	56,439	72,940	89,302	16,362
Total Revenues	4,944,599	5,027,227	5,531,423	504,196
<b>EXPENDITURES</b>				
Current				
General government support	1,612,964	2,155,926	1,744,977	410,949
Public safety	23,500	24,904	24,644	260
Health	3,500	3,500	3,500	-
Transportation	219,352	235,002	234,235	767
Economic opportunity and development	28,913	28,913	27,498	1,415
Culture and recreation	1,507,933	1,693,460	1,645,229	48,231
Home and community services	372,823	383,283	377,390	5,893
Employee benefits	934,260	947,225	941,811	5,414
Debt service				
Principal	122,309	122,309	122,309	-
Interest	109,257	109,257	109,256	1
Total Expenditures	4,934,811	5,703,779	5,230,849	472,930
Excess (Deficiency) of Revenues Over Expenditures	9,788	(676,552)	300,574	977,126
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	33,260	30,778	(2,482)
Transfers out	(69,258)	(69,258)	(69,258)	-
Total Other Financing Uses	(69,258)	(35,998)	(38,480)	(2,482)
Net Change in Fund Balances	(59,470)	(712,550)	262,094	974,644
<b>FUND BALANCES</b>				
Beginning of Year	59,470	712,550	3,198,943	2,486,393
End of Year	\$ -	\$ -	\$ 3,461,037	\$ 3,461,037

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

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,601,400	\$ 3,601,400	\$ 3,601,400	\$ -	\$ 1,191,082	\$ 1,191,082	\$ 1,191,082	\$ -
-	-	-	-	203,408	203,408	217,492	14,084
-	-	-	-	-	-	-	-
-	-	-	-	1,040,497	1,041,284	1,166,014	124,730
2,500	30,663	31,819	1,156	-	-	63,086	63,086
4,000	4,000	4,200	200	-	-	-	-
-	-	-	-	-	-	-	-
-	32,028	34,643	2,615	-	-	-	-
15,000	15,000	15,613	613	-	-	-	-
330,000	368,846	368,846	-	-	-	-	-
-	-	19,716	19,716	-	-	51,376	51,376
3,952,900	4,051,937	4,076,237	24,300	2,434,987	2,435,774	2,689,050	253,276
3,800	3,980	3,980	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,710,000	3,276,308	3,195,749	80,559	28,700	28,700	23,226	5,474
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,119,972	1,164,022	1,033,208	130,814
792,140	752,150	749,575	2,575	-	-	-	-
137,699	137,699	137,699	-	984,992	984,992	984,992	-
117,998	117,998	117,997	1	349,134	349,133	348,933	200
3,761,637	4,288,135	4,205,000	83,135	2,482,798	2,526,847	2,390,359	136,488
191,263	(236,198)	(128,763)	107,435	(47,811)	(91,073)	298,691	389,764
-	-	1,553	1,553	-	-	-	-
(191,263)	(216,744)	(216,744)	-	(132,189)	(132,189)	(132,189)	-
(191,263)	(216,744)	(215,191)	1,553	(132,189)	(132,189)	(132,189)	-
-	(452,942)	(343,954)	108,988	(180,000)	(223,262)	166,502	389,764
-	452,942	988,890	535,948	180,000	223,262	3,263,639	3,040,377
\$ -	\$ -	\$ 644,936	\$ 644,936	\$ -	\$ -	\$ 3,430,141	\$ 3,430,141

**Town of LaGrange, New York**

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2019

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$ 1,061,381</u>
<b>LIABILITIES</b>	
Deposits payable	<u>\$ 1,061,381</u>

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

**Note 1 - Summary of Significant Accounting Policies**

The Town of LaGrange, New York ("Town") was established in 1832 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

**A. Financial Reporting Entity**

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

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

**B. Government-Wide Financial Statements**

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

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

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

Special Districts Fund - The Special Districts Fund is used to account for the operation and maintenance of the Town's lighting, drainage, sewer and water districts. The major revenues of this fund are real property taxes and departmental income.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with terms of a trust agreement.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - Fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes 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.

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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to net pension liability, compensated absences, landfill closure costs and other postemployment benefit obligations payable 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.

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

**Cash and Equivalents, Investments and Risk Disclosure**

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

**Risk Disclosure**

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40, *"Deposits and Investment Risk Disclosures – an amendment of GASB Statement No. 3"* directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2019.

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

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

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special districts taxes which are levied and due January 1st and payable without penalty to February 28th. The Town retains the total amount



**Note 1 - Summary of Significant Accounting Policies (Continued)**

of town, highway and special districts taxes from the total collections and returns the balance plus the uncollected items to Dutchess County which assumes collection responsibility.

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

**Due From/To Other Funds** - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the fund financial statements are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-40
Machinery and equipment	3-15
Infrastructure	25-40

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

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

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

Deferred outflows and inflows of resources have been reported on the government-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 593,370	\$ 201,762
Deferred loss on refunding bonds	75,286	-
	<u>\$ 668,656</u>	<u>\$ 201,762</u>

The Town's deferred outflows of resources and deferred inflows of resources in relation to its pension obligations are detailed in the discussion of the Town's pension plan in Note 3E.

The amount reported for the deferred loss on refunding bonds in the Statement of Net Position results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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. Issuance costs,

**Note 1 - Summary of Significant Accounting Policies (Continued)**

whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

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

**Net Position** - Net position represent the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for debt service, special districts and special purpose. The balance is classified as unrestricted.

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

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or delegated to the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Highway and Special Districts funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 7, 2020.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

- a) On or before September 30th, the Supervisor shall submit a tentative budget to the Town Clerk.
- b) On or before October 5th, the Town Clerk shall present the tentative budget to the Town Board.
- c) Once the tentative budget is approved by the Town Board, it becomes the preliminary budget. The Town Board files the preliminary budget with the Town Clerk where it is available for inspection. In addition, the Board shall cause to be published a notice specifying a time and place for a public hearing.
- d) At the public hearing, taxpayers may comment on the preliminary budget.
- e) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- f) Formal budgetary integration is employed during the year as a management control device for the General, Highway and Special Districts funds.
- g) Budgets for the General, Highway and Special District funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- h) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General, Highway and Special District funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts as promulgated by the Office of the State Comptroller.

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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**B. Property Tax Limitation**

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

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

**C. Fund Deficits**

The Maplewood Water District sub-fund in the Special Districts Fund had an assigned fund deficit of \$5,664 at December 31, 2019. The Town will address this deficit in the ensuing year.

**D. Capital Projects Fund Project Deficits**

The unassigned deficit in the Capital Projects Fund of \$4,147,596 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance the construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

**Note 3 - Detailed Notes on All Funds**

**A. Due From/To Other Funds**

The composition of due from/to other funds at December 31, 2019 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 414	\$ 2,385
Highway	1,176	-
Special Districts	6,903	-
Capital Projects	-	6,108
	<u>\$ 8,493</u>	<u>\$ 8,493</u>

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

**B. Capital Assets**

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

<u>Class</u>	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2019</u>
Capital Assets, not being depreciated:				
Land	\$ 1,957,919	\$ -	\$ -	\$ 1,957,919
Construction-in-progress	2,625,539	322,346	272,126	2,675,759
Total Capital Assets, not being Depreciated	<u>\$ 4,583,458</u>	<u>\$ 322,346</u>	<u>\$ 272,126</u>	<u>\$ 4,633,678</u>
Capital Assets, being depreciated:				
Buildings and improvements	\$ 3,516,419	\$ 381,468	\$ -	\$ 3,897,887
Machinery and equipment	7,003,528	226,322	52,716	7,177,134
Infrastructure	37,672,568	528,677	-	38,201,245
Total Capital Assets, being Depreciated	<u>48,192,515</u>	<u>1,136,467</u>	<u>52,716</u>	<u>49,276,266</u>
Less Accumulated Depreciation for:				
Building and improvements	2,042,086	61,002	-	2,103,088
Machinery and equipment	4,380,554	406,991	52,716	4,734,829
Infrastructure	8,387,281	779,321	-	9,166,602
Total Accumulated Depreciation	<u>14,809,921</u>	<u>1,247,314</u>	<u>52,716</u>	<u>16,004,519</u>
Total Capital Assets, being Depreciated, net	<u>\$ 33,382,594</u>	<u>\$ (110,847)</u>	<u>\$ -</u>	<u>\$ 33,271,747</u>
Capital Assets, net	<u>\$ 37,966,052</u>	<u>\$ 211,499</u>	<u>\$ 272,126</u>	<u>\$ 37,905,425</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

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

General Government Support	\$ 66,127
Transportation	626,758
Culture and Recreation	69,277
Home and Community Services	<u>485,152</u>
Total Depreciation Expense	<u>\$ 1,247,314</u>

**C. Accrued Liabilities**

Accrued liabilities at December 31, 2019 were as follows:

	Fund		
	General	Highway	Total
Payroll and Employee Benefits	<u>\$ 72,197</u>	<u>\$ 27,285</u>	<u>\$ 99,482</u>

**D. Short-Term Capital Borrowings**

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2019	Issued	Redemptions	Balance December 31, 2019
Various improvements	2013	02/26/2020	2.29 %	\$ 791,483	\$ -	\$ 65,054	\$ 726,429
Highway equipment	2015	02/26/2020	2.29	7,691	-	2,144	5,547
Various improvements	2017	06/12/2020	2.50	5,552,452	-	272,054	5,280,398
Water improvements	2018	02/26/2020	2.40	1,193,000	-	29,825	1,163,175
Sewer improvements	2018	02/26/2020	2.40	945,271	-	23,633	921,638
Highway resurfacing	2019	06/12/2020	2.35	-	500,000	-	500,000
Water improvements	2019	06/12/2020	2.79	-	949,900	-	949,900
Sewer improvements	2019	06/12/2020	2.79	-	475,540	-	475,540
				<u>\$ 8,489,897</u>	<u>\$ 1,925,440</u>	<u>\$ 392,710</u>	<u>\$ 10,022,627</u>

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



**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures of \$209,011 were recorded in the fund financial statements in the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 47,638
Highway	68,015
Special District	93,358
	<u>\$ 209,011</u>

Interest expense of \$236,579 was recorded in the government-wide financial statements for governmental activities.

**E. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2019:

	<u>Balance January 1, 2019</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance December 31, 2019</u>	<u>Due Within One Year</u>
General Obligation Bonds Payable	\$ 14,160,000	\$ -	\$ 1,245,000	\$ 12,915,000	\$ 1,250,000
Plus -					
Unamortized premium on bonds	164,554	-	19,360	145,194	-
	<u>14,324,554</u>	<u>-</u>	<u>1,264,360</u>	<u>13,060,194</u>	<u>1,250,000</u>
Other Non-Current Liabilities:					
Net Pension Liability	276,178	344,675	-	620,853	-
Compensated Absences	197,732	57,203	20,000	234,935	23,000
Landfill Closure Costs	94,819	-	3,620	91,199	3,743
Other Post Employment Benefit Obligations Payable	<u>5,597,681</u>	<u>1,681,922</u>	<u>138,375</u>	<u>7,141,228</u>	<u>-</u>
Total Other Non-Current Liabilities	<u>6,166,410</u>	<u>2,083,800</u>	<u>161,995</u>	<u>8,088,215</u>	<u>26,743</u>
Total Long-Term Liabilities	<u>\$ 20,490,964</u>	<u>\$ 2,083,800</u>	<u>\$ 1,426,355</u>	<u>\$ 21,148,409</u>	<u>\$ 1,276,743</u>

Each governmental fund's liability for bonds, net pension liability, compensated absences, landfill closure costs and other post-employment benefit obligations payable is liquidated by the General, Highway and Special Districts funds.

**Note 3 - Detailed Notes on All Funds (Continued)**

**General Obligation Bonds Payable**

General obligation bonds payable at December 31, 2019 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2019
Public Improvements	2017	\$ 5,461,259	March, 2047	3.000 - 3.375 %	\$ 4,965,000
Refunding Serial Bond	2015	3,145,000	March, 2026	2.000 - 4.000	2,315,000
Public Improvements	2015	3,296,084	December, 2032	2.000 - 2.625	2,620,000
Refunding Serial Bond	2012	7,305,000	April, 2025	2.000 - 3.000	3,015,000
					<u>\$ 12,915,000</u>

Interest expenditures of \$367,175 were recorded in the fund financial statements in the following funds.

Fund	Amount
General	\$ 61,618
Highway	49,982
Special District	255,575
	<u>\$ 367,175</u>

Interest expense of \$348,358 was recorded in the government-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2019, including interest payments of \$2,700,725 are as follows:

Year Ending December 31,	Bonds	
	Principal	Interest
2020	\$ 1,250,000	\$ 333,976
2021	1,255,000	300,376
2022	1,265,000	266,326
2023	1,265,000	231,926
2024	1,270,000	200,423
2025-2029	3,405,000	668,269
2030-2034	1,510,000	359,606
2035-2039	710,000	215,375
2040-2044	650,000	109,344
2045-2047	335,000	15,104
	<u>\$ 12,915,000</u>	<u>\$ 2,700,725</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

The above general obligations bonds are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

**Pension Plans**

*New York State and Local Employees' Retirement System*

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

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2019 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
4 A15	15.8 %
5 A15	13.2
6 A15	9.3

At December 31, 2019, the Town reported the following for its proportionate share of the net pension liability for ERS:

Measurement date	March 31, 2019
Net pension liability	\$ 620,853
Town's proportion of the net pension liability	0.0087625%
Change in proportion since the prior measurement date	0.0002053%

**Note 3 - Detailed Notes on All Funds (Continued)**

The net pension liability was measured as of March 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2019, the Town recognized pension expense in the government-wide financial statements of \$423,990. Pension expenditures of \$362,077 were recorded in the fund financial statements and were charged to the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 214,526
Highway	147,551
	<u>\$ 362,077</u>

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 122,259	\$ 41,677
Changes of assumptions	156,057	-
Net difference between projected and actual earnings on pension plan investments	-	159,345
Changes in proportion and differences between Town contributions and proportionate share of contributions	39,489	740
Town contributions subsequent to the measurement date	<u>275,565</u>	<u>-</u>
	<u>\$ 593,370</u>	<u>\$ 201,762</u>

\$275,565 reported as deferred outflows of resources resulting from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	
2020	\$ 145,121
2021	(113,172)
2022	(2,388)
2023	86,482

**Note 3 - Detailed Notes on All Funds (Continued)**

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

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Investment rate of return	7.0% *
Salary scale	4.2%
Inflation rate	2.5%
Cost of living adjustments	1.3%

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

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

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

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

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<u>100 %</u>	

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

**Note 3 - Detailed Notes on All Funds (Continued)**

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the ERS net pension liability (asset)	<u>\$ 2,714,468</u>	<u>\$ 620,853</u>	<u>\$ (1,137,932)</u>

The components of the collective net pension liability as of the March 31, 2019 measurement date were as follows:

Total pension liability	\$ 189,803,429,000
Fiduciary net position	<u>182,718,124,000</u>
Employers' net pension liability	<u>\$ 7,085,305,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>96.27%</u>

Employer contributions are paid annually and cover the period through the end of the ERS's fiscal year, which is March 31<sup>st</sup>. Retirement contributions as of December 31, 2019 represent the employer contribution for the period of April 1, 2019 through December 31, 2019 based on prior year wages multiplied by the employers' contribution rate, by tier. The Retirement contribution for the nine months ended December 31, 2019 was \$275,565.

*Voluntary Defined Contribution Plan*

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

**Compensated Absences**

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year. Union employees may accumulate one-half of their annual vacation time each year without limit, and non-union employees may accumulate no more than 20 days. Upon separation from service, employees are paid for any vacation time. Employees accrue sick leave at the rate of

**Note 3 - Detailed Notes on All Funds (Continued)**

13 days per year and may accumulate such credits without limit. Union employees may buy back 100% of sick leave credits accumulated prior to 1997 and 50% of sick leave credits accumulated after 1997 upon retirement at the employees' current pay rate. Non-union employees may not receive settlement for unused sick leave.

**Landfill Closure Costs**

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

It is important to recognize that during the year 2002, violations were documented at the landfill and in 2003 an Order of Consent was issued through the New York State Department of Environmental Conservation ("NYSDEC") to remediate Environmental Conservation Law and New York Codes Rule and Regulations violations. To comply with this order the municipalities were required to perform final closure of the landfill under current regulations by December 31, 2006 and perform post closure care and monitoring for a minimum of thirty years. The estimated cost of final closure is \$10,000,000.

All costs are to be borne proportionately by each participant; the Town's share is 9.5%. Initial funding came from the issuance of debt by each municipality. The Town issued \$900,000 in bond anticipation notes to finance its share. The municipalities also applied for a grant through the NYSDEC's LCSAP program to the extent of \$2,000,000 which will be refunded to participants when received.

Post closure and monitoring costs, which began in 2007 and will continue for thirty years, are estimated to be approximately \$1,163,000, with the Town's remaining share being \$91,199 at December 31, 2019.

**Other Post Employment Benefit Obligations ("OPEB")**

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

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	24
Active employees	48
	<hr/>
	72
	<hr/>

**Note 3 - Detailed Notes on All Funds (Continued)**

The Town's total OPEB liability of \$7,141,228 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00%
Discount rate	2.74%
Healthcare cost trend rates	Medical 4.6 – 4.8% Pharmacy 4.7 – 7.6%
Retirees' share of benefit-related costs	Varies from 0% to 50%, depending on applicable retirement year and bargaining unit

The discount rate was based on the 20-year AA General Obligation bond rate as of the measurement date.

Mortality rates were based on RP2000 Mortality Table for males and females projected 18 years. Turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

The Town's change in the total OPEB liability for the year ended December 31, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 5,597,681
Service cost	202,294
Interest	243,016
Changes of benefit terms	-
Differences between expected and actual experience	(58,287)
Changes in assumptions or other inputs	1,294,899
Benefit payments	<u>(138,375)</u>
Total OPEB Liability - End of Year	<u>\$ 7,141,228</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current discount rate:

	1% Decrease (1.74%)	Current Assumption (2.74%)	1% Increase (3.74%)
Total OPEB Liability	<u>\$ 8,256,636</u>	<u>\$ 7,141,228</u>	<u>\$ 6,235,749</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.6% decreasing to 2.0%) or 1 percentage point higher (8.6% decreasing to 4.0%) than the current healthcare cost trend rates:



**Note 3 - Detailed Notes on All Funds (Continued)**

	1% Decrease (3.6% decreasing to 2.0%)	Healthcare Cost Trend Rates (4.6% decreasing to 3.0%)	1% Increase (5.6% decreasing to 4.0%)
Total OPEB Liability	\$ 6,123,436	\$ 7,141,228	\$ 8,402,211

For the year ended December 31, 2019, the Town recognized OPEB expense of \$1,543,547 in the government-wide financial statements. At December 31, 2019, no amounts were reported as deferred outflows/inflows of resources.

**F. Revenues and Expenditures**

**Interfund Transfers**

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

Transfer Out	Transfer In			Total
	General Fund	Highway Fund	Capital Projects Fund	
General Fund	\$ -	\$ -	\$ 69,258	\$ 69,258
Highway Fund	-	-	216,744	216,744
Special Districts Fund	-	-	132,189	132,189
Capital Projects Fund	30,778	1,553	-	32,331
	<u>\$ 30,778</u>	<u>\$ 1,553</u>	<u>\$ 418,191</u>	<u>\$ 450,522</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and 2) move amounts to the general and highway funds for completed capital projects.

**G. Net Position**

The components of net position are detailed below:

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

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

**Note 3 - Detailed Notes on All Funds (Continued)**

*Restricted for Special Districts* - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

*Restricted for Special Purpose* - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

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

# Town of LaGrange, New York

## Notes to Financial Statements (Continued) December 31, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

#### H. Fund Balances

	2019						2018					
	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total
Nonspendable - Prepaid expenditures	\$ 84,119	\$ -	\$ -	\$ -	\$ -	\$ 84,119	\$ 79,785	\$ -	\$ -	\$ -	\$ -	\$ 79,785
Restricted:												
Special purpose	-	-	-	363,416	-	363,416	-	-	-	221,793	-	221,793
Debt service	46,643	36,781	667,068	-	-	750,492	50,895	30,058	757,994	-	-	838,947
Debt service for Subsequent year's expenditures	25,000	15,000	160,000	-	-	200,000	50,000	-	180,000	-	-	230,000
Total Restricted	71,643	51,781	827,068	363,416	-	1,313,908	100,895	30,058	937,994	221,793	-	1,290,740
Assigned - Purchases on order - General government support	-	-	-	-	-	-	9,470	-	-	-	-	9,470
Major Funds	-	593,155	2,603,073	-	-	3,196,228	-	958,832	2,325,645	-	-	3,284,477
Total Assigned	-	593,155	2,603,073	-	-	3,196,228	9,470	958,832	2,325,645	-	-	3,293,947
Unassigned	3,305,275	-	-	-	(4,147,596)	(842,321)	2,999,323	-	-	-	(3,811,095)	(811,772)
Total Fund Balances	\$ 3,461,037	\$ 644,936	\$ 3,430,141	\$ 363,416	\$ (4,147,596)	\$ 3,751,934	\$ 3,198,943	\$ 988,890	\$ 3,263,639	\$ 221,793	\$ (3,811,095)	\$ 3,862,170

**Note 3 - Detailed Notes on All Funds (Continued)**

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

Prepaid Expenditures has been established to account for payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Purchases on order are assigned and represent the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Subsequent years' expenditures represent that at December 31, 2019, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget.

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

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

The Town, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, property damage or personal injury. All the claims currently pending have been referred to the insurance carrier and none are expected to have a material effect on the Town's financial position, if adversely settled.

There are also currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town if existing assessment rolls are modified based upon the outcome of the litigation proceedings. The amount of possible refunds cannot be determined at the present time and any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

**B. Risk Management**

The Town purchases conventional insurance coverages to reduce its exposure to loss. The Town maintains general liability and umbrella policies with coverage up to \$3 million and \$20 million, respectively. Workers' compensation coverage is secured at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in 2019. The Town also purchases conventional health insurance coverage for employees from various providers.

**C. Contingencies**

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

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**D. Tax Abatements**

The Town has real property tax abatement agreements exempt under Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. The total tax abatement for the year ended December 31, 2019 is as follows:

Start Date	Agreement	Benefit Units	Tax Rate	Tax Value	PILOT Revenue	Tax Abated
2018	ESHAA Petroleum Corp.	8.00	\$ 331.51	\$ 2,652.08	\$ 2,652.00	\$ -
2018	JFK Properties	2.50	331.51	829	829	-
2018	Joseph Daubman	1.00	331.51	332	332	-
2018	Michael & Melanie Betros	1.00	331.51	332	332	-
2018	Patrick Page Properties	1.54	331.51	511	511	-
2018	Patrick Page Properties	8.00	331.51	2,652	2,652	-
2018	Khurram & Farrah Ashraf	1.00	331.51	332	332	-
2018	Hudson River Housing, Inc.	16.20	331.51	5,370	5,370	-
2018	Titusville Estates, LLC	23.00	175.36	4,033	4,033	-
2018	Titusville Estates, LLC	37.00	175.36	6,488	6,488	-
2018	Titusville Estates, LLC	75.00	175.36	13,152	13,152	-
2018	165 Overlook Road, LLC	91.00	119.32	10,858	10,858	-
2018	Titusville Estates, LLC	22.00	335.22	7,375	7,375	-
2018	Titusville Estates, LLC	33.00	335.22	11,062	11,062	-
2018	Titusville Estates, LLC	75.00	335.22	25,142	25,142	-
2018	165 Overlook Road, LLC	83.95	438.63	36,823	36,823	-
2019	John Page Development, LLC	21.60	332.00	7,171	7,171	-
2019	Randart Realty	3.00	332.00	996	996	-
					<u>\$ 136,110</u>	<u>\$ -</u>

**Note 5 - Subsequent Events**

The Town on May 13, 2020, issued a \$8,436,450 bond anticipation note for various purposes. The notes matures on May 13, 2021 and bears interest rate of 1.18% per annum.

The Town on February 25, 2020, issued \$2,711,830 in bonds. The bonds will be used for various capital improvement projects for the Town. The bonds mature annually through 2050 with interest rates ranging from 2.250% to 2.375%, depending on maturity.

Subsequent to year end, the coronavirus pandemic has resulted in substantial economic volatility on a global scale. As a result, the Town's economically sensitive revenues (i.e. sales taxes, mortgage recording taxes, interest earnings, fees, state and federal aid might be negatively impacted. Collection rates on real property taxes might be slowed as unemployment rates are expected to spike. Meanwhile, the Town's expenditures for public safety and health service functions and pension benefits (due to stock market declines) would all be expected to increase. None of these factors were taken into consideration in the development of the 2020 adopted budget. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Town's financial position at the time.

\*\*\*\*\*

# Town of LaGrange, New York

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

	2019	2018
Total OPEB Liability:		
Service cost		
Interest	\$ 202,294	\$ 217,942
Changes of benefit terms	243,016	181,492
Differences between expected and actual experience	(58,287)	422,391
Changes of assumptions or other inputs	1,294,899 (4)	(983,837)
Benefit payments	(138,375)	(143,157)
Net Change in Total OPEB Liability	1,543,547	(305,169)
Total OPEB Liability – Beginning of Year	5,597,681	5,902,850 (3)
Total OPEB Liability – End of Year	<u>\$ 7,141,228</u>	<u>\$ 5,597,681</u>
Town's covered-employee payroll	<u>\$ 2,865,640</u>	<u>\$ 2,764,719</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>249%</u>	<u>202%</u>

### Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of GASB Statement No. 75.

(4) The discount rate used to calculate the total OPEB Liability was decreased from 4.24% to 2.74% effective with the December 31, 2019 valuation date..

See independent auditors' report.

**Town of LaGrange, New York**

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

**Schedule of the Town's Proportionate Share of the Net Pension Liability**

	2019	2018	2017	2016 (2)	2015
Town's proportion of the net pension liability	<u>0.0087625%</u>	<u>0.0085572%</u>	<u>0.0083142%</u>	<u>0.0082973%</u>	<u>0.0074896%</u>
Town's proportionate share of the net pension liability	<u>\$ 620,853</u>	<u>\$ 276,178</u>	<u>\$ 781,220</u>	<u>\$ 1,331,741</u>	<u>\$ 253,016</u>
Town's covered payroll	<u>\$ 2,791,505</u>	<u>\$ 2,572,722</u>	<u>\$ 2,911,976</u>	<u>\$ 2,518,992</u>	<u>\$ 2,183,346</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>22.24%</u>	<u>10.73%</u>	<u>26.83%</u>	<u>52.87%</u>	<u>11.59%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

**Schedule of Contributions**

	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 367,436</u>	<u>\$ 346,044</u>	<u>\$ 356,075</u>	<u>\$ 326,536</u>	<u>\$ 375,348</u>
Contributions in relation to the contractually required contribution	<u>(367,436)</u>	<u>(346,044)</u>	<u>(356,075)</u>	<u>(326,536)</u>	<u>(375,348)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 2,845,724</u>	<u>\$ 2,729,018</u>	<u>\$ 2,541,769</u>	<u>\$ 2,280,642</u>	<u>\$ 2,329,679</u>
Contributions as a percentage of covered payroll	<u>12.91%</u>	<u>12.68%</u>	<u>14.01%</u>	<u>14.32%</u>	<u>16.11%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

See independent auditors' report.

**Town of LaGrange, New York**General Fund  
Comparative Balance Sheet  
December 31,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 2,803,611	\$ 2,607,600
Receivables		
Accounts	123,809	163,795
State and Federal aid	188,566	106,149
Due from other governments	633,781	543,199
Due from other funds	414	316
	946,570	813,459
Prepaid expenditures	84,119	79,785
Total Assets	<u>\$ 3,834,300</u>	<u>\$ 3,500,844</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 135,872	\$ 89,634
Accrued liabilities	72,197	55,763
Unearned revenues	-	800
Due to retirement system	162,809	155,149
Due to other funds	2,385	555
Total Liabilities	373,263	301,901
Fund balance		
Nonspendable	84,119	79,785
Restricted	71,643	100,895
Assigned	-	9,470
Unassigned	3,305,275	3,008,793
Total Fund Balance	3,461,037	3,198,943
Total Liabilities and Fund Balance	<u>\$ 3,834,300</u>	<u>\$ 3,500,844</u>

See independent auditors' report.



**Town of LaGrange, New York**

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

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 2,292,093	\$ 2,292,093	\$ 2,292,105	\$ 12
Other tax items	56,000	56,000	59,907	3,907
Non-property taxes	1,110,000	1,120,000	1,440,092	320,092
Departmental income	377,690	411,541	443,455	31,914
Use of money and property	44,400	65,510	101,607	36,097
Licenses and permits	212,110	212,110	240,968	28,858
Fines and forfeitures	210,000	210,000	228,598	18,598
Sale of property and compensation for loss	-	1,166	1,561	395
Interfund revenues	110,867	110,867	111,819	952
State aid	475,000	475,000	522,009	47,009
Miscellaneous	56,439	72,940	89,302	16,362
Total Revenues	4,944,599	5,027,227	5,531,423	504,196
<b>EXPENDITURES</b>				
Current				
General government support	1,612,964	2,155,926	1,744,977	410,949
Public safety	23,500	24,904	24,644	260
Health	3,500	3,500	3,500	-
Transportation	219,352	235,002	234,235	767
Economic opportunity and development	28,913	28,913	27,498	1,415
Culture and recreation	1,507,933	1,693,460	1,645,229	48,231
Home and community services	372,823	383,283	377,390	5,893
Employee benefits	934,260	947,225	941,811	5,414
Debt service				
Principal	122,309	122,309	122,309	-
Interest	109,257	109,257	109,256	1
Total Expenditures	4,934,811	5,703,779	5,230,849	472,930
Excess (Deficiency) of Revenues Over Expenditures	9,788	(676,552)	300,574	977,126
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	33,260	30,778	(2,482)
Transfers out	(69,258)	(69,258)	(69,258)	-
Total Other Financing Sources (Uses)	(69,258)	(35,998)	(38,480)	(2,482)
Net Change in Fund Balance	(59,470)	(712,550)	262,094	974,644
<b>FUND BALANCE</b>				
Beginning of Year	59,470	712,550	3,198,943	2,486,393
End of Year	\$ -	\$ -	\$ 3,461,037	\$ 3,461,037

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,172,316	\$ 2,172,316	\$ 2,172,321	\$ 5
59,000	59,000	48,856	(10,144)
1,080,000	1,080,000	1,355,812	275,812
470,628	504,402	552,967	48,565
17,800	27,270	55,141	27,871
202,130	202,130	208,439	6,309
210,000	210,000	194,543	(15,457)
-	38,827	39,764	937
109,397	109,397	108,302	(1,095)
556,439	566,240	527,223	(39,017)
-	13,792	33,808	20,016
4,877,710	4,983,374	5,297,176	313,802
1,630,985	1,835,575	1,659,705	175,870
19,500	27,936	27,357	579
3,500	3,500	3,500	-
220,084	270,198	258,940	11,258
28,213	28,213	27,865	348
1,448,510	1,509,812	1,506,182	3,630
361,038	362,658	358,795	3,863
940,607	927,802	882,382	45,420
122,966	122,966	122,309	657
116,741	116,741	115,533	1,208
4,892,144	5,205,401	4,962,568	242,833
(14,434)	(222,027)	334,608	556,635
-	-	-	-
(82,477)	(1,088,106)	(174,141)	913,965
(82,477)	(1,088,106)	(174,141)	913,965
(96,911)	(1,310,133)	160,467	1,470,600
96,911	1,310,133	3,038,476	1,728,343
\$ -	\$ -	\$ 3,198,943	\$ 3,198,943

**Town of LaGrange, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended December 31, 2019

(With Comparative Actuals for 2018 )

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2018 Actual
<b>REAL PROPERTY TAXES</b>	<u>\$ 2,292,093</u>	<u>\$ 2,292,093</u>	<u>\$ 2,292,105</u>	<u>\$ 12</u>	<u>\$ 2,172,321</u>
<b>OTHER TAX ITEMS</b>					
Interest and penalties on real property taxes	<u>56,000</u>	<u>56,000</u>	<u>59,907</u>	<u>3,907</u>	<u>48,856</u>
<b>NON-PROPERTY TAXES</b>					
Franchise fees	<u>280,000</u>	<u>290,000</u>	<u>321,432</u>	<u>31,432</u>	<u>325,410</u>
Non-property tax distribution from County	<u>830,000</u>	<u>830,000</u>	<u>1,118,660</u>	<u>288,660</u>	<u>1,030,402</u>
	<u>1,110,000</u>	<u>1,120,000</u>	<u>1,440,092</u>	<u>320,092</u>	<u>1,355,812</u>
<b>DEPARTMENTAL INCOME</b>					
Tax collector fees	<u>550</u>	<u>550</u>	<u>577</u>	<u>27</u>	<u>550</u>
Town Clerk and other fees	<u>7,440</u>	<u>7,440</u>	<u>5,827</u>	<u>(1,613)</u>	<u>5,821</u>
Police and dog pound fees	<u>125</u>	<u>125</u>	<u>175</u>	<u>50</u>	<u>75</u>
Safety inspection fees	<u>5,000</u>	<u>5,000</u>	<u>2,950</u>	<u>(2,050)</u>	<u>2,725</u>
Culture and recreation fees	<u>233,425</u>	<u>233,425</u>	<u>245,739</u>	<u>12,314</u>	<u>230,763</u>
Planning board and other fees	<u>77,300</u>	<u>111,151</u>	<u>133,506</u>	<u>22,355</u>	<u>249,173</u>
Other service fees	<u>53,850</u>	<u>53,850</u>	<u>54,681</u>	<u>831</u>	<u>63,860</u>
	<u>377,690</u>	<u>411,541</u>	<u>443,455</u>	<u>31,914</u>	<u>552,967</u>
<b>USE OF MONEY AND PROPERTY</b>					
Earnings on investments	<u>10,000</u>	<u>31,110</u>	<u>68,637</u>	<u>37,527</u>	<u>26,941</u>
Rental of real property	<u>34,400</u>	<u>34,400</u>	<u>32,970</u>	<u>(1,430)</u>	<u>28,200</u>
	<u>44,400</u>	<u>65,510</u>	<u>101,607</u>	<u>36,097</u>	<u>55,141</u>

**LICENSES AND PERMITS**

Dog and other licenses  
Permits

8,000	8,000	6,693	(1,307)	7,502
204,110	204,110	234,275	30,165	200,937
212,110	212,110	240,968	28,858	208,439

**FINES AND FORFEITURES**

Fines and forfeited bail

210,000	210,000	228,598	18,598	194,543
---------	---------	---------	--------	---------

**SALE OF PROPERTY AND COMPENSATION  
FOR LOSS**

Sale of equipment  
Insurance recoveries

-	-	300	300	-
-	1,166	1,261	95	39,764
-	1,166	1,561	395	39,764

**INTERFUND REVENUES**

110,867	110,867	111,819	952	108,302
---------	---------	---------	-----	---------

**STATE AID**

Court facilities  
Per capita  
Mortgage tax

-	-	-	-	9,801
-	-	-	-	56,439
475,000	475,000	522,009	47,009	460,983
475,000	475,000	522,009	47,009	527,223

**MISCELLANEOUS**

Refund of prior year expenditures  
Gifts and donations  
Miscellaneous

-	-	-	-	2,196
-	-	1,000	1,000	-
56,439	72,940	88,302	15,362	31,612
56,439	72,940	89,302	16,362	33,808

**TOTAL REVENUES**

4,944,599	5,027,227	5,531,423	504,196	5,297,176
-----------	-----------	-----------	---------	-----------

**OTHER FINANCING SOURCES**

Transfers in  
Capital Projects Fund

-	33,260	30,778	(2,482)	-
---	--------	--------	---------	---

**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

<u>\$ 4,944,599</u>	<u>\$ 5,060,487</u>	<u>\$ 5,562,201</u>	<u>\$ 501,714</u>	<u>\$ 5,297,176</u>
---------------------	---------------------	---------------------	-------------------	---------------------

See independent auditors' report.

# Town of LaGrange, New York

## General Fund

### Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2019

(With Comparative Actuals for 2018 )

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2018 Actual
<b>GENERAL GOVERNMENT SUPPORT</b>					
Town Board	\$ 40,000	\$ 40,000	\$ 39,039	\$ 961	\$ 39,414
Town Justice	208,228	227,336	227,336	-	194,851
Supervisor	175,363	176,198	176,196	2	168,980
Finance	150,145	154,145	150,744	3,401	145,367
Audit	20,500	39,539	39,539	-	20,000
Tax collection	81,601	81,601	80,216	1,385	75,869
Assessor	182,175	172,831	170,294	2,537	173,994
Fiscal agent fees	30,000	17,278	17,241	37	17,104
Town Clerk	108,306	114,928	109,547	5,381	110,315
Town Attorney	60,000	90,000	89,496	504	96,122
Personnel	10,425	10,425	9,106	1,319	10,877
General public works	132,499	128,499	126,135	2,364	126,250
Engineering	5,000	11,800	10,941	859	500
Records management	804	94,688	24,442	70,246	37,486
Buildings	134,470	488,426	191,100	297,326	215,381
Central printing and mailing	40,713	40,713	37,348	3,365	35,654
Central data processing	30,135	86,545	71,077	15,468	28,381
Unallocated insurance	153,000	163,867	159,533	4,334	144,765
Municipal association dues	1,500	1,500	1,500	-	1,500
Judgments and claims	5,000	1,210	1,210	-	3,582
Taxes and assessments on property	7,000	6,142	6,142	-	6,799
Metropolitan commuter transportation mobility tax	6,400	6,795	6,795	-	6,514
Contingency	29,700	1,460	-	1,460	-
	<u>1,612,964</u>	<u>2,155,926</u>	<u>1,744,977</u>	<u>410,949</u>	<u>1,659,705</u>
<b>PUBLIC SAFETY</b>					
Traffic control	9,000	9,109	8,889	220	8,421
Animal control	13,500	13,500	13,460	40	17,967
Other	1,000	2,295	2,295	-	969
	<u>23,500</u>	<u>24,904</u>	<u>24,644</u>	<u>260</u>	<u>27,357</u>

**HEALTH**

Registrar of Vital Statistics

3,500	3,500	3,500	-	3,500
-------	-------	-------	---	-------

**TRANSPORTATION**

Highway administration

139,352	139,801	139,662	139	135,093
---------	---------	---------	-----	---------

Garage

65,000	80,201	80,201	-	109,594
--------	--------	--------	---	---------

Street lighting

15,000	15,000	14,372	628	14,253
--------	--------	--------	-----	--------

219,352	235,002	234,235	767	258,940
---------	---------	---------	-----	---------

**ECONOMIC OPPORTUNITY AND DEVELOPMENT**

Programs for the aging

28,913	28,913	27,498	1,415	27,865
--------	--------	--------	-------	--------

**CULTURE AND RECREATION**

Parks

493,392	653,938	611,840	42,098	523,554
---------	---------	---------	--------	---------

Recreation administration

350,923	367,010	361,727	5,283	350,878
---------	---------	---------	-------	---------

Library

652,308	661,039	661,039	-	622,900
---------	---------	---------	---	---------

Historian

2,310	2,360	2,360	-	2,300
-------	-------	-------	---	-------

Celebrations

3,000	3,113	3,113	-	3,000
-------	-------	-------	---	-------

Band concerts

6,000	6,000	5,150	850	3,550
-------	-------	-------	-----	-------

1,507,933	1,693,460	1,645,229	48,231	1,506,182
-----------	-----------	-----------	--------	-----------

**HOME AND COMMUNITY SERVICES**

Zoning and appeals

296,571	296,571	294,009	2,562	288,391
---------	---------	---------	-------	---------

Planning Board

68,252	73,099	72,944	155	64,607
--------	--------	--------	-----	--------

Environmental control

1,200	1,100	454	646	216
-------	-------	-----	-----	-----

Refuse and garbage

2,300	3,800	3,800	-	7
-------	-------	-------	---	---

Beautification

1,000	4,613	2,083	2,530	735
-------	-------	-------	-------	-----

Drainage

3,500	4,100	4,100	-	4,839
-------	-------	-------	---	-------

372,823	383,283	377,390	5,893	358,795
---------	---------	---------	-------	---------

**EMPLOYEE BENEFITS**

State retirement

181,000	214,526	214,526	-	204,828
---------	---------	---------	---	---------

Social security

156,000	156,000	153,013	2,987	149,206
---------	---------	---------	-------	---------

Workers' compensation benefits

67,700	49,250	49,246	4	60,106
--------	--------	--------	---	--------

Unemployment benefits

3,000	889	-	889	2,622
-------	-----	---	-----	-------

Disability

1,600	1,600	1,524	76	1,873
-------	-------	-------	----	-------

Health insurance

522,560	522,560	521,409	1,151	461,812
---------	---------	---------	-------	---------

Other

2,400	2,400	2,093	307	1,935
-------	-------	-------	-----	-------

934,260	947,225	941,811	5,414	882,382
---------	---------	---------	-------	---------

**Town of LaGrange, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2019

(With Comparative Actuals for 2018 )

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2018 Actual
<b>DEBT SERVICE</b>					
Principal					
Serial bonds	\$ 122,309	\$ 122,309	\$ 122,309	\$ -	\$ 122,309
Interest					
Serial bonds	61,619	61,619	61,618	1	57,741
Bond anticipation notes	47,638	47,638	47,638	-	57,792
	109,257	109,257	109,256	1	115,533
	231,566	231,566	231,565	1	237,842
<b>TOTAL EXPENDITURES</b>	4,934,811	5,703,779	5,230,849	472,930	4,962,568
<b>OTHER FINANCING USES</b>					
Transfers out					
Capital Projects Fund	69,258	69,258	69,258	-	174,141
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 5,004,069</u>	<u>\$ 5,773,037</u>	<u>\$ 5,300,107</u>	<u>\$ 472,930</u>	<u>\$ 5,136,709</u>

See independent auditors' report.

**Town of LaGrange, New York**

Highway Fund  
Comparative Balance Sheet  
December 31,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 890,378	\$ 1,143,808
Receivables		
Accounts	4,610	2,900
Due from other funds	1,176	845
	5,786	3,745
Total Assets	\$ 896,164	\$ 1,147,553
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 111,187	\$ 33,655
Accrued liabilities	27,285	19,739
Unearned revenues	-	885
Due to retirement system	112,756	104,383
Due to other funds	-	1
Total Liabilities	251,228	158,663
Fund balance		
Restricted	51,781	30,058
Assigned	593,155	958,832
Total Fund Balance	644,936	988,890
Total Liabilities and Fund Balance	\$ 896,164	\$ 1,147,553

See independent auditors' report.



**Town of LaGrange, New York**

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

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 3,601,400	\$ 3,601,400	\$ 3,601,400	\$ -
Use of money and property	2,500	30,663	31,819	1,156
License and permits	4,000	4,000	4,200	200
Sale of property and compensation for loss	-	32,028	34,643	2,615
Interfund revenues	15,000	15,000	15,613	613
State aid	330,000	368,846	368,846	-
Miscellaneous	-	-	19,716	19,716
<b>Total Revenues</b>	<b>3,952,900</b>	<b>4,051,937</b>	<b>4,076,237</b>	<b>24,300</b>
<b>EXPENDITURES</b>				
Current				
General government support	3,800	3,980	3,980	-
Transportation				
Repairs and maintenance	1,765,000	2,050,383	1,993,645	56,738
Snow removal	940,000	1,221,425	1,197,604	23,821
Brush and weeds	5,000	4,500	4,500	-
	<b>2,710,000</b>	<b>3,276,308</b>	<b>3,195,749</b>	<b>80,559</b>
Employee benefits	792,140	752,150	749,575	2,575
Debt service				
Principal				
Serial bonds	137,699	137,699	137,699	-
Interest				
Serial bonds	49,983	49,983	49,982	1
Bond anticipation notes	68,015	68,015	68,015	-
	<b>117,998</b>	<b>117,998</b>	<b>117,997</b>	<b>1</b>
<b>Total Expenditures</b>	<b>3,761,637</b>	<b>4,288,135</b>	<b>4,205,000</b>	<b>83,135</b>
Excess (Deficiency) of Revenues Over Expenditures	191,263	(236,198)	(128,763)	107,435
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,553	1,553
Transfers out	(191,263)	(216,744)	(216,744)	-
<b>Total Other Financing Uses</b>	<b>(191,263)</b>	<b>(216,744)</b>	<b>(215,191)</b>	<b>1,553</b>
Net Change in Fund Balance	-	(452,942)	(343,954)	108,988
<b>FUND BALANCE</b>				
Beginning of Year	-	452,942	988,890	535,948
End of Year	\$ -	\$ -	\$ 644,936	\$ 644,936

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,547,192	\$ 3,547,192	\$ 3,547,192	\$ -
2,500	2,500	10,432	7,932
4,000	4,000	6,400	2,400
-	46,856	137,235	90,379
10,000	10,000	15,486	5,486
264,466	295,995	295,995	-
-	-	24,987	24,987
3,828,158	3,906,543	4,037,727	131,184
3,800	4,100	3,747	353
1,691,966	1,770,350	1,736,699	33,651
900,000	1,100,000	1,028,224	71,776
5,000	5,000	2,500	2,500
2,596,966	2,875,350	2,767,423	107,927
882,974	882,674	770,439	112,235
137,705	137,705	137,705	-
49,543	49,543	47,892	1,651
45,814	45,814	45,814	-
95,357	95,357	93,706	1,651
3,716,802	3,995,186	3,773,020	222,166
111,356	(88,643)	264,707	353,350
-	-	-	-
(131,356)	(909,122)	(131,357)	777,765
(131,356)	(909,122)	(131,357)	777,765
(20,000)	(997,765)	133,350	1,131,115
20,000	997,765	855,540	(142,225)
\$ -	\$ -	\$ 988,890	\$ 988,890

**Town of LaGrange, New York**

Special Districts Fund  
Combining Balance Sheet - Sub-Funds  
December 31, 2019  
(With Comparative Totals for 2018 )

	Lighting Districts		Drainage Districts		
	Town Lighting	Town Center Lighting	Dutchess Farms	Frank Farms	Sleight Farms
<b>ASSETS</b>					
Cash and equivalents	\$ 4,936	\$ 12,989	\$ 82,780	\$ 160,106	\$ 101,412
Receivables					
Accounts	-	-	-	-	-
Due from other funds	-	1,290	-	-	-
	-	1,290	-	-	-
Total Assets	\$ 4,936	\$ 14,279	\$ 82,780	\$ 160,106	\$ 101,412
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities					
Accounts payable	\$ 1,444	\$ 825	\$ -	\$ -	\$ -
Fund balances (deficits)					
Restricted	-	-	-	-	-
Assigned	3,492	13,454	82,780	160,106	101,412
Total Fund Balances (Deficits)	3,492	13,454	82,780	160,106	101,412
Total Liabilities and Fund Balances (Deficits)	\$ 4,936	\$ 14,279	\$ 82,780	\$ 160,106	\$ 101,412

Drainage Districts (Continued)							
H & K Page	Laurel Ridge	MGM Properties	Maloney Woods	Lincoln Ridge	Providence Estates	Meadow Ridge	Sunset Ridge Estates
\$ 26,484	\$ 58,276	\$ 49,824	\$ 42,630	\$ 65,345	\$ 7,743	\$ 49,775	\$ 18,260
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 26,484</u>	<u>\$ 58,276</u>	<u>\$ 49,824</u>	<u>\$ 42,630</u>	<u>\$ 65,345</u>	<u>\$ 7,743</u>	<u>\$ 49,775</u>	<u>\$ 18,260</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
26,484	58,276	49,824	42,630	65,345	7,743	49,775	18,260
26,484	58,276	49,824	42,630	65,345	7,743	49,775	18,260
<u>\$ 26,484</u>	<u>\$ 58,276</u>	<u>\$ 49,824</u>	<u>\$ 42,630</u>	<u>\$ 65,345</u>	<u>\$ 7,743</u>	<u>\$ 49,775</u>	<u>\$ 18,260</u>

(Continued)

**Town of LaGrange, New York**

Special Districts Fund  
Combining Balance Sheet - Sub Funds (Continued)  
December 31, 2019  
(With Comparative Totals for 2018 )

	Drainage Districts (Continued)				
	Todd Hill Crossings	SVF Stormwater	Harvest Ridge	Windance Estates	The Reserve
<b>ASSETS</b>					
Cash and equivalents	\$ 24,863	\$ 76,869	\$ 129,208	\$ 58,009	\$ 37,183
Receivables					
Accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
	-	-	-	-	-
Total Assets	<u>\$ 24,863</u>	<u>\$ 76,869</u>	<u>\$ 129,208</u>	<u>\$ 58,009</u>	<u>\$ 37,183</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances (deficits)					
Restricted	-	-	-	-	-
Assigned	24,863	76,869	129,208	58,009	37,183
Total Fund Balances (Deficits)	<u>24,863</u>	<u>76,869</u>	<u>129,208</u>	<u>58,009</u>	<u>37,183</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 24,863</u>	<u>\$ 76,869</u>	<u>\$ 129,208</u>	<u>\$ 58,009</u>	<u>\$ 37,183</u>

Sewer Districts						
Noxon Knolls	Sleight- Frank Farms	Sunset Ridge	Titusville	Daley Farms	Overlook Place	Town Center
\$ -	\$ 288,268	\$ 23,239	\$ 778,924	\$ 9,771	\$ 4,482	\$ 5,973
11,571	-	1,047	100,665	-	-	-
508	-	-	-	693	318	-
12,079	-	1,047	100,665	693	318	-
<u>\$ 12,079</u>	<u>\$ 288,268</u>	<u>\$ 24,286</u>	<u>\$ 879,589</u>	<u>\$ 10,464</u>	<u>\$ 4,800</u>	<u>\$ 5,973</u>
\$ 2,836	\$ -	\$ 168	\$ 25,974	\$ -	\$ -	\$ -
671	280,394	-	174,187	10,398	4,769	3,855
8,572	7,874	24,118	679,428	66	31	2,118
9,243	288,268	24,118	853,615	10,464	4,800	5,973
<u>\$ 12,079</u>	<u>\$ 288,268</u>	<u>\$ 24,286</u>	<u>\$ 879,589</u>	<u>\$ 10,464</u>	<u>\$ 4,800</u>	<u>\$ 5,973</u>

(Continued)

**Town of LaGrange, New York**

Special Districts Fund  
Combining Balance Sheet - Sub-Funds (Continued)  
December 31, 2019  
(With Comparative Totals for 2018 )

	Water Districts					
	S.W. Ext. #5	Grandview	Harvest Ridge	Manchester	Daley Farms	Mapleview
<b>ASSETS</b>						
Cash and equivalents	\$ 5,387	\$ 1,957	\$ 32	\$ 497,999	\$ 17,787	\$ -
Receivables						
Accounts	-	8,173	-	111,843	-	-
Due from other funds	-	1,016	-	-	1,243	-
	-	9,189	-	111,843	1,243	-
Total Assets	<u>\$ 5,387</u>	<u>\$ 11,146</u>	<u>\$ 32</u>	<u>\$ 609,842</u>	<u>\$ 19,030</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Liabilities						
Accounts payable	\$ -	\$ 2,092	\$ -	\$ 26,638	\$ -	\$ 2,492
Fund balances (deficits)						
Restricted	9	4,734	-	161,292	18,910	3,172
Assigned	5,378	4,320	32	421,912	120	(5,664)
Total Fund Balances (Deficits)	<u>5,387</u>	<u>9,054</u>	<u>32</u>	<u>583,204</u>	<u>19,030</u>	<u>(2,492)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 5,387</u>	<u>\$ 11,146</u>	<u>\$ 32</u>	<u>\$ 609,842</u>	<u>\$ 19,030</u>	<u>\$ -</u>

See independent auditors' report.

Water Districts (Continued)		Totals	
Titusville	Town Center #2	2019	2018
\$ 98,149	\$ 489,026	\$ 3,227,686	\$ 3,082,229
-	29,354	262,653	256,199
-	1,835	6,903	2,803
-	31,189	269,556	259,002
<u>\$ 98,149</u>	<u>\$ 520,215</u>	<u>\$ 3,497,242</u>	<u>\$ 3,341,231</u>
\$ -	\$ 4,632	\$ 67,101	\$ 77,592
86,226	78,451	827,068	937,994
11,923	437,132	2,603,073	
98,149	515,583	3,430,141	937,994
<u>\$ 98,149</u>	<u>\$ 520,215</u>	<u>\$ 3,497,242</u>	<u>\$ 1,015,586</u>



**Town of LaGrange, New York**

Special Districts Fund  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Sub-Funds  
Year Ended December 31, 2019  
(With Comparative Actuals for 2018 )

	Lighting Districts		Drainage Districts		
	Town Lighting	Town Center Lighting	Dutchess Farms	Frank Farms	Sleight Farms
<b>REVENUES</b>					
Real property taxes	\$ 16,200	\$ 12,500	\$ 5,000	\$ 13,175	\$ 10,000
Other tax items	-	52	-	-	-
Departmental income	-	-	-	-	-
Use of money and property	35	-	246	474	300
Sale of property and compensation for loss	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>16,235</b>	<b>12,552</b>	<b>5,246</b>	<b>13,649</b>	<b>10,300</b>
<b>EXPENDITURES</b>					
Current					
Transportation	15,867	7,359	-	-	-
Home and community services	-	-	-	-	62
	<b>15,867</b>	<b>7,359</b>	<b>-</b>	<b>-</b>	<b>62</b>
Debt service					
Principal					
Serial bonds	-	-	-	-	-
Interest					
Serial bonds	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-
<b>Total Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>15,867</b>	<b>7,359</b>	<b>-</b>	<b>-</b>	<b>62</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>368</b>	<b>5,193</b>	<b>5,246</b>	<b>13,649</b>	<b>10,238</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>368</b>	<b>5,193</b>	<b>5,246</b>	<b>13,649</b>	<b>10,238</b>
<b>FUND BALANCES (DEFICITS)</b>					
Beginning of Year	3,124	8,261	77,534	146,457	91,174
End of Year	<u>\$ 3,492</u>	<u>\$ 13,454</u>	<u>\$ 82,780</u>	<u>\$ 160,106</u>	<u>\$ 101,412</u>

Drainage Districts (Continued)

H & K Page	Laurel Ridge	MGM Properties	Maloney Woods	Lincoln Ridge	Providence Estates	Meadow Ridge
\$ 2,000	\$ 3,500	\$ 3,000	\$ 3,500	\$ 5,000	\$ -	\$ 3,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78	173	148	126	193	23	148
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,078	3,673	3,148	3,626	5,193	23	3,148
-	-	-	-	-	-	-
4	13	8	4	25	4	11
4	13	8	4	25	4	11
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4	13	8	4	25	4	11
2,074	3,660	3,140	3,622	5,168	19	3,137
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,074	3,660	3,140	3,622	5,168	19	3,137
24,410	54,616	46,684	39,008	60,177	7,724	46,638
\$ 26,484	\$ 58,276	\$ 49,824	\$ 42,630	\$ 65,345	\$ 7,743	\$ 49,775

(Continued)

**Town of LaGrange, New York**

Special Districts Fund  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Sub-Funds (Continued)  
Year Ended December 31, 2019  
(With Comparative Actuals for 2018 )

	Drainage Districts (Continued)					
	Sunset Ridge Estates	Todd Hill Crossings	SVF Stormwater	Harvest Ridge	Windance Estates	The Reserve
<b>REVENUES</b>						
Real property taxes	\$ 1,500	\$ 1,500	\$ 6,300	\$ 16,000	\$ 3,500	\$ 2,500
Other tax items	-	-	-	-	-	-
Departmental income	-	-	-	-	-	-
Use of money and property	54	74	227	381	172	110
Sale of property and compensation for loss	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<b>1,554</b>	<b>1,574</b>	<b>6,527</b>	<b>16,381</b>	<b>3,672</b>	<b>2,610</b>
<b>EXPENDITURES</b>						
Current						
Transportation	-	-	-	-	-	-
Home and community services	-	8	11	-	17	7
	-	8	11	-	17	7
Debt service						
Principal						
Serial bonds	-	-	-	-	-	-
Interest						
Serial bonds	-	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-	-
<b>Total Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>-</b>	<b>8</b>	<b>11</b>	<b>-</b>	<b>17</b>	<b>7</b>
Excess (Deficiency) of Revenues Over Expenditures	1,554	1,566	6,516	16,381	3,655	2,603
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,554</b>	<b>1,566</b>	<b>6,516</b>	<b>16,381</b>	<b>3,655</b>	<b>2,603</b>
<b>FUND BALANCES (DEFICITS)</b>						
Beginning of Year	16,706	23,297	70,353	112,827	54,354	34,580
End of Year	\$ 18,260	\$ 24,863	\$ 76,869	\$ 129,208	\$ 58,009	\$ 37,183

Sewer Districts						
Noxon Knolls	Sleight- Frank Farms	Sunset Ridge	Titusville	Daley Farms	Overlook Place	Town Center
\$ -	\$ 27,286	\$ -	\$ 230,695	\$ -	\$ -	\$ 34,317
-	-	-	21,338	23,673	10,858	-
40,505	-	4,695	469,522	-	-	-
515	871	68	2,272	8,703	3,991	18
-	-	-	-	-	-	-
-	-	-	20	-	-	-
41,020	28,157	4,763	723,847	32,376	14,849	34,335
-	-	-	-	-	-	-
42,848	-	2,544	380,342	-	-	-
42,848	-	2,544	380,342	-	-	-
-	28,977	-	196,644	-	-	-
-	18,308	-	90,611	-	-	-
-	-	-	745	7,412	3,399	13,264
-	18,308	-	91,356	7,412	3,399	13,264
-	47,285	-	288,000	7,412	3,399	13,264
42,848	47,285	2,544	668,342	7,412	3,399	13,264
(1,828)	(19,128)	2,219	55,505	24,964	11,450	21,071
-	-	-	-	-	-	-
-	-	-	(10,000)	(16,202)	(7,431)	(21,053)
-	-	-	(10,000)	(16,202)	(7,431)	(21,053)
(1,828)	(19,128)	2,219	45,505	8,762	4,019	18
11,071	307,396	21,899	808,110	1,702	781	5,955
\$ 9,243	\$ 288,268	\$ 24,118	\$ 853,615	\$ 10,464	\$ 4,800	\$ 5,973

(Continued)

**Town of LaGrange, New York**

Special Districts Fund  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Sub Funds (Continued)  
Year Ended December 31, 2019  
(With Comparative Actuals for 2018 )

	Water Districts				
	S.W. Ext. #5	Grandview	Harvest Ridge	Manchester	Daley Farms
<b>REVENUES</b>					
Real property taxes	\$ -	\$ 6,604	\$ 4,799	\$ 719,148	\$ -
Other tax items	-	-	-	36,823	43,578
Departmental income	-	36,388	-	498,288	-
Use of money and property	16	1,018	5	1,913	15,790
Sale of property and compensation for loss	-	-	-	-	-
Miscellaneous	-	-	-	35,411	-
<b>Total Revenues</b>	<b>16</b>	<b>44,010</b>	<b>4,804</b>	<b>1,291,583</b>	<b>59,368</b>
<b>EXPENDITURES</b>					
Current					
Transportation	-	-	-	-	-
Home and community services	-	22,267	-	479,674	-
	-	22,267	-	479,674	-
Debt service					
Principal					
Serial bonds	-	-	-	708,669	-
Interest					
Serial bonds	-	-	-	117,301	-
Bond anticipation notes	-	3,150	2,587	-	13,644
<b>Total Interest</b>	<b>-</b>	<b>3,150</b>	<b>2,587</b>	<b>117,301</b>	<b>13,644</b>
<b>Total Debt Service</b>	<b>-</b>	<b>3,150</b>	<b>2,587</b>	<b>825,970</b>	<b>13,644</b>
<b>Total Expenditures</b>	<b>-</b>	<b>25,417</b>	<b>2,587</b>	<b>1,305,644</b>	<b>13,644</b>
Excess (Deficiency) of Revenues Over Expenditures	16	18,593	2,217	(14,061)	45,724
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(3,453)	(2,211)	-	(29,825)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(3,453)</b>	<b>(2,211)</b>	<b>-</b>	<b>(29,825)</b>
<b>Net Change in Fund Balances</b>	<b>16</b>	<b>15,140</b>	<b>6</b>	<b>(14,061)</b>	<b>15,899</b>
<b>FUND BALANCES (DEFICITS)</b>					
Beginning of Year	5,371	(6,086)	26	597,265	3,131
End of Year	\$ 5,387	\$ 9,054	\$ 32	\$ 583,204	\$ 19,030

See independent auditors' report.

Water Districts (Continued)			Totals	
Mapleview	Titusville	Town Center #2	2019	2018
\$ 30,779	\$ 29,279	\$ -	\$ 1,191,082	\$ 1,310,741
-	-	81,170	217,492	92,298
-	-	116,616	1,166,014	1,049,518
8	312	24,624	63,086	27,131
-	-	-	-	15,716
-	-	15,945	51,376	115,355
30,787	29,591	238,355	2,689,050	2,610,759
-	-	-	23,226	25,446
-	-	105,359	1,033,208	1,131,663
-	-	105,359	1,056,434	1,157,109
24,525	26,177	-	984,992	981,245
6,254	23,101	-	255,575	249,555
-	-	49,157	93,358	81,561
6,254	23,101	49,157	348,933	331,116
30,779	49,278	49,157	1,333,925	1,312,361
30,779	49,278	154,516	2,390,359	2,469,470
8	(19,687)	83,839	298,691	141,289
-	-	-	-	472,802
-	-	(42,014)	(132,189)	(663,390)
-	-	(42,014)	(132,189)	(190,588)
8	(19,687)	41,825	166,502	(49,299)
(2,500)	117,836	473,758	3,263,639	3,312,938
\$ (2,492)	\$ 98,149	\$ 515,583	\$ 3,430,141	\$ 3,263,639

**Town of LaGrange, New York**

Special Purpose Fund  
Comparative Balance Sheet  
December 31,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 363,416</u>	<u>\$ 221,793</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 363,416</u>	<u>\$ 221,793</u>

See independent auditors' report.

**Town of LaGrange, New York**

## Special Purpose Fund

## Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended December 31,

	2019	2018
<b>REVENUES</b>		
Use of money and property	\$ 1,623	\$ 660
Miscellaneous	140,000	115,000
Total Revenues	141,623	115,660
<b>EXPENDITURES</b>	-	-
Excess of Revenues Over Expenditures	141,623	115,660
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	100,169
Transfers out	-	(124,146)
Total Other Financing Uses	-	(23,977)
Net Change in Fund Balance	141,623	91,683
<b>FUND BALANCE</b>		
Beginning of Year	221,793	130,110
End of Year	\$ 363,416	\$ 221,793

See independent auditors' report.



**Town of LaGrange, New York**

Capital Projects Fund  
Comparative Balance Sheet  
December 31,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 5,902,310</u>	<u>\$ 5,145,849</u>
Receivables		
State and Federal aid	-	329
Due from other funds	<u>-</u>	<u>1</u>
	<u>-</u>	<u>330</u>
<b>Total Assets</b>	<u><u>\$ 5,902,310</u></u>	<u><u>\$ 5,146,179</u></u>
<b>LIABILITIES AND FUND DEFICIT</b>		
Liabilities		
Accounts payable	\$ 21,171	\$ 463,968
Due to other funds	6,108	3,409
Bond anticipation notes payable	<u>10,022,627</u>	<u>8,489,897</u>
<b>Total Liabilities</b>	10,049,906	8,957,274
Fund deficit		
Unassigned	<u>(4,147,596)</u>	<u>(3,811,095)</u>
<b>Total Liabilities and Fund Deficit</b>	<u><u>\$ 5,902,310</u></u>	<u><u>\$ 5,146,179</u></u>

See independent auditors' report.

**Town of LaGrange, New York**

## Capital Projects Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended December 31,

	2019	2018
<b>REVENUES</b>		
Federal aid	\$ -	\$ 100,000
State aid	-	100,000
Miscellaneous	39,875	1,125
Total Revenues	39,875	201,125
<b>EXPENDITURES</b>		
Capital outlay	762,236	2,163,619
Deficiency of Revenues Over Expenditures	(722,361)	(1,962,494)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	418,191	620,232
Transfers out	(32,331)	(100,169)
Total Other Financing Sources	385,860	520,063
Net Change in Fund Balance	(336,501)	(1,442,431)
<b>FUND DEFICIT</b>		
Beginning of Year	(3,811,095)	(2,368,664)
End of Year	<u>\$ (4,147,596)</u>	<u>\$ (3,811,095)</u>

See independent auditors' report.

**Town of LaGrange, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project through December 31, 2019

Project	Project Number	Project Budget	Expenditures and Transfers To Date	Unexpended Balance
2014 Highway/Parks Equipment	H10	\$ 641,891	\$ 641,891	\$ -
Rolling Meadows Extension of Titusville Sewer District	H12	24,084	7,218	16,866
Manchester Sewer District	H13	272,225	198,870	73,355
Increase and Improvement of Grandview Water District	H18	221,000	221,000	-
Route 55 Sewer Betterment	H25	79,301	59,178	20,123
2015 Highway Equipment	H29	546,653	546,653	-
Highway Garage Wash Bay	H30	1,715,126	1,476,607	238,519
Highway Salt Shed	H31	95,725	91,578	4,147
2017 Highway Equipment	H33	687,580	687,580	-
2017 Road Paving	H36	500,000	500,000	-
Town Center Water Improvement Area No. 2	H37	1,769,000	52,229	1,716,771
Noxon School Water District	H38	362,716	333,493	29,223
2018 Highway/Parks Equipment Purchase	H40	679,306	679,306	-
2018 Road Paving	H41	500,000	500,000	-
Daley Farms Extension of Manchester Water District	H42	1,193,000	30,000	1,163,000
Overlook Place Sewer District	H43	297,226	-	297,226
Daley Farms Sewer District	H44	648,045	-	648,045
Freedom Lake Docks	H45	91,989	91,664	325
Park Improvements	H46	54,657	49,981	4,676
2019 Road Paving	H47	500,000	424,367	75,633
Increase and improvement of Grandview Water District	H48	949,900	10,573	939,327
Increase and improvement of Noxon Knolls Sewer District	H49	475,540	10,598	464,942
Town Center Sewer Improvement Area	H5	800,000	800,000	-
Old Titusville Sewer	HAA	73,000	73,000	-
Grandview Water Tank Replacement	HB	55,200	55,200	-
Stensrud Builders-SVF Subdivision	HG	238,659	94,595	144,064
Grandview Power and Alarms	HK	50,000	50,000	-
2001 Titusville Sewer Improvements	HT	95,150	95,150	-
Totals		<u>\$ 13,616,973</u>	<u>\$ 7,780,731</u>	<u>\$ 5,836,242</u>

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) At December 31, 2019	Bond Anticipation Notes Outstanding at December 31, 2019
\$ 641,891	\$ -	\$ -
24,084	16,866	-
272,225	73,355	-
140,078	(80,922)	80,922
79,301	20,123	-
542,808	(3,845)	3,845
272,714	(1,203,893)	1,481,200
95,725	4,147	-
102,953	(584,627)	584,628
66,666	(433,334)	433,334
88,450	36,221	1,680,550
362,716	29,223	-
45,287	(634,019)	634,019
33,333	(466,667)	466,667
29,825	(175)	1,163,175
7,431	7,431	289,795
16,202	16,202	631,843
91,989	325	-
54,657	4,676	-
-	(424,367)	500,000
-	(10,573)	949,900
-	(10,598)	475,540
231,581	(568,419)	568,419
55,000	(18,000)	18,000
20,560	(34,640)	34,640
238,659	144,064	-
29,000	(21,000)	21,000
90,000	(5,150)	5,150
<u>\$ 3,633,135</u>	<u>\$ (4,147,596)</u>	<u>\$ 10,022,627</u>

FORM OF BOND COUNSEL'S OPINION

November 12, 2020

Town of LaGrange,  
County of Dutchess  
State of New York

Re: Town of LaGrange, Dutchess County, New York  
\$2,779,606 Bond Anticipation Notes, 2020 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$2,779,606 Bond Anticipation Notes, 2020 Series B (the "Obligations"), of the Town of La Grange, Dutchess County, New York (the "Obligor"), November 12, 2020, numbered 1, of the denomination of \$\_\_\_\_\_, bearing interest at the rate of \_\_\_\_% per annum, payable at maturity, and maturing May 13, 2021.

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. 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