

STATEMENT
OF
ANNUAL FINANCIAL AND OPERATING INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

TOWN OF ULSTER
ULSTER COUNTY, NEW YORK

DATED: JUNE 15, 2020

**TOWN OF ULSTER
ULSTER COUNTY, NEW YORK**

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* * *

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**STATEMENT OF ANNUAL FINANCIAL
AND OPERATING INFORMATION**

**TOWN OF ULSTER
ULSTER COUNTY, NEW YORK**

The material set forth herein, including the cover page, has been prepared by the Town of Ulster, Ulster County, New York (the "Town", the "County", and the "State", respectively) in connection with its obligation to prepare and submit such material in accordance with its Continuing Disclosure Undertakings and the Official Statements having been prepared in connection with the sale and issuance of the following outstanding bond issues:

\$ 4,745,000 Public Improvement Refunding (Serial) Bonds - 2015

THE TOWN

There follows in this Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

Description

The Town, with a land area of 28.4 square miles and a population of 12,388 according to the 2018 U.S. Census, is located on the western bank of the Hudson River about 90 miles north of New York City and about 50 miles south of Albany. The Town entirely surrounds the City of Kingston, the county seat of Ulster County and the industrial, commercial and shipping center for the surrounding region.

Commercial, industrial, suburban residential and agricultural valuations combine to give Ulster a varied economic base. Agricultural operations concentrate on the production of fruits and vegetables. Commercial enterprises are centered in several large shopping centers which serve shoppers from surrounding towns as well as residents of Kingston and Ulster. Residential development consists mainly of single-family homes and there are also several large garden apartment complexes situated in the Town.

International Business Machines Corporation ("IBM"), the areas largest employer and taxpayer for several decades sold its Town of Ulster holdings to real estate developer Alan Ginsberg in February of 1998 who formed several limited liability corporations. A.G. Properties of Kingston, LLC, Ulster Business Complex, LLC and TechCity 22, 23 & 24, LLC hold the title to the 2.5 million square foot site. Demolition permits were issued in 2015 covering approximately 1 million square feet of vacant space.

Residents find employment at the commercial, industrial, financial and governmental operations in the Town, in Kingston and in the Poughkeepsie region, access to which is provided by the Kingston-Rhinecliff Bridge, located in the Town.

Water transport on the Hudson River and CSX supplement a road and highway network which includes the New York State Thruway (Toll Booth No. 19 is located in the Town) and N.Y. State Routes 9W, 199, 209, 28 and 32.

Governmental Organization

The Town was established in 1879 pursuant to enactment of the New York State Legislature. The Town is located in the County of Ulster, New York, which County is divided for local government purposes into twenty towns and the City of Kingston. In turn, some of such Towns contain incorporated villages established for purposes of providing certain municipal services and facilities to their residents. The Town is a political subdivision of the State having its own elected legislative body, the Town Board, pursuant to Constitutional provision.

The Town Board consists of five members, the presiding officer of which is the Town Supervisor elected for a four-year term. The four additional members of the Town Board are elected for four-year staggered terms every two years. The Town Supervisor and the board members are elected at large.

The Supervisor is the chief executive officer of the Town. Additional Town officers are the Town Clerk, and the Superintendent of Highways who are elected at large for four-year terms, The Assessor, the Superintendents of the Water and Sewer Departments are appointed by the Town Board.

The Town provides the bulk of municipal services furnished to the residents thereof and for such purpose furnishes water and sewer facilities, builds and maintains Town highways and provides public safety through a police department. Fire protection is provided through separate entities, the various fire districts and voluntary fire organizations in the Town. Planning and the financing of Town courts are provided by the Town. Regulation of building construction along with the usual municipal services of recreational facilities and street lighting are all Town functions. Social services and health services, to the extent provided on a public basis, are essentially County responsibilities.

Employees

The Town provides services through 84 full time employees, 22 part-time employees and an additional 3 part-time seasonal employees. The majority of non-seasonal full -time employees are covered under labor contracts with the Patrolmen’s Benevolent Association (Police – 43 members, 29 full time and 14 part time) or Laborer’s Local #17 (General Town Employees, Highway, Water and Sewer – 45 members). The Laborer’s Local #17 contract expires on December 31, 2021. The Patrolmen’s Benevolent Association contract expired on December 31, 2016 and Binding Arbitration is scheduled for late 2020, subject to the relaxation of the COVID-19 limitations.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Town, the County and the State.

Population

<u>Year</u>	<u>Town of Ulster</u>	<u>Ulster County</u>	<u>New York State</u>
1990	12,329	165,304	17,990,455
2000	12,544	177,749	18,976,457
2010	12,327	182,493	19,378,102
2018	12,388	178,599	19,542,209

Source: U.S. Bureau of the Census

Building Permits

	<u>Residential</u>		<u>Commercial</u>		<u>Industrial</u>		<u>Total Value</u>
	<u>New</u>	<u>Other</u>	<u>New</u>	<u>Other</u>	<u>New</u>	<u>Other</u>	
2015	3	219	9	40	-	-	\$36,748,296
2016	13	192	5	52	-	-	16,607,973
2017	6	188	6	54	-	-	27,414,082
2018	13	223	10	46	-	-	10,914,125
2019	11	327	7	56	-	-	30,885,177

Source: Town Officials.

Selected Wealth and Income Indicators

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018^a</u>
Town of Ulster	\$16,657	\$22,069	\$29,689	\$33,475
County of Ulster	14,921	20,842	28,532	35,400
State of New York	16,501	23,389	30,948	38,884

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018^a</u>
Town of Ulster	\$37,534	\$42,108	\$53,183	\$54,658
County of Ulster	34,033	42,551	56,434	63,889
State of New York	39,741	51,691	67,405	67,844

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2014-2018)

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

<u>Annual Averages:</u>	<u>Ulster County (%)</u>	<u>New York State (%)</u>
2015	4.9	5.3
2016	4.3	4.9
2017	4.6	4.7
2018	3.9	4.1
2019	3.8	4.0
2020 (4 Month Average) ^a	6.8	6.8

Source: Department of Labor, State of New York

a. The above table includes rates after the COVID-19 pandemic occurred. See "Impact of COVID-19" herein.

Selected Listing of Sizeable Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Ulster County Government	County Government	450
Northeast Center for Special Care	Head Trauma Center	400
NYMED	Nursing Home	300
Walmart	Department Store	275
Shop-Rite Market	Supermarket	175
Sam's Club	Warehouse Store	150
Lowe's	Home Improvement Store	150
Home Depot	Home Improvement Store	150
Marshalls	Department Store	45

Source: Town Officials.

Computation of Debt Limit and Net Debt Contracting Margin
(As of June 15, 2020)

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2016	\$1,025,030,533	83.00	\$1,234,976,546
2017	1,017,705,123	81.50	1,248,717,942
2018	968,092,262	81.10	1,193,701,926
2019	976,082,322	78.50	1,243,416,971
2020	980,681,303	73.00	<u>1,343,399,045</u>
Total Five Year Full Valuation			\$6,264,212,430
Average Five Year Full Valuation			1,252,842,486
Debt Limit - 7% of Average Full Valuation			87,698,974
Inclusions:			
Outstanding Bonds:			
General Purposes			304,600
Sewer Purposes			422,000
Water Purposes			<u>3,373,000</u>
Sub-Total			4,099,600
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>4,099,600</u>
Exclusions^a:			
Sewer Debt			0
Water Debt			3,373,000
Appropriations			<u>0</u>
Total Exclusions			3,373,000
Total Net Indebtedness			<u>726,600</u>
Net Debt Contracting Margin			<u><u>\$86,972,374</u></u>
Percent of Debt Limit Exhausted			0.83%

a. Excluded pursuant to a certificate issued by the Comptroller of the State of New York in accordance with Section 124.10 of the Local Finance Law.

Details of Short-Term Indebtedness Outstanding

As of the date of this Statement the Town has no short-term obligations outstanding.

Authorized but Unissued Items

As of the date of this Statement the Town has authorized and unissued items in the amount of \$3,480,000 for the increase and improvement of the facilities of the Ulster Water District, pursuant to a bond resolution passed on February 7, 2019 and \$762,000 pursuant to a bond resolution passed on September 5, 2019 for the improvement of facilities of the Halcyon Park Water District. The Town also has \$457,200 authorized and unissued as a grant through the Environmental Facilities Corporation ("EFC").

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$346,150	\$116,991	\$463,141
2021	266,150	110,444	376,594
2022	271,150	105,089	376,239
2023	271,150	99,438	370,588
2024	276,150	93,480	369,630
2025	195,000	87,278	282,278
2026	200,000	81,219	281,219
2027	140,000	74,919	214,919
2028	145,000	69,219	214,219
2029	150,000	63,319	213,319
2030	160,000	57,119	217,119
2031	165,000	51,341	216,341
2032	170,000	46,106	216,106
2033	170,000	41,325	211,325
2034	180,000	36,950	216,950
2035	185,000	32,388	217,388
2036	185,000	27,763	212,763
2037	195,000	23,013	218,013
2038	135,000	18,888	153,888
2039	140,000	15,450	155,450
2040	135,000	12,013	147,013
2041	140,000	8,575	148,575
2042	145,000	5,013	150,013
2043	40,000	2,400	42,400
2044	40,000	800	40,800
Totals:	<u>\$4,445,750</u>	<u>\$1,280,536</u>	<u>\$5,726,286</u>

a: Rounded to nearest dollar. Does not include payments made to date.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Ulster	10/24/2019	9.35	\$10,694,341	\$9,954,849
Kingston CSD	10/24/2019	34.17	27,576,899	27,576,899
Saugerties CSD	06/30/2019	3.18	217,830	217,830
Fire Districts (Est.)	12/31/2018	100.00	4,685,000	4,685,000
Totals			<u>\$43,174,069</u>	<u>\$42,434,578</u>

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

Trend of Outstanding Indebtedness

	Fiscal Year Ending December 31:				
	2015	2016	2017	2018	2019
Outstanding Debt:					
Subject to Debt Limit:					
Bonds	\$1,500,199	\$1,343,199	\$1,111,900	\$1,032,900	\$878,750
Bond Anticipation Notes	-	-	-	-	-
Other Notes	704,199	-	-	-	-
Sub-Total:	\$2,204,398	\$1,343,199	\$1,111,900	\$1,032,900	\$878,750
Not Subject to Debt Limit:					
Bonds	\$3,609,801	\$4,126,000	\$3,945,000	\$3,759,000	\$3,567,000
Bond Anticipation Notes	-	-	-	-	-
Sub-Total:	\$3,609,801	\$4,126,000	\$3,945,000	\$3,759,000	\$3,567,000
Total Debt Outstanding	\$5,814,199	\$5,469,199	\$5,056,900	\$4,791,900	\$4,445,750

Debt Ratios (As of June 15, 2020)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$4,099,600	\$331	0.31
Net Direct Debt	726,600	59	0.05
Total Direct & Applicable Total Overlapping Debt	47,273,669	3,816	3.52
Net Direct & Applicable Net Overlapping Debt	43,161,178	3,484	3.21

a. The current estimated population of the Town is 12,388.

b. The full valuation of taxable real property in the Town for 2020 is \$1343,399,045.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2018. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. In addition the Town also prepares an unaudited Annual Financial Report Update Document, which is attached as Appendix, B for fiscal year ending December 31, 2019.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2015-2019 fiscal years.

Fund Structure and Accounts

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

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

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

Basis of Accounting

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

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

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government-sponsored corporation; (2) obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty; (3) obligations issued or fully insured or guaranteed by a municipal corporation, school district or district corporation of this State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys; or (4) obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the Town, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law. The Town is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations issued or fully insured by the State of New York, and obligations of counties, cities and other government entities of another State.

Budgetary Procedures

The Town Board prepares a preliminary budget in the Fall of each year and holds a public hearing thereon. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming calendar year. The budget is not subject to voter approval.

Financial Operations

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

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

Town finances are operated primarily through the General and Highway Funds. The General Fund receives revenue from County sales tax and State aid. Real property taxes and a significant portion of the other Town revenues are credited to the General and Highway Funds. Current operating expenditures are paid from these funds subject to available appropriations. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 0.0%; Environmental Score: 23.3%).

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. There have been no audits performed in the past five fiscal years.

Revenues

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

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

Based on the unaudited financial reports of the Town, the Town received approximately 4.16% of its total General Fund operating revenue from State aid in 2019 and budgeted approximately 3.61% for 2020. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

No assurance can be given that present State aid levels will be maintained in the current or future fiscal year or that the State's financial position will not change materially and adversely from current projections. 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. The Town has not received any reductions in State aid during the current fiscal year nor does it anticipate a significant reduction in State aid during the remainder of the current fiscal year.

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

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

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. In response to various state initiatives following changes to federal taxes and deductibility, the Department of Treasury (Treasury Department) and the Internal Revenue Service (IRS) have recently provided guidance regarding state initiatives that would seek to circumvent the new statutory limitation on state and local tax deductions and characterization of payments for federal income tax purposes. At this time, the Town does not have plans to establish a local charitable fund.

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

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of State aid for each of the fiscal years 2015 through 2019 and the budgeted amount for fiscal year 2020. The budget amount for General Fund Revenue includes appropriated fund balance.

Fiscal Year Ended <u>December 31:</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2015	\$8,150,720	\$342,172	4.20
2016	8,334,699	392,607	4.71
2017	8,112,294	309,656	3.82
2018	8,267,672	506,389	6.12
2019	8,786,981	365,912	4.16
2020 (Budgeted)	9,060,587	326,814	3.61

Sources: Audited Financial Statements (2015-2018) and Annual Financial Report Update Document (2019) and the Adopted Budget for 2020.

Expenditures

The major categories of expenditure for the Town are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A - Financial Statements.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (the “Retirement System” or “ERS”). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries and new TRS employees in Tier 5 will contribute 3.5% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

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

Payments to the Pension Systems

Fiscal Year Ending <u>December 31:</u>	Total Amount <u>of Contribution</u>
2015	\$837,795
2016	898,684
2017	859,055
2018	813,555
2019	834,974
2020 (Budgeted)	1,024,505

Source: Town Officials.

Other Post Employment Benefits

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

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

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

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

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

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

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending December 31, 2018:</u>
Total OPEB liability as of December 31, 2017	\$32,972,143
Changes for the year:	
Service Cost	1,145,299
Interest	1,159,031
Changes in Benefit Terms	
Differences between actual and expected experience	
Changes in Assumptions and Other Inputs	(3,706,691)
Benefit payments	(856,332)
Total Changes	<u>(\$2,258,693)</u>
Total OPEB liability as of December 31, 2018	<u><u>\$30,713,450</u></u>

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

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

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix A, herein.) Property taxes accounted for approximately 67.30% of total general fund revenues, for the fiscal year ended 2019. On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. See “Tax Levy Limit Law,” herein.

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

Tax Rates
(Per \$1,000 Assessed Valuation)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County	\$ 5.25	\$ 5.30	\$ 5.27	\$ 5.28	5.43
Town	5.53	5.63	5.81	6.05	6.21
Highway	2.61	2.64	2.73	2.76	2.82
Ulster Fire No. 5	1.90	1.94	2.03	2.07	2.11
Ruby Fire	2.28	2.28	2.28	2.28	2.29
East Kingston Fire Prot.	1.97	1.97	2.02	2.02	2.03
Bloomington Fire District		3.04	3.14	3.22	3.37
Ulster Fire No.1	1.75	1.80	1.83	1.88	2.03
East Kingston Light	1.30	1.28	1.26	1.28	1.28
Albany Ave. Light	0.15	0.15	0.21	0.21	0.22
Whittier Light	0.40	0.40	0.40	0.40	0.40
Krauss Light	0.93	0.93	0.93	0.93	0.96
Elmen Hghts Light	0.35	0.35	0.35	0.35	0.36
Spring Lake Light	0.42	0.42	0.42	0.41	0.41
Ulster Sewer	1.52	1.51	1.51	1.50	1.53
Whittier Sewer	4.82	4.81	4.80	4.92	5.07
Washington Avenue Sewer	12.21	12.96	12.74	12.74	13.19
Ulster Water	1.09	1.10	1.10	1.09	1.12
Halcyon Park Water	327.04	327.04	329.06	339.77	350.89
Spring Lake Water	2.39	2.38	2.23	2.38	2.45
Cherry Hill Water	3.34	3.40	3.37	3.33	3.46
Bright Acres Water	4.21	4.24	4.21	4.34	4.45
Glenerie Water	5.68	5.67	5.54	5.49	5.62
East Kingston Water District	9.37	9.32	9.16	9.17	9.45

Tax Levy and Collection Record

	Fiscal Year Ending December 31:				
	2015	2016	2017	2018	2019
General Town Taxes	\$5,616,057	\$5,668,665	\$5,731,043	\$5,627,167	\$5,913,857
Highway Taxes	2,672,387	2,672,387	2,684,694	2,638,519	2,694,810
Special District Taxes	4,966,896	4,935,965	4,940,807	4,869,058	4,936,852
County Taxes	5,338,708	5,324,269	5,345,852	5,044,147	5,092,380
Returned Taxes	277,706	274,369	275,958	291,681	361,811
Relevied Items & Misc.	12,101	5,239	5,073	8,271	3,366
Total Tax Levy	\$18,883,855	\$18,880,894	\$18,983,427	\$18,478,843	\$19,003,076
Collected Prior to Return	17,671,531	17,399,523	17,509,187	17,066,643	17,551,490
Returned to County:					
Amount	\$1,212,324	\$1,481,371	\$1,474,240	\$1,412,200	\$1,451,586
Percent	6.42%	7.85%	7.77%	7.64%	7.64%
Amount Due Town at End of Year Levy	None	None	None	None	None

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2015 through 2019 inclusive and budgeted for the fiscal year 2020.

Fiscal Year Ended <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2015	\$8,150,720	\$5,619,595	68.95
2016	8,334,699	5,616,057	67.38
2017	8,112,294	5,733,809	70.68
2018	8,267,672	5,632,009	68.12
2019	8,786,981	5,913,857	67.30
2020 (Budgeted)	9,060,587	6,100,411	67.33

Source: Audited Financial Statements (2015-2018) and Annual Financial Report Update Document (2019) and the Adopted Budget for 2020.

Tax Collection Procedure

Taxes are due and payable January 1, payable without penalty to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. In June, unpaid taxes are returned to the County Treasurer at which time an additional penalty is added and the total amount, plus additional fees is then payable to the County Treasurer.

The Town retains the total amount of Town, Highway and Special District levies from the total collections and returns the balance plus uncollected items to the County, which assumes responsibility.

As far as the Town is concerned there are no uncollected taxes. The full amount of the Town items is also guaranteed by the County.

Tax Levy Limitation Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after May 31, 2012, continuing through May 31, 2020 as extended, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town 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.

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

Selected Listing of Large Taxable Properties
2020 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Walmart Plaza	Department Store	\$42,370,540
Central Hudson Gas & Electric	Utility & Franchise	41,041,034
DOC-1561 Ulster Ave	Commercial	34,500,000
300 Grant LLC/ Northeast Center	Head Trauma Center	23,082,300
AG Properties, Tech City, Ulster Business	Office/ Manufacturing	22,693,552
CR Kingston Assoc./ Shop Rite Plaza	Shopping Center	10,428,300
Residence Inn	Hotel	10,250,000
Dena Marie LLC / Kohl's Plaza	Shopping Center	10,000,000
CSX	Railroad Company	10,000,000
Ulster Crossings LLC/ Benderson Plaza	Strip Mall - Mult- Tenant	9,850,000
Kingston Real Estate/ Kings Mall	Real Estate	9,592,600
Ulster Acquisitions/ 701 Grant	Office Building	9,251,378
Kingston NH Realty/ Ten Broeck	Nursing Home	8,025,000
	Total ^a	<u><u>\$241,084,704</u></u>

a. Represents 24.58% of the 2020 Taxable Assessed Valuation of the Town.

LITIGATION

AG Properties of Kingston, LLC (and affiliated entities), the Town's fifth largest Taxable Property continues to pursue an Article 7 Action in NYS Supreme Court - Ulster County for a reduction in the Assessed Value of the former IBM Campus purchased by AG Properties of Kingston, LLC et al in 1998. The parties are currently in litigation with a rescheduled May, 2020 trial date, which, based upon the COVID-19 shutdown, will be rescheduled to a date subsequent to June 1, 2020. AG Properties is delinquent on the payment of certain Real Estate Taxes to Ulster County and the County has commenced In Rem foreclosure proceedings. The County has taken title to five parcels and is pursuing title on four additional parcels. Collectively, upon the completion of the transfer of title, these parcels will be removed from the Assessment Roll one year after the foreclosure if Ulster County still owns them.

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

CYBERSECURITY

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

IMPACT OF COVID-19

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

RATING

Standard & Poor's currently rates the outstanding long-term debt of the Town an "AA-". This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant.

MUNICIPAL ADVISOR

Munistat Services, Inc. has acted as the municipal advisor to the Town in connection with the preparation of this Statement.

OTHER MATTERS

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

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

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

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

ADDITIONAL INFORMATION

Additional information may be obtained from the Office of the Supervisor of the Town of Ulster, Town Hall, 1 Town Hall Drive, Lake Katrine, New York, 12449, telephone number 845/382-2765, Email: ulstersupervisor@townofulster.org and the Town's website www.townofulster.org or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Any statements in this Statement involving matters of opinion or estimates, whether or not expressly so stated are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Statement is submitted only in connection with the Town's "Undertaking to Provide Continuing Disclosure" pursuant to Rule 15c2-12 as promulgated by the Securities and Exchange Commission and may not be reproduced or used in whole or in part for any other purpose.

James E. Quigley, 3rd
SUPERVISOR

June 15, 2020

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$ 5,619,595	\$ 5,616,057	\$ 5,733,809	\$ 5,632,009	\$ 5,913,857
Non Property Tax Items	530,173	469,116	493,975	516,678	528,077
Other Tax Items	183,560	223,191	260,108	239,480	284,298
Departmental Income	526,166	643,664	520,143	521,085	575,896
Use of Money & Property	3,002	5,880	11,177	38,766	109,278
Licenses & Permits	186,814	228,932	194,997	177,092	251,043
Fines & Forfeitures	693,062	616,605	529,947	545,371	541,890
Sale of Property/Insurance Recoveries	56,759	71,435	39,808	70,434	61,437
Miscellaneous & Local Sources	9,417	65,990	8,546	19,245	152,334
State Aid	342,172	392,607	309,656	506,389	365,912
Federal Aid		1,222	10,128	1,123	2,960
Total Revenues	<u>8,150,720</u>	<u>8,334,699</u>	<u>8,112,294</u>	<u>8,267,672</u>	<u>8,786,981</u>
Expenditures					
General Government Support	1,546,322	1,888,317	1,839,128	1,824,193	1,599,482
Education		40	1,740	3,432	3,488
Health	5,180	8,270	9,570	8,260	8,660
Public Safety	2,855,165	2,773,640	2,861,005	2,883,677	2,758,222
Transportation	170,860	165,613	169,679	175,615	196,760
Economic Opportunity & Development	6,875	7,548	5,872	3,915	7,499
Culture & Recreation	190,111	148,820	178,332	176,504	176,776
Home & Community Services	461,382	240,320	258,530	257,253	246,386
Employee Benefits	2,124,695	2,150,491	2,232,154	2,365,061	2,467,137
Debt Service					
Total Expenditures	<u>7,360,590</u>	<u>7,383,059</u>	<u>7,556,010</u>	<u>7,697,910</u>	<u>7,464,410</u>
Excess of Revenues Over (Under) Expenditures	790,130	951,640	556,284	569,762	1,322,571
Other Financing Sources (Uses)					
Operating Transfers Out			(25,327)		(555,958)
Total Financing Sources			<u>(25,327)</u>		<u>(555,958)</u>
Balance, Beginning of Year	3,242,403	4,032,533	4,984,173	5,515,130	6,084,892
Prior Period Adjustments (Net) (Restated)	<u>3,242,403</u>	<u>4,032,533</u>	<u>4,984,173</u>	<u>5,515,130</u>	<u>6,084,892</u>
Balance, End of Year	<u>\$ 4,032,533</u>	<u>\$ 4,984,173</u>	<u>\$ 5,515,130</u>	<u>\$ 6,084,892</u>	<u>\$ 6,851,505</u>

Source: Audited Financial Statements of the Town (2015 - 2018) and Annual Financial Report Update Document (2019)

Note: This Schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balances

Highway Fund

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$ 2,672,387	\$ 2,672,387	\$ 2,684,694	\$ 2,638,519	\$ 2,694,810
Other Tax Items	54,660	50,785	52,146	41,977	60,108
Departmental Income	126,024	109,990	103,116	110,025	253,269
Use of Money & Property	714	1,089	11,264	27,074	25,767
Licenses & Permits	150	2,750		50	50
Sale of Prop & Comp for Loss	61,078	28,871	17,069	136,015	1,807
Miscellaneous Sources		6,243	5,421	87,983	52,580
State Aid	170,530	183,964	211,134	220,126	211,241
Fed Aid	10,257				
Total Revenues	<u>3,095,800</u>	<u>3,056,079</u>	<u>3,084,844</u>	<u>3,261,769</u>	<u>3,299,632</u>
Expenditures					
General Government Support		172,395	1,507		
Transportation	2,304,763	2,194,382	1,967,526	2,373,577	2,269,760
Employee Benefits	674,383	694,890	696,308	741,470	739,446
Debt Service	102,412	711,924	168,224		468,495
Total Expenditures	<u>3,081,558</u>	<u>3,773,591</u>	<u>2,833,565</u>	<u>3,115,047</u>	<u>3,477,701</u>
Other Financing Sources (Uses)					
Proceeds of Debt Insurance		609,199			
Transfer In					243,895
Total Financing Sources		<u>609,199</u>			<u>243,895</u>
Net Changes in Fund Balance	<u>14,242</u>	<u>(108,313)</u>	<u>251,279</u>	<u>146,722</u>	<u>65,826</u>
Balance, Beginning of Year	725,177	739,419	631,113	882,385	1,029,107
Prior Period Adjustments (Net)			(7)		1
Balance, Beginning of Year (Restated)	<u>725,177</u>	<u>739,419</u>	<u>631,106</u>	<u>882,385</u>	<u>1,029,108</u>
Balance, End of Year	<u>\$ 739,419</u>	<u>\$ 631,113</u>	<u>\$ 882,385</u>	<u>\$ 1,029,107</u>	<u>\$ 1,094,935</u>

Source: Audited Financial Statements of the Town (2015 - 2018) and Annual Financial Report Update Document (2019)

Note: This Schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balances

Sewer Fund

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$ 1,269,515	\$ 1,222,815	\$ 1,210,717	\$ 1,154,650	\$ 1,156,958
Other Tax Items	12,797				
Departmental Income	500,140	528,077	578,951	619,288	640,736
Use of Money & Property	4,466	6,687	23,964	10,519	53,511
Sale of Prop & Comp for Loss		9,588		7,947	160
Miscellaneous Sources	14,750	9,683	6,880	1,117	
Federal Aid					
Total Revenues	<u>1,801,668</u>	<u>1,776,850</u>	<u>1,820,512</u>	<u>1,793,521</u>	<u>1,851,364</u>
Expenditures					
General Government Support	66,948	172,698	77,868	51,064	58,271
Home & Community Service	1,002,898	866,078	847,124	915,024	1,019,112
Employee Benefits	241,494	244,092	292,897	307,977	335,523
Debt Service	155,182	158,335	173,351	173,980	168,644
Total Expenditures	<u>1,466,522</u>	<u>1,441,203</u>	<u>1,391,240</u>	<u>1,448,045</u>	<u>1,581,550</u>
Other Financing Sources (Uses)					
Transfer In			1,354		
Transfer Out	(253,454)	(418,220)	(10,490)		
Total Financing Sources	<u>(253,454)</u>	<u>(418,220)</u>	<u>(9,136)</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	<u>81,692</u>	<u>(82,573)</u>	<u>420,136</u>	<u>345,476</u>	<u>269,814</u>
Balance, Beginning of Year	2,689,403	2,771,095	2,688,525	3,108,658	3,454,134
Prior Period Adjustments (Net)			(3)		1,575
Balance, Beginning of Year (Restated)	<u>2,689,403</u>	<u>2,771,095</u>	<u>2,688,522</u>	<u>3,108,658</u>	<u>3,455,709</u>
Balance, End of Year	<u>\$ 2,771,095</u>	<u>\$ 2,688,525</u>	<u>\$ 3,108,658</u>	<u>\$ 3,454,134</u>	<u>\$ 3,725,529</u>

Source: Audited Financial Statements of the Town (2015 - 2018) and Annual Financial Report Update Document (2019)

Note: This Schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balances

Water Fund

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$ 1,189,046	\$ 1,179,978	\$ 1,179,778	\$ 1,144,722	\$ 1,147,988
Departmental Income	1,071,823	1,207,944	1,325,216	1,406,712	1,427,545
Use of Money & Property	1,697	3,379	4,194	5,567	22,578
Sale of Prop & Comp for Loss	5,060	3,182	27,110	8,641	6,474
Miscellaneous Sources	5,906	15,315		1,646	150
State Aid					
Total Revenues	<u>2,273,532</u>	<u>2,409,798</u>	<u>2,536,298</u>	<u>2,567,288</u>	<u>2,604,734</u>
Expenditures					
General Government Support	60,273	138,250	61,855	35,654	46,451
Home & Community Service	1,593,075	1,644,821	1,723,239	1,739,356	1,789,796
Employee Benefits	245,272	260,012	263,277	291,953	308,258
Debt Service	<u>284,759</u>	<u>223,306</u>	<u>219,251</u>	<u>215,502</u>	<u>217,757</u>
Total Expenditures	2,183,379	2,266,389	2,267,622	2,282,465	2,362,261
Other Financing Sources (Uses)					
Transfer In					
Transfer Out					
Proceeds From Debt					
Total Financing Sources					
Net Changes in Fund Balances	<u>90,153</u>	<u>143,409</u>	<u>268,676</u>	<u>284,823</u>	<u>242,473</u>
Balance, Beginning of Year	759,727	849,880	993,295	1,261,965	1,546,788
Prior Period Adjustments (Net)			(6)		7
Balance, Beginning of Year (Restated)	<u>759,727</u>	<u>849,880</u>	<u>993,289</u>	<u>1,261,965</u>	<u>1,546,795</u>
Balance, End of Year	<u>\$ 849,880</u>	<u>\$ 993,295</u>	<u>\$ 1,261,965</u>	<u>\$ 1,546,788</u>	<u>\$ 1,789,275</u>

Source: Audited Financial Statements of the Town (2015 - 2018) and Annual Financial Report Update Document (2019)

Note: This Schedule NOT audited

Balance Sheets

Fiscal Year Ending December 31, 2019

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,980,821	\$ 619,286	\$ 812,213	\$ 877,717
Accounts Receivable	168,312	19,988	223,690	454,989
Investment in Statutory Bond - Restricted State & Federal Aid Recievables (net)				
Prepaid Expenses	145,032	31,435	15,453	16,827
Due From Other Funds	251,020		5,931	
Due From Other Governments	93,747			
Cash - Restricted	<u>3,685,948</u>	<u>559,687</u>	<u>2,778,584</u>	<u>730,141</u>
TOTAL ASSETS	<u>\$ 7,324,881</u>	<u>\$ 1,230,396</u>	<u>\$ 3,835,871</u>	<u>\$ 2,079,674</u>
LIABILITES AND FUND EQUITY				
Accounts Payable and Other Liabilities	\$ 316,360	\$ 61,326	\$ 61,896	\$ 257,026
Due to Other Funds			345	675
Due to Other Governments	<u>157,015</u>	<u>74,140</u>	<u>48,107</u>	<u>32,712</u>
Total Liabilities	<u>473,375</u>	<u>135,466</u>	<u>110,348</u>	<u>290,413</u>
Fund Balances:				
Nonspendable	145,032	31,435	15,453	16,827
Restricted	3,685,948	559,687	2,778,584	730,141
Assigned	350,000	503,809	931,486	1,042,292
Unassigned	<u>2,670,525</u>			
Total Fund Equity	<u>6,851,505</u>	<u>1,094,931</u>	<u>3,725,523</u>	<u>1,789,260</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 7,324,881</u>	<u>\$ 1,230,396</u>	<u>\$ 3,835,871</u>	<u>\$ 2,079,674</u>

Source: Annual Financial Report Update Document (2019)

Summary of Budget By Funds: 2020

		Less:	
		Est Revenues	Amount of
		and	Property
	<u>Appropriations</u>	Appropriated	Tax
		Surplus	
General Fund	\$ 9,060,587	\$ 2,960,176	\$ 6,100,411
Highway Fund	3,198,036	430,293	2,767,743
Ulster Water	1,923,352	1,225,559	697,793
Halcyon Park Water	102,036	44,841	57,195
Spring Lake Water	98,086	55,712	42,374
Bright Acres Water	96,814	28,181	68,633
Cherry Hill Water	168,610	66,785	101,825
Glenerie Water	179,688	35,700	143,988
East Kingston Water	98,726	25,150	73,576
Whitter Sewer	172,724	11,351	161,373
Ulster Sewer	1,638,950	717,625	921,325
Washington Avenue Sewer	144,844	35,208	109,636
Special District Library	322,695	0	322,695
Fire Protection and Fire Districts	2,314,647	0	2,314,647
Lighting Districts	<u>67,913</u>	<u>0</u>	<u>67,913</u>
TOTAL	<u><u>\$ 19,587,708</u></u>	<u><u>\$ 5,636,581</u></u>	<u><u>\$ 13,951,127</u></u>

Source: Adopted 2020 Budget

Summary of Budget By Funds: 2019

		Less:	
		Est Revenues	Amount of
		and	Property
	<u>Appropriations</u>	Appropriated	Tax
		Surplus	
General Fund	\$ 8,690,728	\$ 2,776,871	\$ 5,913,857
Highway Fund	3,050,322	355,512	2,694,810
Ulster Water	1,830,013	1,154,275	675,738
Halcyon Park Water	94,632	39,250	55,382
Spring Lake Water	87,833	46,800	41,033
Bright Acres Water	91,434	24,967	66,467
Cherry Hill Water	160,590	61,964	98,626
Glenerie Water	173,466	33,992	139,474
East Kingston Water	87,994	16,726	71,268
Whitter Sewer	168,428	11,860	156,568
Ulster Sewer	1,589,173	694,500	894,673
Washington Avenue Sewer	139,917	34,200	105,717
Special District Library	316,368	0	316,368
Fire Protection and Fire Districts	2,249,230	0	2,249,230
Lighting Districts	<u>65,495</u>	<u>0</u>	<u>65,495</u>
TOTAL	\$ <u>18,795,623</u>	\$ <u>5,250,917</u>	\$ <u>13,544,706</u>

Source: Adopted 2019 Budget

TOWN OF ULSTER

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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