NEW ISSUE SERIAL BONDS **RATING: See "RATING" HEREIN**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law and (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds is included in the calculation of a corporations adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018) and the Bonds are not qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "Tax Matters" herein.

CITY OF BEACON
DUTCHESS COUNTY, NEW YORK

$19,052,000
PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2018A

(the "Bonds")

Date of Issue: May 24, 2018 **Maturity Dates: May 15, 2019 – 2040**

The Bonds are general obligations of the City of Beacon, Dutchess County, New York (the "City"), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to the applicable provisions of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law"). **See "Nature of Obligation" and "Tax Levy Limit Law," herein.**

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, except for one necessary odd denomination. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal of and interest on the Bonds will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See "Book-Entry-Only System" herein).

The Bonds will be dated their Date of Delivery, will bear interest from such date payable on November 15, 2018 and semiannually thereafter on each May 15 and November 15 until maturity and will mature on May 15 in the years and amounts as set forth on the inside cover page hereof.

The Bonds are subject to optional redemption prior to maturity. (See "Optional Redemption" herein).

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel. It is expected that the Bonds will be available for delivery in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about May 24, 2018.

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

Dated: May 7, 2018

The Bonds mature on May 15 in each year as set forth below:

Date	Amount*	Interest Rate	Yield	CUSIP Number
2019	$ 612,000			073653
2020	635,000			073653
2021	655,000			073653
2022	675,000			073653
2023	695,000			073653
2024	715,000			073653
2025	740,000			073653
2026	760,000			073653
2027	785,000			073653
2028	810,000			073653
2029	830,000			073653
2030	860,000			073653
2031	885,000			073653
2032	910,000			073653
2033	940,000			073653
2034	970,000			073653
2035	1,005,000			073653
2036	1,035,000			073653
2037	1,075,000			073653
2038	1,115,000			073653
2039	1,150,000			073653
2040	1,195,000			073653

*The principal maturities of the Bonds are subject to adjustment following their sale pursuant to the terms of the accompanying Notice of Bond Sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law and/or adjustment following their sale pursuant to the terms of the accompanying Notice of Bond Sale with respect to premium.

CITY OF BEACON
DUTCHESS COUNTY, NEW YORK

Randy Casale
Mayor

CITY COUNCIL

Amber Grant .... Councilmember

Lee Kyriacou .... Councilmember

George Mansfield .... Councilmember

Jodi McCredo .... Councilmember

Terry Nelson .... Councilmember

John Rembert .... Councilmember

Anthony Ruggiero .... City Administrator

Susan Tucker .... Director of Finance

Nicholas M. Ward-Willis .... Corporation Counsel

Iola C. Taylor .... City Clerk

INDEPENDENT AUDITORS

EFPR Group, CPAs, PLLC
Williamsville, New York

BOND COUNSEL

Squire Patton Boggs (US) LLP
New York, New York

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(845) 227-8678

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

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OFFICIAL STATEMENT

CITY OF BEACON
DUTCHESS COUNTY, NEW YORK

relating to

$19,052,000
PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2018A
(the "Bonds")

This Official Statement, which includes the cover page and appendices attached hereto, presents certain information relating to the City of Beacon, in the County of Dutchess, in the State of New York (the "City," "County," and "State," respectively), in connection with the sale of $19,052,000 Public Improvement Serial Bonds, Series 2018A (the "Bonds").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State as well as the acts and proceedings of the City 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 Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable semiannually on November 15 and May 15 in each year to maturity commencing November 15, 2018 and will mature on May 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See "Optional Redemption" herein).

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof, except for one necessary odd denomination. Purchasers will not receive certificates representing their ownership interest in the Bonds.

The record date for payment of principal of and interest on the Bonds will be the last business day of the month preceding each interest payment.

Authorization and Purpose of the Bonds

Authorization. The Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the City Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State, and bond resolutions adopted by the City Council on various dates as detailed below.

Purpose. Proceeds of the Bonds, together with $1,211,700 cash on hand, will be used to permanently finance $20,263,700 Bond Anticipation Notes, Series 2017 maturing May 25, 2018.

Date of Authorization	Original Issue Date	Purpose	Amount Outstanding	Paydown	Amount of the Bonds
10-21-13	05-29-14	Fire/Building Inspector Vehicle	$15,000	$15,000	$ 0
10-21-13	05-29-14	Spreader/Sprayer	3,750	3,750	0
10-21-13	05-29-14	Replace 2 Snow Plows	6,000	6,000	0
10-21-13	05-29-14	Chief Support Vehicle (Fire)	20,000	20,000	0
10-21-13	05-29-14	Transfer Station Scale	13,200	13,200	0
10-21-13	05-29-14	Replace 2004 Pickup #044	15,000	15,000	0
10-21-13	05-29-14	Lewis Tompkins Hose Replace Boiler	32,000	4,000	28,000
10-21-13	05-29-14	Municipal Building HVAC Upgrade	160,000	20,000	140,000
10-21-13	05-29-14	Replace 1993 #934 Truck With Plow	170,000	10,000	160,000
10-21-13	05-29-14	Replace 1996 #960 Truck	46,000	3,000	43,000
10-21-13	05-29-14	Replace R-2 Truck Utility Body	27,000	2,000	25,000
10-21-13	05-29-14	Replace Vaccuum Sweeper	160,000	10,000	150,000
10-21-13	05-29-14	Replace Vactor (Share w/ Water Dept.)	115,000	5,000	110,000
10-21-13	05-29-14	Replace Vactor	115,000	115,000	0
10-21-13	05-29-14	Lakeside Hauler Equipment	45,000	45,000	0
10-21-13	05-29-14	Phillips St- Reconstruction	850,000	55,000	795,000
10-21-13	05-29-14	East Main St. Parking Lot	895,000	55,000	840,000
10-21-13	05-29-14	Replace 2005 Ladder Truck w/ Quint	840,000	30,000	810,000
10-21-13	05-29-14	Exterior Door Replacements	4,000	4,000	0
10-21-13	05-29-14	Windows: Various locations	53,000	1,000	52,000
10-21-13	05-29-14	Fencing: Various locations	6,000	6,000	0
10-21-13	05-29-14	City Hall Improvements	58,000	1,000	57,000
10-21-13	05-29-14	Hauler Bldg modifications	9,250	9,250	0
10-21-13	05-29-14	New Secondary Scum Pump/Driver & Piping	39,000	1,000	38,000
10-21-13	05-29-14	Repair Concrete at Various Tanks	67,000	1,000	66,000
10-21-13	05-29-14	Repair Primary Tanks & MCC Replacement	60,000	1,000	59,000
10-21-13	05-29-14	Replacement of 4 Gates in Aeration Tanks	43,000	1,000	42,000
10-21-13	05-29-14	New Aeration Piping to Aeration Tanks	220,000	5,000	215,000
10-21-13	05-29-14	Mixing Pump Control & Tank Replacement	71,000	1,000	70,000
10-21-13	05-29-14	Mixing Tank Replace & Concentration Tank Rehab.	65,000	1,000	64,000
10-21-13	05-29-14	Teller Ave. 200' Sewer Replacement	95,000	2,000	93,000
10-21-13	05-29-14	East Main St. Sewer Line Replacement	117,000	2,000	115,000
10-21-13	05-29-14	I&I Improvements	870,000	15,000	855,000
10-21-13	05-29-14	DPW Facility	5,350,000	100,000	5,250,000
10-21-13	05-29-14	Fairview Tank Rehabilitation and painting	276,000	276,000	0
09-15-08	05-26-16	Highway Garage	3,035,000	50,000	2,985,000
05-04-15	05-26-15	LED Street Lights	1,900,000	60,000	1,840,000
05-04-15	05-26-15	Road Reconstruction – Rombout Ave	2,265,000	115,000	2,150,000
05-04-15	05-26-15	Upgrade SCADA System (Water)	97,500	97,500	0
05-04-15	05-26-15	Road Reconstruction – Rombout Ave (Sewer)	1,150,000	20,000	1,130,000
05-04-15	05-26-15	I & I Improvements	885,000	15,000	870,000
			$20,263,700	$1,211,700	$19,052,000

Optional Redemption

The Bonds maturing on or before May 15, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on or after May 15, 2027 will be subject to redemption prior to maturity, on any date, at the option of the City, on May 15, 2026 and thereafter, in whole or in part, at par plus accrued interest to the redemption date.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the City. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See "Book-Entry-Only System" for additional information concerning redemptions).

Book-Entry-Only System

The Depository Trust Company ("DTC"), Jersey City, New Jersey, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, 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 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 CITY 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 PARTICPANTS 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 OR REDEMPTION PREMIUM ON THE BONDS; (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 BONDS.

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds of the City 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 Bonds will be general obligations of the City and will contain a pledge of the faith and credit of the City 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 City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to the applicable provisions of Chapter 97 of the Laws of 2011.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds 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 City's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "Tax Levy Limitation Law," herein.

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on the City for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the City under the Local Finance Law. Accordingly, the power of the City to levy real property taxes on all taxable real property within the City without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no 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. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote by the City Council subject to referenda requirements, if any, set forth in the Municipal Home Rule Law. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, and (ii) retirement systems growth in the average actuarial contribution rate in excess of 2%. The City is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the Office of the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by the City under the Local Finance Law. A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution. On February 19, 2013, the New York State United Teachers organization ("NYSUT") filed a lawsuit in State Supreme Court in Albany against the State, challenging Chapter 97 of the Laws of 2011 as applied to school districts on multiple federal and state constitutional grounds. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Aside from the State United Teachers lawsuit, as of the date hereof, the City, without diligence, is unaware of any action threatened or pending in a court of competent jurisdiction to challenge the constitutionality or validity of the TLLL, or any administrative proceeding noticed or scheduled by a committee of the Legislature or a State agency to gather evidence and determine whether corrective legislative action is required to ensure that the TLLL is a valid general law. In the opinion of bond counsel, under current law, the limitations imposed by TLLL on real property tax levies do not diminish the prior lien on the first revenues of the City set forth in the New York State Constitution and established by the aforesaid pledge of the City’s faith and credit requiring the City to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds. Bond counsel expresses no opinion on the validity of Chapter 97 of the Laws of 2011 under the applicable provisions of Article VIII of the New York Constitution.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. Each Bond when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City 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 City 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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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 City may not be enforced by levy and execution against property owned by the City.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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 Bonds should the City 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 Bonds to receive interest and principal from the City could be adversely affected by the restructuring of the City’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 City (including the Bonds) 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 City 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, as 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 City.

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 the 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 City has not applied to the FRB and does not reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

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

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

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

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

MARKET FACTORS

The financial and economic condition of the City as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the City'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 Bonds. 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 City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the City will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. (See "State Aid" herein).

Should the City fail to receive monies expected from the State in the amounts and at the times expected, the City is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Bonds 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 Bonds. In addition, the price and principal value of the Bonds 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 the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the City. Any such future legislation could have an adverse effect on the market value of the Bonds (See "*Tax Matters*" herein).

The enactment of Chapter 97 of the Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, school districts, including the City, and fire districts in the State could have an impact upon operations of the City and as a result, the market price for the Bonds. (See "Tax Levy Limit Law," herein).

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS

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 ("OSC") 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 City as "No Designation."

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

The financial affairs of the City are subject to periodic compliance reviews by OSC to ascertain whether the City has complied with the requirements of various State and federal statutes. The most recent audit conducted by OSC was released on January 18, 2013. The purpose of the audit was to examine the City's effectiveness of internal controls over selected financial activities for the period January 1, 2011, to May 31, 2012. The complete report can be obtained from OSC's website.

LITIGATION

The City from time to time receives notices of claim and is party to litigation. In the opinion of the City, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the City, would have an adverse material effect on the financial condition of the City.

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

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds is included in the calculation of a corporations adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018), and the Bonds are **not** qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted to take the actions required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

Interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax applicable only to taxable years beginning before January 1, 2018). In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, the recent federal tax legislation that was enacted on December 22, 2017 reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax (for taxable years beginning after December 31, 2017) and eliminates tax-exempt advance refunding bonds, among other things. This legislation may increase, reduce or otherwise change the financial benefits currently provided to certain owners of state and local government bonds. Additionally, investors in the Bonds should be aware that future legislative actions may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement, who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel to the City. Such opinion will be available at the time of delivery of and payment for the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its faith and credit, and all the real property within the City subject to taxation by the City, is subject to the levy by the City of ad valorem taxes, without limitation as to rate or amount, subject to the applicable provisions of Chapter 97 of the Laws of 2011. Chapter 97 of the Laws of 2011 imposes a statutory limit on the power of the City to increase its annual real property tax levy based on formulae set forth therein, including such taxes to pay principal of and interest on the Bonds. However, in the opinion of Bond Counsel, under current law, the limitations imposed by Chapter 97 of the Laws of 2011 do not diminish the prior lien on the first revenues of the City set forth in the New York Constitution and established by the aforesaid pledge of the City's faith and credit requiring the City to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds. Bond Counsel expresses no opinion on the validity of Chapter 97 of the Laws 2011 under the applicable provisions of Article VIII of the New York Constitution.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the City contained in the record of proceedings relating to the authorization and issuance of the Bonds, (a) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, however interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to the federal corporate alternative minimum tax (applicable only to taxable year beginning before January 1, 2018) and the Bonds are not qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, (b) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers, (c) interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, and (d) the enforceability of the Bonds is subject to bankruptcy and other laws affecting creditors' rights and the exercise of judicial discretion.

Closing Certificates

Upon delivery of and payment for the Bonds, the purchaser of the Bonds will also receive, without cost, in form satisfactory to Bond Counsel the following, dated as of the date of delivery of and payment for the Bonds: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Bonds; (b) a certificate or certificates executed by the officer of the City who executed the Bonds on behalf of the City stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Bonds, (2) no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement, on the date hereof and on the date of delivery of and payment for the Bonds, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) the unqualified legal opinion as to the validity of the Bonds of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel, as more fully described under “Legal Matters” herein; (d) a Tax Compliance Certificate executed by the City Administrator of the City; and (e) a continuing disclosure agreement executed by the City Administrator of the City for purposes of SEC Rule 15c2-12, as described under the caption “Disclosure Undertaking” herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form “deemed final” by the City for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Bonds, the City will provide an executed copy of its undertaking to provide continuing disclosure certificate (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds. In accordance with the requirements 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”), the City has agreed to provide, or cause to be provided,

(1) 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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement anticipated to be dated May 15, 2018 of the City relating to the Bonds under the headings “Litigation” and in Appendix A under the headings “The City”, “Financial Factors”, “Real Property Taxes”, “City Indebtedness” and “Economic and Demographic Data” and Appendix B by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ended December 31, 2017, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ended December 31, 2017; such audit (prepared in accordance with the accounting principles the City may be required to employ pursuant to State law or regulation), if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the City; (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City 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 City, 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 City.

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

(3) in a timely manner, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The City's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12") which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the City, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the City to comply with the Undertaking will not constitute a default with respect to the Bonds.

The City reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in consultation with nationally recognized bond counsel in a manner consistent with Rule 15c2-12, as amended.

Compliance History

The City inadvertently filed its 2011 audit and annual financial information and operating data late due to a misunderstanding in the filing date which was thought to be the last day of the fiscal year but should have been 60 days after receipt of the audit.

Manufacturers and Traders Trust Company ("M&T"), the bank for the City of Beacon, made a late payment of principal and interest due on May 29, 2015 with respect to the $26,882,137 Bond Anticipation Notes, Series 2014A. Such payment was made one day late despite sufficient funds being available in an account held by Manufacturers and Traders Trust Company for such purpose and the City of Beacon completing the requisite request for the payment to be made.

Material event notices were filed in both instances.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, New York, (the "Municipal Advisor") is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the City in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the City. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

RATING

The City has applied to Moody's Investors Service (Moody's) for a rating of the Bonds. Such application is pending at this time.

The City's underlying rating by Moody's is currently "Aa2."

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There is no assurance that such rating will continue for any specified period of time or that such rating will not be lowered or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse affect on the market price of the Bond or the availability of a secondary market for the Bond.

ADDITIONAL INFORMATION

Additional information may be obtained from Susan Tucker, Director of Finance of the City, 1 Municipal Plaza, Beacon, New York, 12508 (845) 838-5006, e-mail: stucker@cityofbeacon.org or from The City's Municipal Advisor, Capital Markets Advisors, LLC, 1075 Route 82 – Suite 4, Hopewell Junction, New York 12533, (845) 227-8678.

Any statements in this Official 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 Official Statement is not to be construed as a contract or agreement between the City and the original purchasers or holders of any of the Bonds.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. 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. Capital Markets Advisors, LLC 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 City nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the City 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. Capital Markets Advisors, LLC and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

Squire Patton Boggs (US) LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bond, including this Official Statement.

CITY OF BEACON
DUTCHESS COUNTY, NEW YORK

By: ______________________________________
Anthony Ruggiero
City Administrator and Chief Fiscal Officer

Dated: May 7, 2018

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APPENDIX A

THE CITY

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THE CITY

General Information

The City was incorporated in 1913, uniting the Villages of Fishkill Landing and Matteawan. It is principally managed by a City Administrator who is appointed by the Mayor subject to an affirmative vote of a majority of the City Council. Council members are elected to a two-year term. The Mayor is elected to a four-year term (current term expires on December 31, 2019).

The City has a land area of about 5 square miles and is located in Dutchess County at the foot of the Fishkill Mountains. The City sits on the eastern side of the Hudson River about 60 miles north of New York City.

Services

The City provides all basic municipal services to its residents, including police and fire protection, recreation, building code enforcement maintenance of local highways and City-owned property in addition to operating sewer and water systems.

Employees

The City employs 104 full-time and 29 part-time workers. Current employees by department are detailed below.

	Full-Time	Part Time
Public Works Department	41	0
Public Safety Department	51	6
Finance Department	5	0
Administration Department	4	2
Recreation	3	7
Crossing Guards	0	13
Council	0	6
Total	104	34

Employees are represented by the following collective bargaining organizations:

	Members	Contract Expiration
Civil Service Employees Association	53	12-31-2019
Patrolmen's Benevolent Association	33	12-31-2018
Permanent Firemen's Association	13	12-31-2019
Total	99	

Employee Benefits

Substantially all employees of the City are members of the New York State and Local Employees Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS") (ERS and PFRS are referred to collectively hereinafter as the "Retirement System" where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

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

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: $45,000.00 or less contributes 3%; $45,000.01 to $55,000.00 contributes 3.5%; $55,000.01 to $75,000.00 contributes 4.5%; $75,000.01 to $100,000.00 contributes 5.75%; and more than $100,000.00 contributes 6%.

Beginning July 1, 2013, a voluntary defined contribution plan option was made available to all unrepresented employees of New York State public employers hired on or after that date, and who earn $75,000 or more on an annual basis.

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The City generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2015 for the current year.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contributions for the State’s Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The City does not currently amortize any pension payments.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates. The plan allows municipalities to pay the SCO amount in lieu of the Actuarially Required Contribution amount. The City pays its ERS and PFRS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

For State Fiscal Year 2016-17, the average contribution rates decreased for the third year in a row. ERS decreased by 2.7% of payroll, from 18.2% to 15.5% and the average contribution rate for PFRS decreased by approximately .4% of payroll from 24.7% to 24.3%. For the State Fiscal Year 2017-18 the contribution rates for ERS and PFRS remain unchanged at the 2016-17 levels. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers. The employer contribution rates announced will apply to each employer's salary base during the period of April 1, 2016 through March 31, 2017.

ERS and PFRS Contributions. The current retirement expenditures presented in the City's financial statements for each of the last five fiscal years and the amounts budgeted for the two most recent fiscal years are shown in the following table:

Fiscal Year Ended December 31:	ERS	PFRS
2012	$ 498,023	$ 985,463
2013	648,335	1,172,722
2014	607,165	1,136,932
2015	544,748	804,014
2016	491,510	971,273
2017	481,656	956,179
2018 (Budget)	481,656	956,179

See "Notes to Financial Statements- Note A" in the audited financial statements.

Other Postemployment Benefits

GASB Statement No. 45 ("GASB 45") 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 45 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 45 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.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is 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 45 does not require that the unfunded liabilities actually be funded, only that the City account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every two years for the City. The City's funding policy is to contribute the current annual premium (net of employee contributions) for retired participants (i.e. pay-as-you-go). Current New York State law does not permit municipalities to pre-fund medical benefit obligations. For the 2016 fiscal year the City contributed $2,297,209 on a pay-as-you-go basis.

The City is in compliance with the requirements of GASB 45. The City has determined that its unfunded actuarial accrued liability ("UAAL") for OPEB as of December 31, 2016 was $64,069,735. For the year ended December 31, 2016, the City's ARC was $4,667,836. The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both

FINANCIAL FACTORS

Budgetary Procedure

The budget process for the City begins on or before September 1 of each year when the head of each administrative unit submits an estimate of revenues and expenses for the following year to the City Administrator. Upon completion of the review of such estimates, the City Administrator prepares a proposed annual budget and capital program in accordance with the City Charter and Code which is submitted to the Mayor. At the first regular meeting in October of each year the Mayor submits the proposed budget to the City Council. The City Council reviews the proposed budget and may make changes or revisions. A public hearing must be held not less than two weeks after official publication for such hearing at which time members of the public may express their views regarding the proposed budget. Following the public hearing, the Council may adopt the budget without amendment or make such revisions as might be required, but must adopt the budget on or before December 31 of each year. Budgetary control is the joint responsibility of the City Administrator and Director of Finance. The Council must approve any changes made to the budget to ensure that actual expenditures do not exceed the amounts appropriated. Transfers between and among the various departments must be authorized by vote of the Council. Moreover, it is the Council that has ultimate responsibility for budgetary compliance and control which includes making revisions to appropriations or estimated revenues. Budgets for governmental funds are adopted on a basis that is essentially consistent with generally accepted accounting principles.

Independent Audits

The City retained the firm of EFPR Group, CPAs, PLLC, Williamsville, NY, Certified Public Accountants, to audit its financial statements for the fiscal year ended December 31, 2016. Appendix B, attached hereto, presents excerpts from the City's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

In addition, the City is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See "The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews" herein.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the City has an investment policy applicable to the investment of all moneys and financial resources of the City. The responsibility for the investment program has been delegated by the City Council to the Chief Financial Officer who was required to establish written operating procedures consistent with the City's investment policy guidelines. According to the investment policy of the City, 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.

Authorized Investments. The City has designated one bank or trust company located and authorized to conduct business in the State to receive deposits of money. The City is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the City 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 City include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the City (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 City, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The City 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 City, must be purchased 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.

Collateral Requirements. All City 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 City'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 City must be delivered, in a form suitable for transfer or with an assignment in blank, to the City or its designated custodial bank. The custodial agreements used by the City 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 City, 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 City in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Revenues

The City derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2012-2016 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the City's audited financial reports, however, such presentation has not been audited.

Property Taxes. The City 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 B.) Property taxes accounted for 50.5% of total general fund and other governmental funds revenues for the fiscal year ended December 31, 2016.

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years ended and the amounts budgeted for the two most recent fiscal years.

Fund Revenues & Real Property Taxes(1)

Fiscal Year Ended December 31:	Total Revenues	Real Property Taxes	Taxes to Revenues
2012	$18,765,952	$ 8,527,725	45.4%
2013	19,411,942	9,668,673	49.8
2014	20,440,071	10,084,960	49.3
2015	20,276,124	10,235,207	50.5
2016	19,702,611	9,941,508	50.5
2017 (Budget)	19,490,173	10,319,219	52.9
2018 (Budget)	19,971,009	10,593,191	53.0

(1) General Fund.
Source: Audited Financial Statements and Adopted Budgets of the City. Summary itself not audited.

State Aid. The City receives financial assistance from the State. State Aid accounted for approximately 11.0% of the total general fund revenues of the City in the 2016 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. 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 City, in any year or future years, the City 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 City, 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 City. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET FACTORS," herein.)

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years ended and the amounts budgeted for the two most recent fiscal years.

Fund Revenues & State Aid Revenues(1)

Fiscal Year Ended December 31:	Total Revenues	State Aid	State Aid to Revenues
2012	$18,765,952	$1,933,056	10.3%
2013	19,411,942	1,937,694	10.0
2014	20,440,071	2,290,314	11.2
2015	20,276,124	2,048,763	10.1
2016	19,702,611	2,175,178	11.0
2017 (Budget)	19,490,173	1,987,611	10.2
2018 (Budget)	19,971,009	2,031,751	10.2

(1) General Fund.
Source: Audited Financial Statements and Adopted Budgets of the City. Summary itself not audited.

Sales Tax. The City receives a share of the County sales tax. The County currently imposes a local 3.75% sales tax in addition to the 4.25% State tax. Such taxes are collected and administered by the State Tax Commission and the proceeds are paid monthly to the County.

The current 3.75% sales tax is a result of a 0.75% tax rate increase which became effective on June 1, 2003. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County's sales tax rate. The County Legislature amended the 1975 resolution enacting the County's sales tax by resolution 207259 which was signed by the County Executive on September 20, 2007. The additional 0.75% sales tax rate was extended through November 2017.

The County's 2013 budget capped the amount of sales tax that will be distributed to municipalities in the County to $25 million for the 2013 and future fiscal years. This results in municipalities receiving approximately 85% of the sales tax previously received. To offset the impact to local municipalities, Dutchess County Government absorbs half of the 2011 and 2012 election costs due to be paid to the County and assume full cost of elections starting in 2013.

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years ended and the amounts budgeted for the two most recent fiscal years.

General Fund Revenues & Sales Tax[1]

Fiscal Year Ended December 31:	Total Revenues	Sales Tax	Sales tax to Revenues
2012	$18,765,952	$5,097,443	27.2%
2013	19,411,942	4,160,873	21.4
2014	20,440,071	4,245,843	20.8
2015	20,276,124	4,253,642	21.0
2016	19,702,611	4,282,910	21.7
2017 (Budget)	19,490,173	4,158,686	21.3
2018 (Budget)	19,971,009	4,278,686	21.4

(1) General Fund.
Source: Audited Financial Statements Adopted Budgets of the City. Summary itself not audited.

Unaudited Summary – FY Ended December 31, 2017

The following table shows unaudited preliminary result of operations of the City's General, Water and Sewer Funds based on the Annual Update Document filed with the New York State Office of the State Comptroller. Such data is preliminary and subject to audit adjustments, if any.

UNAUDITED Fund Balance	General Fund	Water Fund	Sewer Fund
Ending Balance at 12-31-16 (audited)	$ 9,888,882	$ 2,744,747	$ 2,908,092
Revenues	19,783,253	3,806,874	4,214,521
Expenditures	(21,206,826)	(3,1543044)	(5,280,117)
Operating Surplus (Deficit)	(1,423,573)	652,830	(1,065,596)
Ending Balance at 12-31-17	$ 8,465,309	$ 3,397,577	$ 1,842,496
Consisting of:			
Non-Spendable	409,009	17,978	25,394
Restricted	1,623	280,804	75,640
Committed	6,859	4,893	85,684
Assigned	172,584	0	-
Unassigned	7,875,234	3,093,902	1,655,778
Total Fund Balance	$ 8,465,309	$ 3,397,577	$ 1,842,496

REAL PROPERTY TAXES

The City derives its power to levy an ad valorem real property tax from Article 8, Section 10 of the Constitution of the State. The City is responsible for levying taxes for City operating purposes and for debt service.

Assessed and Full Valuations

The following table shows the assessed valuations, State equalization rates and full valuations of all taxable property within the City for the last five fiscal years.

	2014	2015	2016	2017	2018
Assessed Value	$1,035,329,283	$1,036,232,331	$1,042,549,039	$1,076,559,630	$1,137,015,857
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Value	1,035,329,283	1,036,232,331	1,042,549,039	1,076,559,630	1,137,015,857

Property Tax Limit

In accordance with Article 8, Section 10 of the New York State Constitution, the amount that may be raised by the City ad valorem levy on real estate in any fiscal year is limited to two per centum (2%) of the five-year average full valuation of taxable real estate of the City plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The following table shows the Constitutional tax margin of the City for the current fiscal year.

Constitutional Tax Margin
For Fiscal Year 2018

Average Full Valuation of Taxable Real Property (years 2014-2018)	$1,065,537,232
Constitutional Tax Limit (2% of Average Full Valuation)	21,310,745
Tax Levy	10,593,191
Less:	
Exclusions	3,246,270
Tax Levy Subject To Tax Limit	7,346,921
Tax Margin	13,963,824
Margin/Limit	65.52

Tax Collection Procedure

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State.

The City collects County and City taxes, both current and delinquent, and delinquent school taxes. The City is required to pay the County the full amount of the County levy by the end of the calendar year. Taxes levied against properties are payable from February 1st through March 2nd without penalty. A one percent penalty is assessed against taxes paid from March 3rd to March 31st. An additional one percent penalty per month is assessed thereafter through December 31. Tax sales are held each year by the City.

Tax Rates, Levies and Collection Record

The table below sets forth the City's tax rates and tax levies for the years 2013 to 2018.

	Tax Rate Per $1,000			Total	Amount	Percent
Year	City (a)		County (a)	Tax Levy (a)	Uncollected (b)	Uncollected (b)
	(H)	(NH)				
2013	8.40	12.40	3.45	$13,315,953	$273,670	2.06%
2014	8.63	12.73	3.65	13,622,698	354,528	2.60
2015	8.70	13.35	3.68	13,852,549	194,958	1.40
2016	8.82	13.23	3.60	13,919,698	210,380	1.51
2017	8.61	13.17	3.58	14,142,113	389,434	2.75
2018	8.39	12.67	3.54	14,590,847	Not Available	Not Available

(a) Source: Dutchess County Real Property Tax Service.
(b) Includes City, homestead and non-homestead, and County real property taxes. Source: City of Beacon.
(c) Revaluation to 100% equalization rate in 2008.

(H) = Homestead, (NH) = Non-Homestead.

Ten of the Largest Taxpayers

The following table presents the taxable assessed valuation of the ten major taxpayers of the City for the 2017 assessment roll for taxes to be levied in fiscal 2018.

2017 Assessment Roll

Larger Taxpayers	Type of Business	Assessed Value	% of Total Assessed Value[1]
C H G & E Corp Total	Utility	$22,449,389	1.97%
Westchester County Health Care Total	Hospital	13,250,000	1.17
C M P Acquisition Corp Total	Aged Home	8,400,000	.74
Lofts @ Beacon Falls LLC The Total	Residential/Retail	7,000,000	.62
Richard J Fellinger Realty Total	Development	6,200,000	.55
Lindley Todd LLC The Total	Office/Residential	5,563,700	.49
Fishkill Avenue Beacon NY LLC Total	Retail/Storage	5,135,500	.45
Beacon Lofts and Storage LLC Total	Retail/Storage	5,025,000	.44
DMS Consolidators Ltd Total	Residential/Retail	5,000,000	.44
O'Donnell Construction NY LLC Total	Residential/Retail	5,000,000	.44
		$83,023,589	7.31%

(1) 2018 total assessed value $1,137,015,857.

CITY INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual or private corporation or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The City may contract indebtedness only for a City 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 or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the City determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The City 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 City has the power to contract indebtedness for any City purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the City, 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 for the last completed assessment roll and applying thereto the rate which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Tax Services (the "ORPTS"). The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Bonds. Further, the New York Constitution prohibits the State Legislature from restricting the power of the City to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the City's power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Bonds. See "Legal Matters," "Market Factors," and "Tax Levy Limit Law," herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City 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 the City Law and the General Municipal Law.

Pursuant to the Local Finance Law, the City authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the City Council of the City. Certain such resolutions may be subject to permissive referendum, or may be submitted to the City voters at the discretion of the City Council.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The City has complied with such procedure for the validation of the bond resolution adopted in connection with this issuance.

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

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

In addition, under each bond resolution, the City Council may delegate the power to issue and sell bonds and notes to the City Administrator, the chief fiscal officer of the City.

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

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the City, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The City is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See “Constitutional Requirements, Debt Limit,” herein). See “Tax Levy Limit Law” herein.

The City determines the assessed valuation for taxable real properties. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Certain properties are taxable for school purposes but exempt for City purposes.

The following table sets forth the City’s debt-contracting limitation.

Computation of Debt Contracting Limitation
As of May 2, 2018

For Fiscal Year Ended December 31:	Assessed Valuations	Equalization Rate (a)	Full Valuations
2014	$ 1,035,329,283	100.00%	$ 1,035,329,283
2015	1,036,232,331	100.00	1,036,232,331
2016	1,042,549,039	100.00	1,042,549,039
2017	1,076,559,630	100.00	1,076,559,650
2018	1,137,015,857	100.00	1,137,015,857
Total Five-Year Full Valuation			5,327,686,160
Five-Year Average Full Valuation			1,065,537,232
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			$74,587,606

(a) ORPTS.

Statutory Debt Limit and Net Indebtedness

Statement of Debt Limit and Net Indebtedness
As of May 2, 2018

	Amount	Percent
Debt Contracting Limitation:	$74,587,606	100.00%
Gross Indebtedness:		
Serial Bonds	25,825,000	34.6
Bond Anticipation Notes	20,263,700	27.2
Total Gross Indebtedness	46,088,700	61.8
Less Exclusions:		
Water Debt[(a) (b)]	5,115,670	6.9
Budgetary Appropriations	2,270,000	3.0
Total Exclusions	7,385,670	9.9
Total Net Indebtedness	38,703,030	51.9
Net Debt Contracting Margin	$ 35,884,575	48.1

(a) State Constitution Article VIII Section 5.
(b) Includes the Water Dept.'s 50% share of the cost for the replacement of a Vactor. (See "Bond Anticipation Notes" table herein).

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Bond Anticipation Notes

The City currently has outstanding $20,263,700 Bond Anticipation Notes, 2017 (Renewals) Series A which mature May 25, 2018. These notes will be redeemed from proceeds of the Bonds and $1,211,700 of cash on hand.

Date of Authorization	Original Issue Date	Purpose	Amount Outstanding
10-21-13	05-29-14	Fire/Building Inspector Vehicle	$15,000
10-21-13	05-29-14	Spreader/Sprayer	3,750
10-21-13	05-29-14	Replace 2 Snow Plows	6,000
10-21-13	05-29-14	Chief Support Vehicle (Fire)	20,000
10-21-13	05-29-14	Transfer Station Scale	13,200
10-21-13	05-29-14	Replace 2004 Pickup #044	15,000
10-21-13	05-29-14	Lewis Tompkins Hose Replace Boiler	32,000
10-21-13	05-29-14	Municipal Building HVAC Upgrade	160,000
10-21-13	05-29-14	Replace 1993 #934 Truck With Plow	170,000
10-21-13	05-29-14	Replace 1996 #960 Truck	46,000
10-21-13	05-29-14	Replace R-2 Truck Utility Body	27,000
10-21-13	05-29-14	Replace Vaccuum Sweeper	160,000
10-21-13	05-29-14	Replace Vactor (Share w/ Water Dept.)	115,000
10-21-13	05-29-14	Replace Vactor	115,000
10-21-13	05-29-14	Lakeside Hauler Equipment	45,000
10-21-13	05-29-14	Phillips St- Reconstruction	850,000
10-21-13	05-29-14	East Main St. Parking Lot	895,000
10-21-13	05-29-14	Replace 2005 Ladder Truck w/ Quint	840,000
10-21-13	05-29-14	Exterior Door Replacements	4,000
10-21-13	05-29-14	Windows: Various locations	53,000
10-21-13	05-29-14	Fencing: Various locations	6,000
10-21-13	05-29-14	City Hall Improvements	58,000
10-21-13	05-29-14	Hauler Bldg modifications	9,250
10-21-13	05-29-14	New Secondary Scum Pump/Driver & Piping	39,000
10-21-13	05-29-14	Repair Concrete at Various Tanks	67,000
10-21-13	05-29-14	Repair Primary Tanks & MCC Replacement	60,000
10-21-13	05-29-14	Replacement of 4 Gates in Aeration Tanks	43,000
10-21-13	05-29-14	New Aeration Piping to Aeration Tanks	220,000
10-21-13	05-29-14	Mixing Pump Control & Tank Replacement	71,000
10-21-13	05-29-14	Mixing Tank Replace & Concentration Tank Rehab.	65,000
10-21-13	05-29-14	Teller Ave. 200' Sewer Replacement	95,000
10-21-13	05-29-14	East Main St. Sewer Line Replacement	117,000
10-21-13	05-29-14	I&I Improvements	870,000
10-21-13	05-29-14	DPW Facility	5,350,000
10-21-13	05-29-14	Fairview Tank Rehabilitation and painting	276,000
09-15-08	05-26-16	Highway Garage	3,035,000
05-04-15	05-26-15	LED Street Lights	1,900,000
05-04-15	05-26-15	Road Reconstruction – Rombout Ave	2,265,000
05-04-15	05-26-15	Upgrade SCADA System (Water)	97,500
05-04-15	05-26-15	Road Reconstruction – Rombout Ave (Sewer)	1,150,000
05-04-15	05-26-15	I & I Improvements	885,000
			$20,263,700

Tax and Revenue Anticipation Notes

The City has not issued any tax anticipation notes or revenue anticipation notes during the past five fiscal years.

Trend of Capital Debt

The following table shows the amount of capital debt outstanding at the end of each of the last five fiscal years.

Debt History

	2013	2014	2015	2016	2017
Bonds	$20,086,209	$17,850,900	$15,460,000	$28,270,000	$25,960,000
Bond Anticipation Notes	17,543,897	26,882,137	27,071,127	20,879,910	20,263,700
Total Debt Outstanding	$37,630,106	$44,733,037	$42,531,127	$49,149,910	$46,223,700

Overlapping and Underlying Debt

Statement of Direct and Overlapping Indebtedness
As of May 2, 2018

Gross Direct Indebtedness	$46,088,700
Exclusions and Deductions	7,693,509
Net Direct Indebtedness	$38,703,030

	Date of Report	Total Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
County of Dutchess	02-02-18	$78,425,000	3.78%	$ 3,121,315
Beacon City School District	12-18-17	34,170,069	55.78	19,063,481
Total				$22,184,796

Debt Ratios

Direct and Overlapping Debt Ratios
As of May 2, 2018

	Amount	Per Capita (a)	Full Value (b)
Net Direct Debt	$ 38,703,030	$2,709	3.40%
Net Direct and Overlapping Debt	60,887,827	4,261	5.36

(a) The population of the City is 14,289 according to the 2016 estimated Census.
(b) Based on estimated full valuation of $1,137,015,857 for 2018.

Authorized But Unissued Debt

The City has $2,652,112 of authorized and unissued debt for the projects listed below. The City issues annually to fund its capital improvement needs. The City expects to authorize $900,000 for sewer projects within the next several months which will be issued initially as bond anticipation notes in 2018.

Authorized/Unissued Debt
As of May 2, 2018

Date Authorized	Purpose	Amount Authorized	Amount Unissued
09-15-08	Highway Garage	$4,500,000	$ 480,454
10-21-13	Various Purpose	353,200	207,300
10-21-13	Fire Truck	1,200,000	200,000
05-04-15	LED Street Lights	3,006,358	1,046,358
05-04-15	Sewer System Improvements	1,618,000	718,000
		$10,677,558	$2,652,112

Debt Service Schedule

The following table shows the debt service requirements to maturity on the City's outstanding general obligation bonded indebtedness.

Schedule of Debt Service Requirements

Currently Outstanding Bonded Debt				
Year Ending December 31	Principal	Interest	Total Debt Service	% of Principal Paid
2018[(a)]	$2,405,000	$721,876	$3,126,876	9.82%
2019	2,460,000	643,779	3,103,779	19.57
2020	2,530,000	568,097	3,098,097	29.30
2021	2,165,000	489,424	2,654,424	37.64
2022	2,060,000	434,738	2,494,738	45.47
2023	2,135,000	362,338	2,497,338	53.32
2024	1,625,000	303,581	1,928,581	59.38
2025	600,000	265,806	865,806	62.10
2026	610,000	253,706	863,706	64.81
2027	625,000	241,356	866,356	67.53
2028	635,000	228,756	863,756	
2029	650,000	215,906	865,906	
2030	665,000	202,341	867,341	
2031	680,000	187,625	867,625	
2032	695,000	171,288	866,288	
2033	715,000	151,875	866,875	
2034	735,000	130,125	865,125	
2035	750,000	107,850	857,850	
2036	770,000	85,050	855,050	
2037	795,000	61,575	856,575	
2038	815,000	37,425	852,425	
2039	840,000	12,600	852,600	
Totals	$28,270,000	$6,690,088	$34,960,088	

(a) As of May 2, 2018 the City has paid $135,000 in principal and $127,016 in interest due on serial bonds for the fiscal year ending December 31, 2018.

ECONOMIC AND DEMOGRAPHIC DATA

The City is located on the eastern shore of the Hudson River in Dutchess County, approximately 60 miles from New York City. The City is primarily residential with some industrial activity.

Population

Population

	2000	2010	2016	% Change 2000-2010	% Change 2010-2016
City	13,808	15,541	14,289	12.5%	(8.1)%
County	280,150	297,488	295,905	6.2	(0.5)
State	18,976,457	19,378,102	19,745,289	2.1	1.9

Source: U.S. Department of Commerce, Bureau of the Census, (American Community Survey 5-Year Estimates).

Income

The following table indicates comparative income statistics for the City, the County and the State.

Per Capita Money Income

	2010	2016	% Change
City	$27,712	$33,355	20.4%
County	31,642	35,101	10.9
State	30,948	34,212	10.5

Source: The U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimates).

Employment

The first table below provides certain information about the labor force in the City and comparative information for the County and the State. The second table provides unemployment information for the County as a whole since the smallest area for which such statistics are available (which includes the City) is the County. 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 that the County is necessarily representative of the City or vice versa.

Average Employed Civilian Labor Force
2000 - 2016

	2000	2010	2016	% Change 2000-2010	% Change 2010-2016
County	134,000	137,700	136,800	2.8%	(0.7)%
State	8,718,700	8,769,700	9,121,300	0.6	4.0

Source: New York State Department of Labor.

Average Unemployment Rates

Year	County	State	United States
2013	6.7%	7.7%	6.5%
2014	5.3	6.3	5.4
2015	4.5	5.3	4.8
2016	4.2	4.8	4.5
2017	4.3	4.7	3.9
2018: (1)			
Jan	4.8	5.1	4.5
Feb	5.0	5.1	4.4

(1) Monthly Rates.
Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

Major Non-Government Employers in the County
(1,000 or More Employees) (1)

Name	Industry or Business	Estimated Number of Employees
HealthQuest	Hospital	5,600
International Business Machine Corp.	Technology	4,100
GlobalFoundries	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

(1) As of February 10, 2017.

Source: County Officials.

Housing Data

Housing Stock
2000-2016

	Number of Units			% Change	
	2000	2010	2016	2000-2010	2010-2016
City	5,406	5,715	5,805	5.7%	1.6%
County	106,103	118,638	119,023	11.8	0.3
State	7,679,307	8,108,103	8,191,568	5.6	1.0

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

END OF APPENDIX A

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APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

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CITY OF BEACON
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

	AS OF DECEMBER 31:				
	2012	2013	2014	2015	2016
ASSETS					
Cash and Cash Equivalents	$ 5,968,983	$ 6,537,180	$ 9,504,825	$ 12,140,943	$ 11,579,158
Accounts Receivables	2,529,400	2,614,312	2,389,740	1,796,358	2,141,181
State and Federal Aid Receivable	226,731	18,380	390,488	76,648	12,062
Due From Other Funds	720,990	1,324,515	1,057,914	1,102,454	187,632
Due From Other Governments	827,326	735,403	724,908	183,255	243,543
Prepaid Expenses	536,397	522,291	474,008	330,280	414,103
Total Assets	$ 10,809,827	$ 11,752,081	$ 14,541,883	$ 15,629,938	$ 14,577,679
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable and	563,631	549,024	554,118	539,645	398,621
Accrued Expenses	498,950	825,935	96,363	197,291	289,895
Due To Other Governments	1,852,895	1,659,364	2,249,244	2,176,216	1,882,612
Due To Other Funds	691,581	728,676	1,065,490	1,132,312	391,385
Other Liabilities	5,623	5,654	5,664	5,673	5,673
Total Liabilities	3,612,680	3,768,653	3,970,879	4,051,137	2,968,186
DEFERRED INFLOW OF RESOURCES	2,182,230	1,944,943	1,879,464	1,843,879	1,720,611
Fund Equity:					
Nonspendable	536,397	522,291	474,008	330,280	414,103
Restricted	569,985	432,813	249,817	211,120	136,063
Assigned	18,021	300,000	300,000	247,500	253,362
Unassigned	3,890,514	4,783,381	7,667,715	8,946,021	9,085,354
Total Fund Equity	5,014,917	6,038,485	8,691,540	9,734,921	9,888,882
Total Liabilities and Fund Equity	$ 10,809,827	$ 11,752,081	$ 14,541,883	$ 15,629,937	$ 14,577,679

The financial data presented on this page has been excerpted from the audited financial statements of the City.
Complete copies of the audited financial statements are available upon request.
Such information, however, is not audited.

CITY OF BEACON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION

	AS OF DECEMBER 31:				
	2012	2013	2014	2015	2016
REVENUES:					
Real Property Taxes	$ 8,527,725	$ 9,668,673	$ 10,084,960	$ 10,235,207	$ 9,941,508
Real Property Tax Items	608,945	743,424	299,060	583,951	665,034
Non-Property Tax Items	5,465,086	4,542,925	4,657,089	4,656,108	4,658,700
Departmental Income	876,522	930,196	924,507	1,061,531	922,737
Intergovermental Charges	12,973	47,957	603,072	56,397	53,893
Use Of Money And Property	20,968	29,712	18,892	15,550	12,722
Licenses and Permits	187,075	204,581	323,202	309,841	442,855
Fines and Forfeitures	135,361	167,181	198,645	218,599	229,093
Sale Of Property And Compensation For Loss	343,672	334,845	479,245	549,015	58,358
Miscellaneous	32,684	232,673	79,575	42,846	41,607
Inrerfund Revenue	430,200	437,590	451,100	426,030	468,400
State Aid	1,933,056	1,937,694	2,290,314	2,048,763	2,175,178
Federal Aid	191,685	134,491	30,410	72,286	32,526
Total Revenues	18,765,952	19,411,942	20,440,071	20,276,124	19,702,611
EXPENDITURES:					
Current:					
General Government Support	1,964,374	2,787,246	1,891,045	2,159,589	2,346,791
Public Safety	6,462,115	6,032,939	7,148,563	6,965,111	6,053,999
Transportation	1,597,744	1,793,836	1,875,933	1,854,974	1,838,470
Economic Assistance And Opportunity	32,794	30,757	0	0	0
Culture And Recreation	286,335	284,842	321,822	381,161	446,224
Home And Community	1,084,076	1,075,939	1,241,637	1,133,488	1,290,735
Employee Benefits	4,271,578	4,281,715	3,107,412	3,178,453	4,519,684
Debt Service	2,052,254	2,110,893	2,200,604	2,639,967	2,239,614
Total Expenditures	17,751,270	18,398,167	17,787,016	18,312,743	18,735,517
Excess (Deficiency) of Revenues Over Expenditures	1,014,682	1,013,775	2,653,055	1,963,381	967,094
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	15,066	9,793	0	0	0
Operating Transfers - Out	0	0	0	(920,000)	0
Total Other Financing Sources (Uses)	15,066	9,793	0	(920,000)	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,029,748	1,023,568	2,653,055	1,043,381	967,094
Fund Equity - Beginning of Year	3,985,169	5,014,917	6,038,485	8,691,540	9,734,921
Prior Period Adjustment	0	0	0		(813,133)
Fund Balance - End of Year	5,014,917	6,038,485	8,691,540	9,734,921	9,888,882

The financial data presented on this page has been excerpted from the audited financial statements of the City.
Complete copies of the audited financial statements are available upon request.
Such information, however, is not audited.

CITY OF BEACON
PROPRIETARY FUNDS*
STATEMENT OF NET ASSETS
DECEMBER 31:
UNAUDITED PRESENTATION

	AS OF DECEMBER 31: 2012	2013	2014	2015	2016
ASSETS					
Current Assets:					
Cash And Cash Equivalents	$ 376,344	$ 732,022	$ 1,642,054	$ 1,036,818	$ 6,352,538
Receivables:					
Charges For Services	2,991,944	3,656,661	2,544,343	3,493,407	1,904,477
Due from Other Governments	17,395	19,315	23,731	19,268	24,896
Due From Other Funds	0	0	0	0	0
Other	267,906	173,036	204,224	244,163	336,876
Internal Balances	11,852,723	9,118,470	7,642,314	6,184,401	274,635
Prepaid Expenses	89,043	64,321	53,399	0	424
Total Current Assets	$ 15,595,355	$ 13,763,825	$ 12,110,065	$ 10,978,057	$ 8,893,846
Capital Assets:					
Land	$ 1,061,955	$ 1,061,955	$ 1,061,955	$ 1,061,955	$ 1,061,955
Infrastructure (Net)	6,180,364	5,962,592	9,418,437	15,153,478	14,538,172
Building, Machinery and Equipment (Net)	3,417,903	3,362,595	3,217,579	3,267,211	3,209,286
Construction In Progress	1,455,452	3,587,700	5,427,065	648,766	861,492
Total Capital Assets	12,115,674	13,974,842	19,125,036	20,131,410	19,670,905
Deferred Outflow of Resources	0	0	0	226,372	814,756
Total Assets and Deferred Outflows of Resources	$ 27,711,029	$ 27,738,667	$ 31,235,101	$ 31,335,839	$ 29,379,507
LIABILITIES AND NET ASSETS					
Liabilities					
Current Liabilities:					
Accounts Payable	$ 337,461	$ 267,354	$ 208,704	$ 348,708	$ 320,694
Accrued Expenses	231,664	209,401	329,883	247,145	139,952
Due to Other Governments	111,705	0	0	0	16,049
Notes Payable	13,239,780	13,239,780	15,051,255	14,058,345	4,325,690
Current Portion Of Bonds Payable	872,980	899,662	730,678	955,428	873,938
Total Current Liabilities	14,793,590	14,616,197	16,320,520	15,609,626	5,676,323
Non-Current Liabilities:					
Compensated Absence Liability	301,557	317,191	344,867	222,091	215,898
Bonds Payable	6,046,487	5,146,455	4,202,981	3,245,531	14,024,667
Postemployment Benefits Obligation	1,830,502	1,901,298	2,378,712	2,712,400	3,032,643
Share of Net Pension Liability				146,592	731,799
Total Non-Current Liabilities	8,178,546	7,364,944	6,926,560	6,326,614	18,005,007
Total Liabilities	22,972,136	21,981,141	23,247,080	21,936,240	23,681,330
Deferred Inflow of Resources	0	0	203,808	206,396	143,523
Net Assets					
Invested in Capital Assets, Net Of Related Debt	(308,592)	2,423,926	6,875,103	9,607,087	4,249,935
Reserved:					
Unrestricted	5,047,485	3,333,600	909,110	(413,884)	1,304,719
Total Net Assets	4,738,893	5,757,526	7,988,021	9,399,599	5,698,177
Total Liabilities And Net Assets	$ 27,711,029	$ 27,738,667	$ 31,235,101	$ 31,335,839	$ 29,379,507

* Includes the Water and Sewer Funds.
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CITY OF BEACON
PROPIETARY FUNDS*
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31:
UNAUDITED PRESENTATION

	AS OF DECEMBER 31:				
	2012	2013	2014	2015	2016
OPERATING REVENUES:					
Charges For Services And Other Fees	$ 6,256,805	$ 6,798,702	$ 6,700,712	$ 7,293,739	$ 7,593,884
Total Operating Revenues	6,256,805	6,798,702	6,700,712	7,293,739	7,593,884
OPERATING EXPENDITURES:					
Personal Services	1,118,844	1,209,436	1,369,229	1,225,644	1,245,152
Administrative Expense	858,607	862,211	1,070,915	794,787	884,922
Maintenance, Operations and Contractural Services	1,945,235	1,798,346	(97,826)	105,544	1,756,627
Employee Benefits	1,162,666	955,507	1,412,673	1,374,362	1,524,170
Depreciation	358,914	364,025	556,130	776,358	792,854
Total Operating Expenditures	5,444,266	5,189,525	4,311,121	4,276,695	6,203,725
NET OPERATING INCOME	812,539	1,609,177	2,389,591	3,017,044	1,390,159
NONOPERATING REVENUES					
Sale of Property	0	0	0	9,157	3,900
Investment Income	39,745	58,494	61,111	46,017	33,762
Interest Expense	(420,389)	(370,186)	(434,777)	(1,267,459)	(279,742)
Total Nonoperating Revenues	(380,644)	(311,692)	(373,666)	(1,212,285)	(242,080)
INCOME BEFORE TRANSFERS	431,895	1,297,485	2,015,925	1,804,759	1,148,079
TRANSFERS IN (OUT)	(400,795)	(278,852)	10,762	(598,000)	0
CHANGE IN NET ASSETS	31,100	1,018,633	2,026,687	1,206,759	1,148,079
Net Assets - Beginning of Year	4,707,793	4,738,893	5,757,526	7,784,213	9,193,203
Implementation of GASB 68 Adjustment				(39,277)	0
Prior Period Adjustment	0	0	0	241,508	(4,786,628)
Net Assets - End of Year	$ 4,738,893	$ 5,757,526	$ 7,784,213	$ 9,193,203	$ 5,554,654

* Includes the Water and Sewer Funds.
The financial data presented on this page has been excerpted from the audited financial statements of the City.
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CITY OF BEACON
2017 OPERATING BUDGET

	General Fund	Water Fund	Sewer Fund	Combined Totals
ESTIMATED REVENUES:				
Real Property Taxes	$ 10,319,219	0	0	10,319,219
Other Tax Items	268,975	0	0	268,975
Other Non-Property Taxes	4,534,686	0	0	4,534,686
Departmental Income	1,245,774	3,266,301	3,962,725	8,474,800
Intergovernmental Charges	57,549	0	0	57,549
Use Of Money And Property	13,500	300	25,758	39,558
Licenses And Permits	254,450	0	0	254,450
Fines And Forfeitures	212,000	0	0	212,000
Sale Of Property And Compensation For Loss	101,000	0	0	101,000
Federal Aid	27,260	0	0	27,260
State Aid	1,987,611	0	0	1,987,611
Interfund Revenues	449,490	0	0	449,490
Miscellaneous	18,659	0	0	18,659
Total Estimated Revenues	19,490,173	3,266,601	3,988,483	26,745,257
APPROPRIATIONS:				
Current:				
General Government Support	2,768,833	314,831	190,233	3,273,897
Public Safety	7,036,257	0	0	7,036,257
Transportation	1,965,515	0	0	1,965,515
Economic Assistance And Opportunity	3,500	0	0	3,500
Culture And Recreation	683,168	0	0	683,168
Home And Community Services	1,297,258	1,719,275	2,283,272	5,299,805
Employee Benefits	3,376,657	372,478	596,904	4,346,039
Debt Service	2,521,965	860,017	918,074	4,300,056
Total Appropriations	19,653,153	3,266,601	3,988,483	26,908,237
Excess (Deficiency) Of Estimated Revenues Over Appropriations	(162,980)	0	0	(162,980)
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Sources Over Appropriations and Other Financing Uses	(162,980)	0	0	(162,980)
APPROPRIATED FUND BALANCE	$ 162,980	$ 0	$ 0	$ 162,980

CITY OF BEACON
2018 OPERATING BUDGET

	General Fund	Water Fund	Sewer Fund	Combined Totals
ESTIMATED REVENUES:				
Real Property Taxes	$ 10,593,191	0	0	10,593,191
Other Tax Items	309,983	0	0	309,983
Other Non-Property Taxes	4,648,686	0	0	4,648,686
Departmental Income	1,188,825	3,335,547	4,070,077	8,594,449
Intergovernmental Charges	163,787	0	0	163,787
Use Of Money And Property	14,300	500	22,669	37,469
Licenses And Permits	283,750	0		283,750
Fines And Forfeitures	182,000	0	0	182,000
Sale Of Property And Compensation For Loss	66,000	0	0	66,000
Federal Aid	10,000	0		10,000
State Aid	2,031,751	0	0	2,031,751
Interfund Revenues	458,320	0		458,320
Miscellaneous	20,416	0	0	20,416
Total Estimated Revenues	19,971,009	3,336,047	4,092,746	27,399,802
APPROPRIATIONS:				
Current:				
General Government Support	2,899,367	313,788	149,352	3,362,507
Public Safety	7,331,870	0	0	7,331,870
Transportation	1,905,561	0	0	1,905,561
Economic Assistance And Opportunity	3,500	0	0	3,500
Culture And Recreation	719,851	0	0	719,851
Home And Community Services	1,268,009	1,804,253	2,416,186	5,488,448
Employee Benefits	3,389,460	434,591	552,763	4,376,814
Debt Service	2,601,708	783,415	974,445	4,359,568
Total Appropriations	20,119,326	3,336,047	4,092,746	27,548,119
Excess (Deficiency) Of Estimated Revenues Over Appropriations	(148,317)	0	0	(148,317)
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Sources Over Appropriations and Other Financing Uses	(148,317)	0	0	(148,317)
APPROPRIATED FUND BALANCE	$ 148,317	$ 0	$ 0	$ 148,317

APPENDIX C

LINK TO
INDEPENDENT AUDITORS' REPORT
THEREON FOR THE
YEAR ENDED DECEMBER 31, 2016

Can be accessed on the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board ("MSRB") at the following link:

https://emma.msrb.org/ES1046775-ES818189-ES1219474.pdf

The audited financial statements referenced above are hereby incorporated into the attached Official Statement.

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. EFPR Group, CPAs, PLLC has not been requested by the City to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

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