

**NEW ISSUE****BOND ANTICIPATION NOTES**

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

The Notes **will be** "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.

**TOWN OF CORTLANDT  
WESTCHESTER COUNTY, NEW YORK****\$2,200,000****BOND ANTICIPATION NOTES, 2017 SERIES B  
(the "Notes")****Date of Issue: November 15, 2017****Maturity Date: October 12, 2018**

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

The Notes are not subject to optional redemption prior to maturity.

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

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rates(s). Principal of and interest on such Notes will be payable in federal funds by the Town to the registered owner(s).

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser(s) on or about November 15, 2017.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DEFINED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

Dated: October 18, 2017

**TOWN OF CORTLANDT  
WESTCHESTER COUNTY, NEW YORK**

**Linda D. Puglisi  
Supervisor**

**TOWN BOARD**

Richard Becker..... Council Member

Debra Costello ..... Council Member

Francis X. Farrell ..... Council Member

Seth Freach..... Council Member

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Patricia Robcke ..... Comptroller

Joann Dyckman..... Town Clerk

Thomas F. Wood, Esq..... Town Attorney

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**INDEPENDENT AUDITORS**

**EFPR Group, CPAs PLLP  
Williamsville, New York**

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**BOND COUNSEL**

**Orrick, Herrington & Sutcliffe LLP  
New York, New York**

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**MUNICIPAL ADVISOR**



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

No dealer, broker, salesman or other person has been authorized by the Town of Cortlandt 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 Town. 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 Notes 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 Town 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 Town since the date hereof.

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**OFFICIAL STATEMENT**  
**TOWN OF CORTLANDT**  
**WESTCHESTER COUNTY, NEW YORK**

**relating to**  
**\$2,200,000**  
**BOND ANTICIPATION NOTES, 2017 SERIES B**  
**(the “Notes”)**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Cortlandt in the County of Westchester, State of New York (the “Town,” “County,” and “State,” respectively), in connection with the sale of \$2,200,000 Bond Anticipation Notes, 2017 Series B (the “Notes”).

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

**THE NOTES**

***Description***

The Notes will be dated and will mature as reflected on the cover page hereof.

The Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co, as the partnership nominee for DTC. If the Notes are registered in the name of the successful bidder(s), the Town will act as Paying Agent for the Notes. The Town will act as Paying Agent for the Notes. The Town contact information is as follows: Patricia Robcke, Comptroller, 1 Heady Street, Cortlandt Manor, NY 10567, (914) 734-1070, e-mail: [patty@townofcortlandt.com](mailto:patty@townofcortlandt.com).

***Authority for and Purpose of the Notes***

The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law, and other proceedings and determinations relating thereto, including a bond resolution adopted by the Town Board on March 15, 2016.

The proceeds of the Notes will provide \$2,200,000 in original financing for the replacement of the Croton Park Colony Water Tank.

***Book-Entry-Only System***

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes if issued as book-entry-only Notes. Such Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each note bearing the same rate of interest and CUSIP and deposited with DTC.

DTC 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the notes 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.

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the

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

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

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

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

Source: The Depository Trust Company

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 TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE TOWN 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 NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEOWNERS.

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

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

### **NATURE OF OBLIGATION**

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

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

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

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

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

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

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

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

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



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

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

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

### ***Tax Levy Limitation Law***

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are affected indirectly by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. As amended, the Tax Levy Limitation Law expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as counties, 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 Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

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

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

**State Debt Moratorium Law.** There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, 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 Town.

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

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not 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 noteholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

## **MARKET FACTORS**

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

There can be no assurance that the State appropriation for State aid to the Town will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Town 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 Town can be paid only if the State has such monies available therefor. (See “State Aid” herein).

Should the Town fail to receive monies expected from the State in the amounts and at the times expected, the Town 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 Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Notes (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, including the Town, school districts, and fire districts in the State could have an impact upon operations of the Town and as a result, the market price for the Notes. (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 for 2016 data of the State Comptroller designates the Town as "No Designation," with a fiscal score of 19.2% and an environmental score of 5.0%.

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 Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes.

## **LITIGATION**

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

The Town presently has pending various tax certiorari claims which have been filed under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions and, in most actions, a refund of property taxes previously paid. It is difficult to predict at this time the outcome of these cases, however, according to the Town Attorney, none of these claims involve possible assessment reductions of a material nature. A judgment in a tax certiorari matter could be funded by the issuance of notes or bonds of the Town.

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 Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The Town has covenanted to comply with

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, certain legislative proposals in recent years have been made that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

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

## **DISCLOSURE UNDERTAKING**

This Official Statement is in a form "deemed final" by the Town for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Town will provide an executed copy of its "Undertaking to Provide Notices of Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the

Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; 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 from 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 Notes.

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

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

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

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

### ***Compliance History***

Since 2007, there have been in excess of 50 rating actions reported by Moody’s Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Town. Due to widespread knowledge of these rating actions, material event notices were not filed by the Town in each instance.

The Town did not file audited financial statements and operating information within 6 months of the close of the fiscal year for each of the years 2012 and 2013. For each of these years the Town made its required filings prior to the end of each such succeeding fiscal year, which the Town previously interpreted as the required filing date. The Town has been advised of its requirement to file its audited financial statements within sixty days of the release of such audited financial statements and intends to make all future filings within this required timeframe. The audited financial statements and operating data for 2014 through 2016 were filed within 6 months of the close of the fiscal year.



## **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 Town 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 Town 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 Town. 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 Notes.

## **RATING**

The Town did not apply for a rating of the Notes.

The Town’s underlying rating by Moody’s Investors Service (“Moody’s”) is “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, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

## **ADDITIONAL INFORMATION**

Additional information may be obtained from Patricia Robcke, Comptroller, 1 Heady Street, Cortlandt Manor, New York 10567, (914) 734-1071, e-mail: [pattyr@townofcortlandt.com](mailto:pattyr@townofcortlandt.com) or from the Town’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 Town and the original purchasers or holders of any of the Notes.

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

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

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

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

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://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 Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town 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 the Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF CORTLANDT  
WESTCHESTER COUNTY, NEW YORK

By: \_\_\_\_\_  
Linda D. Puglisi  
Supervisor and Chief Fiscal Officer

DATED: October 18, 2017

**APPENDIX A**

**THE TOWN**

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## THE TOWN

### ***General Information***

The Town encompasses approximately 34 square miles and is located in the northwestern section of the County. Manhattan is about 50 miles south of the Town. It is bordered by Putnam County to the north, the Town of Yorktown to the east, the Hudson River to the west and the Towns of New Castle and Ossining to the south. The Town includes the incorporated Villages of Croton-On-Hudson and Buchanan. The Town is a suburban community and is primarily residential in nature.

For 2015, according to Census data, the Town's population was estimated at 42,442 persons, which represents an increase of 850 or 2.0% since the 2010 census. For 2015, the per capita money income of the Town was estimated by the US Census to be \$47,882, which was 2.1% below the County but 30.6% higher than the State. For the same period, the median family income for the Town was estimated to be \$125,223, which exceeded both the County and State by 13.7% and 42.6%, respectively. See "Economic & Demographic Information," herein.

### ***Form of Government***

The Town was established on March 7, 1788 by the State as a separate political entity vested with independent taxing and debt authority. There are two incorporated villages situated within the Town's borders. The Town contains portions of five independently governed school districts which rely on their taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

Governmental operations of the Town are subject to the provisions of the State constitution and various statutes affecting local governments including the Town Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the County Tax Law, a basic feature of which requires that the Town guarantee and enforce the real property taxes levied by the County as well as school districts situated in the Town. The Real Property Tax Law, in part, also governs certain assessment and taxing procedures for the Town. Under Article 2 of the Town Law, the Town of Cortlandt is classified as a first class town and has additionally elected suburban town status provided for in Article 3-A of this statute. The primary effect of each classification is to give greater flexibility to the way in which town government is organized and managed. A suburban town also enjoys certain advantages with respect to special improvement districts and reserve funds.

### ***Elected and Appointed Officials***

**Elected Officials.** The Town Board is the legislative, appropriating, governing and policy determining body of the Town and consists of four board members, elected at large to serve a four-year term, plus the Supervisor. Board members may serve an unlimited number of terms. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Town must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board on the recommendation of the Supervisor. The original issuance of all town indebtedness is subject to approval by the Town Board.

The Supervisor is the chief executive and chief financial officer of the Town and is elected for a two-year term of office with the right to succeed herself. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. Duties of the Supervisor include: the administration of the Town's daily functions, budget preparation and control, and debt issuance.

The Town Clerk who is elected to serve a four-year term, with the right of self succession, acts as the custodian of the Town's records as well as the clerk to the Town Board. Duties of the Town Clerk office include: recording and maintaining the minutes of the proceedings of the Town Board, issuing certain licenses and permits, and coordinating Town elections.

The Receiver of Taxes is appointed to serve a four-year term of office. It is the responsibility of the Receiver of Taxes to receive and collect all, county, town and school taxes, and all assessments levied or assessed in the Town.

**Appointed Officials.** The Town Comptroller is appointed by the Town Board to serve a two-year term. Duties and responsibilities of this position include: maintaining the Town's accounting systems and records, preparing the annual report to be filed with the State Comptroller, cash management and auditing vendor claims for payment.

The Town Assessor is appointed by the Town Board, on the Supervisor's recommendation, to serve a six-year term. It is the Assessor's responsibility to appraise real property in the Town for the purpose of preparing and maintaining tax assessment rolls in the form prescribed by the State Office of Real Property Services (the "State Board"). The State Board provides an advisory service to assist with the assessment of certain forested lands, public utilities or unusually complex properties. Assessment review procedures include examination of the tentative assessment roll in the Assessor's presence, a public hearing before an independent board of assessment review and, finally, a judicial review in the State Supreme Court or small claims court for certain tax claim proceedings.

### ***Services***

The Town is responsible for providing most of the government services its residents receive. Water, sewer, lighting, fire protection, ambulance, park, drainage and improvement services are furnished by various special districts which have been formed within the Town. Highway construction and the maintenance of roads is also a Town function. In addition, recreation is provided and parks are maintained through the Town government. Other services performed at the Town level include: property assessment, zoning administration and planning. The Town disbanded its police department and now contracts with the County for police protection. In addition, the State Police also patrol the Town.

The Town provides refuse collection services to residential properties and some commercial establishments. The Town is a member of the County Refuse District No. 1 which operates a mass-burn facility in the City of Peekskill.

### ***Employees***

The Town currently employs 147 full-time employees including those employees who are represented by the following collective bargaining organizations.

<u>Name</u>	<u>Members</u>	<u>Contract Expiration</u>
AFSCME	100	12/31/19
Teamsters	19	12/31/19

Source: Town officials.

### ***Employee Benefits***

Substantially all full-time employees of the Town are members of the New York State and Local Employees Retirement System ("ERS" or the "Retirement System"). 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. 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.

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 Town 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 Town 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 ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The Town pays its ERS 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 for ERS decreased for the third year in a row. ERS decreased by 2.7% of payroll, from 18.2% to 15.5%. For the State Fiscal Year 2017-18 the contribution rate for ERS remains unchanged at the 2016-17 level. 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.

For the year ended December 31, 2015, the Town implemented the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date," which established improved the accounting and financial reporting requirements relating to pensions. For further information relating to the provisions of GASB Statement No. 68 and GASB Statement No. 71.

*(The remainder of this page has been left intentionally blank.)*

**ERS Contributions.** The current retirement expenditures presented in the Town’s financial statements for each of the last five years and the amount budgeted for the most recent fiscal year are shown in the following table:

<u>Fiscal Year</u>	<u>ERS</u>
2012	\$1,773,416
2013	2,001,194
2014	2,105,647
2015	1,920,663
2016	1,594,210
2017 (Budgeted) <sup>(1)</sup>	1,684,000

(1) Inclusive of ERS contributions in the General Fund and Norwest Funds (\$774,000), Town Outside Villages Fund (\$560,000), Highway Fund (\$250,000), and the Consolidated Water District Fund (\$100,000).

Source The audited financial statements and the 2017 adopted budget of the Town. The summary itself is not audited.

See “Notes to the Financial Statements - Note 3” in audit for the year ended December 31, 2016.

### ***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 Town account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every two years for the Town. The Town’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 Town contributed \$2,110,000.

The Town is in compliance with the requirements of GASB 45. The Town has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of January 1, 2016 was \$60,880,000. For the year ended December 31, 2016, the Town's ARC was \$5,280,000. The Town’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both.

See “Notes to Financial Statements, Note 3-F” in the Audited Financial Statements for the year ended December 31, 2016.

Source: The Audited Financial Statement for the year ended December 31, 2016.



## **FINANCIAL FACTORS**

### ***Budgetary Procedure***

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Town Comptroller) on or before October 20th. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date (the Town has no authority to amend the budget submitted by a fire district). After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of October. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before November 10th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, a notice of which must be duly published in the Town's official newspaper, for the preliminary budget is required to be held no later than the 10th day of December. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than December 20th, at which time the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Comptroller. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

A summary of the adopted budget for the fiscal year ending December 31, 2017 is included under Appendix B of this Official Statement.

### ***Independent Audits***

The Town retained the firm of EFPR Group, CPAs, to audit its financial statements for the fiscal year ended December 31, 2016. Appendix B, attached hereto, presents excerpts from the Town'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 Town 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.

The Town's comprehensive annual financial reports for the years ended December 31, 1988 through 2015, have been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA"). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Town submitted its 2016 CAFR to the GFOA and expects that such report conforms to the requirements of the certificate program.

### ***Investment Policy***

The Town Board approved the current investment policy on December 16, 2016. Copies of the investment policy will be made available upon request of the Town Comptroller or the Towns Municipal Advisor.

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

procedures consistent with the Town's investment policy guidelines. According to the investment policy of the Town, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

**Authorized Investments.** The Town has designated five banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Town is permitted to invest in special time deposits or certificates of deposit.

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

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

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

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

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the Town in an amount equal to 105% of the aggregate deposits and the agreed interest thereon.

## Revenues

The Town derives its revenues primarily from real property taxes and special assessments, State aid, and sales tax. 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 Town's audited financial reports, however, such presentation has not been audited.

**Property Taxes.** For the fiscal year ended December 31, 2016 real property taxes accounted for approximately 26.5% of General Fund revenue, excluding other financing sources.

The following table sets forth the percentage of General Fund revenue of the Town comprised of real property tax for each of the fiscal years ended December 31, 2012 through 2016 and the amount included in the 2017 adopted budget.

<b><u>General Fund Real Property Taxes</u></b>			
<u>Fiscal Year Ended December 31:</u>	<u>General Fund Revenue <sup>(1)</sup></u>	<u>Real Property Taxes</u>	<u>Real Property Taxes as a Percentage of General Fund Revenue</u>
2012	\$10,001,310	\$2,103,361	21.0%
2013	11,010,859	2,621,053	23.8
2014	11,970,527	3,652,754	30.5
2015	11,389,883	2,999,099	26.3
2016	12,868,927	3,407,828	26.5
2017 (Budget) <sup>(2)</sup>	11,577,544	2,824,000	24.4

(1) Excludes other financing sources.

(2) Excludes the planned use of \$717,000 in fund balance.

Source The audited financial statements and the 2017 adopted budget of the Town. The summary itself is not audited.

**State Aid.** For 2016, the Town received approximately 13.8% (\$1,776,566) of its General Fund revenue, excluding other financing sources, from the State.

The State is not constitutionally obligated to maintain or continue State aid to the Town and, in fact, has drastically reduced aid payments to municipalities and school districts during recent years in order to balance its own budget. In view of recent events, no assurance can be made that State aid payments to the Town will continue under existing formulae or in any other manner. Any further reductions in State aid could require a corresponding reduction in expenditures or an increase in revenue from other sources.

The following table sets forth the percentage of General Fund revenue of the Town, excluding other financing sources, comprised of State aid for each of the fiscal years ended December 31, 2012 through 2016, and the amount of such revenue included in the 2017 adopted budget.

<b><u>General Fund Revenue and State Aid</u></b>			
<u>Fiscal Year Ended December 31:</u>	<u>General Fund Revenue <sup>(1)</sup></u>	<u>State Aid</u>	<u>State Aid as a % of General Fund Revenue</u>
2012	\$10,001,310	\$1,588,464	15.9%
2013	11,010,859	1,684,081	15.3
2014	11,970,527	1,395,070	11.7
2015	11,389,883	1,555,255	13.7
2016	12,868,927	1,776,566	13.8
2017 (Budget) <sup>(2)</sup>	11,577,544	1,487,500	12.8

(1) Excludes other financing sources.

(2) Excludes the planned use of \$717,000 in fund balance.

Source The audited financial statements and the 2017 adopted budget of the Town. The summary itself is not audited.

**Sales Tax.** The Town receives a share of the County sales tax. The County presently imposes a 1 ½% County-wide sales and use tax on all retail sales. Additionally, the State, effective May 1, 2005, imposes a 4% State sales tax and a 3/8% sales tax levied in the Metropolitan Transportation Authority District. The cities in the County have the power under State law to impose by local law and State legislative enactment their own sales and use taxes. At present, such taxes are imposed at a rate of 2½% in the Cities of White Plains, Mount Vernon, New Rochelle, and Yonkers. The Cities of Rye and Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax for the County to impose in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2018. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County which have imposed sales taxes (50%).

In February of 2004, the State Legislature authorized an increase of ½% to the additional 1% 1991 sales tax. The County retains 70% of this amount, the municipalities 20% and the school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2018.

The Town recorded sales and use tax revenue in the General Fund of \$3,110,059 in 2016 which represents approximately 24.2% of revenue, excluding other financing sources. The adopted General Fund budget for 2017 estimates \$3,110,000 in sales tax revenue.

The following table sets forth total General Fund revenue and sales taxes received for each of the past five fiscal years ended December 31 and the amount budgeted for the most recent fiscal year.

**General Fund Revenue & Sales Tax**

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Revenue<sup>(1)</sup></u>	<u>Sales Tax</u>	<u>Sales Tax to Revenue</u>
2012	\$10,001,310	\$3,628,373	36.3%
2013	11,010,859	3,677,768	33.4
2014	11,970,527	3,846,327	32.1
2015	11,389,883	3,737,662	32.8
2016	12,868,927	3,110,059	24.2
2017 (Budget) <sup>(2)</sup>	11,577,544	3,110,000	26.9

(1) Excludes other financing sources.

(2) Excludes the planned use of \$717,000 in fund balance.

Source The audited financial statements and the 2017 adopted budget of the Town. The summary itself is not audited.

**REAL PROPERTY TAXES**

***Assessed and Full Valuations***

The Town derives its power to levy an ad valorem real property tax from the Constitution of the State, subject to applicable statutory limitations. The Town levies, collects and enforces taxes and assessments for Town purposes including debt service. In addition, the Town also collects and enforces County, school and fire district taxes.

The following table shows the trend during the last five years for real property assessments, real property tax and assessment levies and, general purpose tax rates.

	2013	2014	2015	2016	2017
Taxable Assessed Value	\$108,555,342	\$107,325,941	\$107,303,978	\$106,933,639	\$106,838,315
Equalization Rate(%) <sup>(1)</sup>	1.86%	2.02%	1.88%	1.84%	1.71%
Full Value	<u>\$5,836,308,710</u>	<u>\$5,313,165,396</u>	<u>\$5,707,658,404</u>	<u>\$5,811,610,815</u>	<u>\$6,247,854,678</u>
Town Funds Tax Levy:					
Town <sup>(2)</sup>	\$20,739,573	\$21,042,697	\$21,229,243	\$21,360,991	\$21,918,098
Other Governments Tax Levy:					
County <sup>(3)</sup>	N/A	N/A	\$22,193,867	\$21,444,082	\$22,477,809
Special Dist <sup>(4)</sup>	N/A	N/A	6,409,902	6,765,066	6,860,763
Tax Rate:					
Town <sup>(5)</sup>	\$203.56	\$209.17	\$210.70	\$213.31	\$217.66
County <sup>(6)</sup>	194.62	183.97	189.11	184.46	192.72

- (1) Rates reported are final equalization rates published by the ORPTS.
- (2) Includes tax levy for General Fund, Town Outside Villages Fund, Highway Fund, and Special Districts.
- (3) Includes assessments for County and Refuse District No. 1.
- (4) Includes assessments for Montrose Improvement District, fire districts, Quaker bridge district, sewer districts, and park districts.
- (5) Tax rate per \$1,000 assessed value.
- (6) County general tax rate.

Source: Town officials, and County tax rate information obtained from the Westchester County Tax Commission website.

### ***Tax Collection Procedures***

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State and the County Tax Code. Towns and cities in the County assess all real property within their boundaries and collect and enforce all real property taxes and assessments. The Town receives tax warrants for the collection of taxes from the County as well as the school districts and fire districts within its boundaries. The Town remits the full amount of the County, fire district and school district taxes according to the times prescribed by the County Tax Law. The Town is required to pay the full amount of each warrant presented by these various entities, whether or not these amounts are actually collected by the Town. The Town enforces delinquent taxes through in-rem foreclosure proceedings.

Town, County, and special district taxes or assessments for the period from January 1st to December 31st are due in a single payment on April 1st. Payment may be made without penalty until April 30th, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December and 12% for January through April of the following year. Thereafter the penalty is 12% plus 1% for each additional month or fraction thereof until the tax liens are filed with the County.

School taxes for the school year July 1st may be paid in two installments. The first such installment is due on September 1st and may be paid without penalty until September 30th, after which the penalty is 2% during October, 5% during November, 7% during December and January, 10% during February and March and 12% during April after which the penalty is 12% plus 1% for each month or fraction thereof until the filing of the tax liens with the County. The second installment of school taxes is payable on January 1 and may be paid without penalty until January 31st. Payments thereafter must pay a penalty in accordance with the schedule set forth herein for the first installment.

**Town Tax Collections**

Years Ended December 31:	Taxes Collected				Total % Collections Tax Levy
	Town Tax Levy <sup>(1)</sup>	Current Levy	Prior Years	Total Collections <sup>(2)</sup>	
2012	\$20,177,975	\$19,943,933	\$90,274	\$20,034,207	99.29%
2013	20,739,573	20,507,280	23,730	20,531,010	98.99
2014	21,042,697	20,811,704	27,256	20,838,960	99.03
2015	21,229,243	21,225,340	33,185	21,258,525	100.14
2016	21,366,951	21,152,783	38,216	21,190,999	99.18
2017 <sup>(3)</sup>	21,918,098	21,817,104	85,105	21,902,209	99.92

- (1) Includes tax levy for General Fund, Town Outside Villages Fund, Highway Fund, and Special Districts.  
(2) Collections 60 days into subsequent fiscal year.  
(3) Collections as of October 1, 2017.

Source: Town officials.

***Ten of the Largest Taxpayers***

The following table presents the taxable assessments of the Town's larger taxpayers.

**Larger Taxpayers in the Town – For the Collection of 2017 Taxes (2016 Tax Roll) <sup>(1)</sup>**

Name <sup>(1)</sup>	Industry	Taxable Assessed Valuations	Percentage Total Taxable Assessed Valuations <sup>(1) (2)</sup>
City of New York	Water Supply	\$5,512,930	5.16%
Con Edison Co. of NY	Utility	5,427,980	5.08
Acadia Cortlandt LLC	Retail Shops	1,491,950	1.40
Algonquin Gas Trans	Utility	773,772	0.72
Continental Building Products	Industrial	410,000	0.38
Springvale Apartments	Apartments	325,050	0.30
Scenic Ridge at Amberlands	Real Estate	305,000	0.29
Yorkcon Properties	Real Estate	271,150	0.25
Curry Properties LLC	Auto Sales	250,775	0.23
NY Telephone Co.	Utility	227,444	0.21
<b>Total</b>		<b>\$14,996,051</b>	<b>15.04%</b>

- (1) Due to a payment in lieu of taxes agreement, Entergy Nuclear, a business unit of Entergy Corporation, has been excluded from the above table. See “Payment in Lieu of Taxes Agreements,” below.  
(2) Total taxable assessments for Town purposes in 2017 is \$106,838,315.  
Source: Town officials.

***Payment in Lieu of Taxes Agreements***

In accordance with amendments to the Real Property Tax Law (“RPTL”) enacted in 2001, the Town, County and the Hendrick Hudson School District exempted from taxation the nuclear powered electric generating facilities owned by Entergy Nuclear Indian Point 2 LLC (“Indian Point 2, LLC”) and Entergy Nuclear Indian Point 3 LLC (“Indian Point 3, LLC”) located in the Town. The parties have entered into “Payment In Lieu Of Taxes Agreements (“Agreements”),” dated January 1, 2002, which obligate Indian Point 2, LLC and Indian Point 3, LLC to make payments in lieu of taxes (“PILOTS”) to the various taxing jurisdictions. The Agreements commenced on January 1, 2002 and expired on June 15, 2015. A subsequent agreement took effect on January 1, 2015 and will remain in

effect through December 31, 2024. However, on January 9, 2017, Governor Cuomo announced the closure of the Indian Point facilities by April 2021. Tax payments from plant owner Entergy will remain in place through 2021 and ramp down gradually following closure.

The PILOT payments to the Town and County are payable in a single installment due on or before April 30 of each year. Payments to the Hendrick Hudson School District are payable in two equal installments due on or before September 30 and January 31 of the following calendar year. Late payments will be assessed interest and penalties determined in the same manner for real property taxes.

In the event the nuclear plants are damaged or destroyed, in whole or part, the payments due under the Agreements shall not exceed the amount that would result from taxes levied on such damaged or destroyed property. Adjustments to PILOTS, if any, would be effective for the year immediately following the year of damage or destruction. No refunds shall be made for PILOTS paid during the year of damage or destruction. Any taxing jurisdiction which has signed the Agreements has the right to cancel either agreement if Indian Point 2, LLC or Indian Point 3, LLC as has been declared insolvent or bankrupt in an involuntary proceeding or seek protection in a bankruptcy proceeding. In such an event, the Town shall restore the properties to the tax rolls and the taxing jurisdiction canceling this agreement shall receive tax payments in the ensuing years. Any party may terminate the Agreement if any government action causes a permanent shutdown of either plant. The Town shall immediately place an assessment on the affected plant(s) and such property shall become subject to taxation in the manner provided by RPTL.

For the year ended December 31, 2016 the town received a total of \$810,580 in PILOT revenue in the General Fund. See page 77 of the Independent Auditors' Report for the Year Ended December 31, 2016. The adopted budget for 2017 includes \$800,000 in PILOT revenue.

## **TOWN INDEBTEDNESS**

### ***Constitutional Requirements***

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

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

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

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute 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 cent in excess of the smallest prior installment unless the Town Board provides for substantially level or declining debt service in the manner prescribed by the State Legislature. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its bonds and notes.

**Debt Limit.** Pursuant to the Local Finance Law, the Town has the power to contract indebtedness for any Town purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed seven percentum of the average five-year full valuation of the taxable real estate located in the Town and subject to certain enumerated exclusions and deductions such as debt contracted to provide water, self-liquidating facilities, and certain sewer facilities and cash or appropriations to pay the principal amount of outstanding debt. The constitutional method for determining full valuation consists of dividing the total assessed valuation of taxable real

estate for a particular assessment roll by the final equalization rate established for such assessment roll by the State Board. 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 the last five completed assessment rolls and dividing such sum by five.

### ***Statutory Procedure***

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

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

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

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

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

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

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

In general, the Local Finance Law contains provisions providing the Town with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes.

### ***Constitutional Debt-Contracting Limitation***

The State Office of Real Property Tax Services (the "ORPTS") annually establishes State equalization rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used to calculate and distribute certain state aids and are used by many localities to calculate debt contracting and real property taxing limitations. Constitutional tax limits do not apply to the Town; however, the Town is subject to a constitutional debt limitation based on a percentage amount of the average full valuation. See also "Tax Levy Limitation Law," herein.

The Town 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. Assessments are made on certain properties which are taxable for school purposes but which the Town exempts for general municipal purposes.

The following table sets forth the Town's debt-contracting limitation.

**Computation of Debt Contracting Limitation  
(As of October 31, 2017)**

Assessment Roll Year	Budget Year	Assessed Valuation	State Equalization Rate	Full Valuation
2012	2013	\$108,555,342	1.86%	\$ 5,836,308,710
2013	2014	107,325,941	2.02	5,313,165,396
2014	2015	107,303,978	1.88	5,707,658,404
2015	2016	106,933,639	1.84	5,811,610,815
2016	2017	106,838,315	1.71	6,247,854,678
Total Five-Year Full Valuation				<u>\$ 28,916,598,003</u>
Five-Year Average Full Valuation				<u>\$ 5,783,319,600</u>
Debt Contracting Limitation: 7% of Five-Year Average Full Valuation				<u>\$ 404,832,372</u>

Source: Town officials.

**Statutory Debt Limit and Net Indebtedness**

**Statutory Debt Contracting Power  
(As of October 16, 2017)**

	Amount	Percentage
Debt Contracting Limitation <sup>(1)</sup>	\$ 404,832,372	100.00%
Gross Indebtedness:		
Serial Bonds <sup>(2)</sup>	6,926,000	1.71
Bond Anticipation Notes	800,000	0.20
Total Gross Indebtedness	<u>\$ 7,726,000</u>	<u>1.91</u>
Less Exclusions and Deductions:		
Water Indebtedness <sup>(3)</sup>	2,364,714	0.58
Appropriations for Non-Exempt Principal Debt	165,000	0.04
Total Exemptions	<u>\$ 2,529,714</u>	<u>0.62</u>
Total Net Indebtedness	<u>\$ 5,196,286</u>	<u>1.28</u>
Debt Contracting Margin	<u>\$ 399,636,086</u>	<u>98.72%</u>

(1) See "Constitutional Debt-Contracting Limitation," herein.

(2) Excludes \$475,767 in outstanding equipment leases.

(3) Water debt is paid primarily from water assessments and rents, however, the Town is required by the State Constitution to pledge its faith and credit to pay debt service on the water obligations, if water assessments or rents prove to be insufficient for this purpose. The exclusion is inclusive of short-term debt.

**Short-Term Indebtedness**

The Town is authorized under Local Finance Law to issue short-term notes for various purposes including temporary financing of capital projects, the anticipation of certain operating revenues and emergency funds for budgetary expenditures. Subject to the provisions of the law, notes generally may be renewed from time to time but must be retired within specific time limits which vary, according to the type of note, generally up to five years in the case of bond anticipation notes.

**Capital Purposes.** Bond anticipation notes may be sold to provide moneys for capital projects once an enabling bond ordinance has been adopted. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time to time but in general, may not be renewed beyond the fifth anniversary of their original issuance. Notes may not be renewed after the second year unless there is a principal payment on such notes from a source other than the proceeds of the bonds. Bond anticipation notes may not be renewed after the sale of bonds in anticipation of which the notes were originally issued. Capital notes may be issued to finance any capital purposes. The term for capital notes is generally limited to two years.

The Town has the following bond anticipation notes outstanding on October 16, 2017.

**Bond Anticipation Notes  
As of October 16, 2017**

Year of Original Issue	Maturity Date	Purpose	Amount Outstanding
2016	10-12-18	Gabriel Drive Water Main	\$ 350,000
2015	10-12-18	Sprout Brook Park All-Purpose Baseball Fields	450,000
			<u>\$800,000</u>

The Town will issue \$2.2 million in bond anticipation notes in connection with this Official Statement (see “Authority for and Purpose of the Notes,” herein).

**Operating Purposes.** The Town is authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the regulations issued under the Internal Revenue Code of 1986, as amended. Such notes may be renewed from time-to-time but generally not beyond three years in the case of revenue anticipation notes, and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued during the year may not exceed 5% of the budget and must be redeemed in the next fiscal year. The Town has not issued debt for operating purposes during the past five fiscal years.

**Trend of Capital Debt**

The following table sets forth the gross amount of bonded debt outstanding at the end of each of the last five years:

**Bonded Debt  
2012-2016**

Years Ended December 31:	Amount
2012	\$10,283,000
2013	8,939,000
2014	7,620,000
2015	6,371,000
2016	7,951,000

### ***Overlapping and Underlying Debt***

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County, two villages and portions of five school districts situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values.

The following table presents the amount of overlapping and underlying debt and the Town's share of this debt as of the dates indicated; authorized but unissued debt has not been included.

#### **Statement of Direct and Overlapping Indebtedness (as of October 16, 2017)**

Gross Direct Indebtedness				\$ 7,726,000
Exclusions and Deductions				<u>2,529,714</u>
Net Direct Indebtedness				<u>\$ 5,196,286</u>
<u>Issuer</u>	<u>Date Of Report</u>	<u>Total Net Indebtedness</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County	10-31-16	\$587,520,537	3.29%	\$ 19,329,426
Villages:				
Croton-on-Hudson	01-16-17	21,222,631	100.00	21,222,631
Buchanan	05-31-15	760,500	100.00	760,500
School Districts:				
Croton-Harmon	11-22-16	11,009,942	96.19	12,612,996
Hendrick Hudson	06-30-16	30,942,000	93.22	29,979,552
Lakeland	07-16-17	39,081,744	43.04	16,820,783
Putnam Valley	12-20-16	12,600,000	10.47	1,492,499
Yorktown	04-22-16	39,560,000	1.25	<u>494,500</u>
Overlapping Debt				<u><u>\$ 102,712,887</u></u>

Source County, Village, School District officials and the Municipal Securities Rulemaking Board.

### ***Debt Ratios***

The following table presents certain ratios relative to the Town's capital indebtedness as of October 16, 2017.

#### **Direct and Overlapping Debt Ratios**

	<u>Amount</u>	<u>Debt Per Capita <sup>(1)</sup></u>	<u>Debt to Estimated Full Value <sup>(2)</sup></u>	<u>Per Capita Debt To Per Capital Income <sup>(3)</sup></u>
Net Direct Debt	\$ 5,196,286	\$ 122	0.08	0.25%
Net Direct and Overlapping Debt	107,909,173	2,543	1.73	5.31

(1) The 2015 population of the Town, according to data obtained from the U.S. Census Bureau, was 42,442.

(2) The full valuation of the Town for the 2017 fiscal year is \$6,247,854,678.

(3) According to the American Community Survey – 5 Year Estimate (US Census Bureau), the per capita income for Town residents was \$47,882 in 2015.

### ***Authorized but Unissued Debt***

The Town last publicly offered bonds on November 10, 2016 at which time \$2,625,000 bonds were sold at a true interest rate of 2.48%.

The Town has \$4.0 million in authorized but unissued debt for water system improvements. The Notes will utilize \$2.2 millions of this authorization (see “Authority for and Purpose of the Notes,” herein). The Town has not yet determined an exact timeline for the issuance of the remaining authorized amount. In addition, Town officials have indicated they anticipate the issuance of approximately \$4.0 million in serial bonds during 2018 or 2019 to fund various projects. An exact timeline for the financing has not yet been determined.

### ***Debt Service Schedule***

The following table sets forth the principal and interest payments for the Town's outstanding bonds.

#### **Schedule of Debt Service Requirements**

Years Ending Dec. 31:	<u>Outstanding Bonds:</u>			Cumulative Percent (%) Principal Paid
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2017 <sup>(1)</sup>	\$1,190,000	\$ 217,254	\$ 1,407,254	14.97%
2018	1,225,000	197,643	1,422,643	30.37
2019	581,000	159,627	740,627	37.68
2020	385,000	140,858	525,858	42.52
2021	390,000	130,195	520,195	47.43
2022	400,000	118,595	518,595	52.46
2023	415,000	105,870	520,870	57.68
2024	425,000	92,795	517,795	63.02
2025	315,000	79,220	394,220	66.99
2026	320,000	70,320	390,320	71.01
2027	335,000	61,067	396,067	75.22
2028	335,000	51,283	386,283	79.44
2029	350,000	41,208	391,208	83.84
2030	365,000	30,542	395,542	88.43
2031	145,000	23,245	168,245	90.25
2032	145,000	19,620	164,620	92.08
2033	150,000	15,995	165,995	93.96
2034	155,000	12,245	167,245	95.91
2035	160,000	8,370	168,370	97.92
2036	165,000	4,290	169,290	100.00%
	<u>\$7,951,000</u>	<u>\$1,580,242</u>	<u>\$9,531,242</u>	

- (1) As of October 16, 2017, the Town has paid \$1,025,000 principal and \$139,351 interest on serial bonds for the year ending December 31, 2017.
- (2) Interest payments do not include the effects of the interest subsidy and administrative fees for bonds issued through the State Revolving Fund.

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## ECONOMIC AND DEMOGRAPHIC DATA

### *Population*

	<u>Population</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2015</u>	<u>2000-2010</u>	<u>2010-2015</u>
	Town	38,467	41,592	42,442	8.1%
County	923,459	949,113	967,315	2.8	1.9
State	18,976,457	19,378,102	19,673,174	2.1	1.5

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

### *Income*

	<u>Per Capita Money Income</u>		
	<u>2010</u>	<u>2015</u>	<u>% Change</u>
Town	42,815	47,882	11.8%
County	47,814	48,885	2.2
State	30,948	33,236	7.4

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

### Median Income of Families 2015

	<u>Median Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under \$25,000</u>	<u>\$25,000 -49,999</u>	<u>\$50,000 -74,999</u>	<u>\$75,000 -99,999</u>	<u>\$100,000 Or More</u>
Town	\$125,233	7.2%	9.9%	12.3%	10.0%	60.6%
County	108,108	9.7	14.0	12.3	10.4	53.6
State	71,913	16.0	19.1	16.8	13.2	34.9

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

### *Employment*

### Average Employed Civilian Labor Force 2000 - 2016

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2016</u>
Town	19,600	20,000	20,700	2.0%	3.5%
County	445,400	443,500	459,000	(0.4)	3.5
State	8,718,700	8,769,700	9,121,300	0.6	4.0

Source: New York State Department of Labor.

**Average Unemployment Rates**

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2012	6.8%	7.3%	8.5%	8.1%
2013	6.0	6.2	7.7	7.4
2014	4.8	5.1	6.3	6.2
2015	4.3	4.5	5.3	5.3
2016	3.8	4.2	4.8	4.9
2017 <sup>(1)</sup>				
Jan	3.8	4.5	5.0	5.1
Feb	4.2	4.8	5.1	4.9
Mar	3.6	4.1	4.4	4.6
Apr	3.9	4.1	4.2	4.1
May	3.8	4.1	4.3	4.1
Jun	4.2	4.5	4.5	4.5
Jul	4.2	4.6	4.9	4.6
Aug	4.2	4.6	4.9	4.5

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

The following table presents a listing of certain major employers located in the County.

**Major Private Sector Employers in the County**

<u>Name of Business</u>	<u>Nature of The Business</u>
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Westchester Medical Center	Hospital and health care services
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and research
Pace University	Private co-educational university
White Plains Hospital	Hospital and health care services
St. John's Riverside Hospital	Hospital and health care services

Source: The 2016 Comprehensive Annual Financial Report of Westchester County. Info was compiled by the Westchester Business Journal as of April 2017.

***Local Development Activity***

Development activity continued to be slow in 2016. There were fourteen (14) new Planning Board applications in 2016, compared with eleven (11) in 2015 and nine (9) in 2014. Once again, the majority of the applications were for small projects such as lot line adjustments or minor site plans. Only one new subdivision application was submitted, Pomona Development, for a 6-lot major subdivision of 16.78 acres located on Revolutionary Road in the northern part of the Town. Construction is continuing on the 147 unit Valeria Townhouse project with several units constructed and occupied in Phase III. In 2016 the construction of the required infrastructure for Phase IV began and several units were under construction. There has been construction activity on several previously approved sites as houses are continuing to be built in the Sunset Ridge, Hillside Estates and MountainView Estates subdivisions. In 2016 (34) building permits were issued for single and 2-family dwellings compared with thirty-three (33) in 2015 and fourteen (14) in 2014.

With respect to commercial development activity final approval was granted in 2016 to the 130,000 sq. ft. Cortlandt Crossing Shopping Center located on the Town's main commercial corridor, Route 6. Construction began on the site and it is expected to be completed by 2019. New projects submitted in 2016 include the application of NY Indoor Sports Inc. for a 67,000 sq. ft. indoor/outdoor recreation facility located on Route 202 as well as an application for an approximately 5,000 sq. ft. carwash proposed to be located on Route 9.

Municipal infrastructure projects completed in 2016 included \$1.9 million of road paving, the completion a \$800,000 multi-purpose sports field at Sprout Brook Park, the \$430,000 water spray park at the Charles Cook Pool and the \$166,000 boat launch in the Cortlandt Waterfront Park. Planning and design work continued for several large scale infrastructure projects including sidewalks on Broadway in the hamlet of Verplanck, sidewalks on Route 9A, and several water and drainage projects. Also completed in 2016 was the Town acquisition of a 100 acre parcel of property along the Hudson River in the hamlet of Verplanck, The Town is beginning a long range planning and design effort focusing on the potential development of the property for different municipal and recreational uses.

Source: Town officials.

### ***Housing Data***

#### **Housing Stock 2000 - 2015**

	Number of Units			% Change	
	2000	2010	2015	2000-2010	2010-2015
Town	14,065	15,962	16,278	13.5%	2.0%
County	349,445	370,821	370,032	6.1	(0.2)
State	7,679,307	8,108,103	8,171,725	5.6	0.8

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

#### **Median Housing Values and Rents 2015**

	% Constructed 2010-2015	Median Value	Median Rents	Occupancy Status		
		Owner Occupied Units	Renter Occupied Units	Owner Occupied	Renter Occupied	Vacant
Town	0.3%	\$414,900	\$1,379	70.3%	22.7%	7.0%
County	0.5	506,900	1,364	56.8	35.6	7.6
State	0.6	283,400	1,132	47.7	41.2	11.1

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

### ***Educational Facilities***

Public schools in the Town are under the administration of five school districts which are also responsible for the funding of such schools. They are Croton-Harmon, Hendrick Hudson, Lakeland, Putnam Valley and Yorktown. Additionally, Northern Westchester-Putnam BOCES is available to students in the Town. Several private schools also provide primary and secondary education. Higher education facilities include campus annexes of Mercy College in Dobbs Ferry and Pace University in Pleasantville.

### ***Financial Institutions***

Numerous banking facilities are available in the Town and adjacent areas. Many of the State's major banks have branch offices located in the area. Apple Bank, Bank of America, Citibank, JPMorgan, Key Bank, Peoples United and Wells Fargo have branches in the Town.

## ***Transportation***

The Town is served by all major forms of transportation. Highway facilities include U.S. Routes 9, 6 and 202 and State Routes 9A, 9D and 129. Rail service is provided by the Metropolitan Transportation Authority. The Metro-North Hudson line travels north-south through the Town. The system includes one major station, Croton-Harmon, and two local stations, Cortlandt and Peekskill. The County Department of Transportation provides full time and express bus service to the Town. The County Airport, the New York airports (LaGuardia, Kennedy and Newark Airports) and Stewart International Airport in Newburgh are easily accessible to residents of the Town and provide domestic and international air service on a regular basis.

## ***Utilities***

Water to the Town of Cortlandt is supplied by the Cortlandt Consolidated Water District, the Montrose Improvement District and the Northern Westchester Joint Water Works. Sewer collection is provided by the various sewer districts established by the Town. The County treats sewer at treatment plants located in Peekskill or Ossining. The Village of Buchanan operates its own sewer system.

Verizon provides local telephone service in the Town. Consolidated Edison Company (“Con Edison”) provides electricity and natural gas service to residents of the Town (see herein below). The Town has entered into an agreement with the Power Authority of the State of New York (PASNY) for the supply of electricity to its municipal facilities.

**Indian Point Nuclear Power Plants.** In 2001, the Entergy Corporation (“Entergy”) acquired three nuclear power plants located wholly within the Town known as Indian Point 1, Indian Point 2, and Indian Point 3. The Indian Point 1 and 2 plants were purchased from Con Edison while Indian Point 3 was purchased from the New York State Power Authority. Indian Point 1 was decommissioned in 1974 and has been in safe storage since that time.

The Indian Point 2 plant is owned and operated by Entergy Nuclear Indian Point 2, LLC, a wholly owned subsidiary of Entergy. The plant began commercial operation in August 1974 and utilizes a pressurized water reactor with a maximum output capacity of 970 megawatts. The license for this plant expires on September 28, 2013. 100% of the electricity generated by Indian Point 2 is sold to Con Edison.

Indian Point 3 is owned and operated by Entergy Nuclear Indian Point 3, LLC, which is also a wholly owned subsidiary of Entergy. The plant began commercial operation in August 1976. Indian Point 3 also has a pressurized water reactor and a maximum capacity of 980 megawatts. All the electricity generated by Indian Point 3 is sold to the New York State Power Authority.

On January 9, 2017, Governor Cuomo announced the closure of the Indian Point facilities by April 2021. Tax payments from plant owner Entergy will remain in place through 2021 and ramp down gradually following closure. In addition, Entergy has agreed to offer employees jobs at other facilities, and the state is committed to working with affected workers to gain access to new jobs in the power and utility sector and to provide training in renewables, like solar and wind.

## ***Recreational Facilities***

There are numerous recreational and park districts throughout the Town, including the County's Croton Point Park, Georges Island Park and Croton Gorge Park, all of which are entirely within the Town, and Blue Mountain Reservation Park which is partially within the Town. In addition, the Town maintains and operates a number of parks and playgrounds, a municipal swimming pool, a park with a natural lake, tennis facilities and a community center.

## ***Norwest***

The Town, the Towns of Yorktown and Ossining and the City of Peekskill jointly operate Norwest, a program which provides educational and daycare services to residents of these communities. The joint venture operates



under the terms of an agreement dated September 8, 1989. The governing boards of each municipality jointly act as the governing body for the joint venture. The governing body has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. Operating deficiencies, if any, are made up by the participants. The activities of the joint venture are accounted for and reported by the Town.

**END OF APPENDIX A**

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**APPENDIX B**

**UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS**

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TOWN OF CORTLANDT  
GENERAL FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

YEARS ENDING DECEMBER 31:

	2012	2013	2014	2015	2016
<b>ASSETS</b>					
Cash and Equivalents	\$ 4,595,440	\$ 16,224,878	\$ 15,969,621	\$ 11,861,109	\$ 18,382,613
Taxes Receivables (Net)	47,469,508	36,445,776	37,432,694	41,712,446	38,544,118
Other Receivables:					
Accounts	190,104	220,712	288,631	344,430	288,894
State and Federal Aid	21,268	7,001	60,989	6,535	7,002
Due From Other Governments	1,174,479	1,218,305	1,391,503	1,338,028	1,411,062
Due From Other Funds	1,004,844	1,345,897	38,281	345,390	25,315
Prepaid Expenditures	208,335	260,527	204,996	180,324	153,978
Total Assets	\$ 54,663,978	\$ 55,723,096	\$ 55,386,715	\$ 55,788,262	\$ 58,812,982
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 244,119	\$ 160,124	\$ 260,794	\$ 244,675	\$ 218,864
Due To Other Funds	0	44,562	0	13,563	1,946,296
Due To School Districts	48,806,080	50,082,728	49,263,584	49,321,406	49,507,336
Due To Other Governments	8,148	1,584	1,632	1,719	1,813
Overpayments And Collections In Advance	203,833	198,048	167,029	30,389	71,812
Deferred Revenues	2,239,867	1,827,078	0	0	0
Total Liabilities	51,502,047	52,314,124	49,693,039	49,611,752	51,746,121
Deferred Inflows of Resources:					
Deferred Tax Revenues	0	0	1,644,949	1,996,252	1,874,066
Total Liabilities And Deferred Inflows of Resources:	51,502,047	52,314,124	51,337,988	51,608,004	53,620,187
Fund Balance:					
Nonspendable	208,335	260,527	204,996	180,324	153,978
Restricted	253,606	252,396	277,410	341,947	543,873
Assigned	1,049,302	862,319	860,042	859,334	909,100
Unassigned	1,650,688	2,033,730	2,686,279	2,798,653	3,585,844
Total Fund Balance	3,161,931	3,408,972	4,028,727	4,180,258	5,192,795
<b>Total Liabilities, Deferred Inflows Of Resources, And Fund Balance</b>	\$ 54,663,978	\$ 55,723,096	\$ 55,366,715	\$ 55,788,262	\$ 58,812,982

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TOWN OF CORTLANDT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION

YEARS ENDED DECEMBER 31:

	2012	2013	2014	2015	2016
<b>REVENUES:</b>					
Real Property Taxes	\$ 2,103,361	\$ 2,621,053	\$ 3,652,754	\$ 2,999,099	\$ 3,407,828
Other Tax Items	1,566,215	1,704,409	1,686,679	1,806,876	2,229,762
Non-Property Tax	3,628,373	3,677,768	3,846,327	3,737,662	3,110,059
Departmental Income	361,592	386,670	380,994	380,770	771,665
Intergovernmental Charges	233,344	234,608	228,214	239,760	228,252
Use Of Money And Property	126,056	120,458	105,510	98,401	118,829
Fines and Forfeitures	207,721	297,964	256,474	283,196	300,495
State Aid	1,588,464	1,684,081	1,395,070	1,555,255	1,776,566
Federal Aid	145,130	158,775	183,184	143,525	148,963
Miscellaneous	41,054	125,073	235,321	145,339	776,508
<b>Total Revenues</b>	<b>10,001,310</b>	<b>11,010,859</b>	<b>11,970,527</b>	<b>11,389,883</b>	<b>12,868,927</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	4,797,593	4,686,219	5,250,547	4,941,333	5,170,084
Public Safety	104,048	93,752	101,457	109,456	104,196
Health	30,000	30,000	32,000	32,500	32,500
Transportation	277,063	292,016	412,437	383,575	399,133
Economic Assistance And Opportunity	732,825	624,851	655,397	674,003	660,365
Culture And Recreation	1,990,454	2,084,985	2,022,496	2,157,874	2,126,314
Home And Community Services	11,700	12,414	11,430	17,200	17,200
Employee Benefits	2,884,142	3,008,080	3,097,065	3,025,489	3,078,543
Debt Service	0	0	0	0	0
<b>Total Expenditures</b>	<b>10,827,825</b>	<b>10,832,317</b>	<b>11,582,829</b>	<b>11,341,430</b>	<b>11,588,335</b>
Excess (Deficiency) of Revenues Over Expenditures	(826,515)	178,542	387,698	48,453	1,280,592
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance Recoveries	0	0	0	11,393	0
Operating Transfers - In	435,000	420,000	569,976	446,116	60,000
Operating Transfers - Out	(336,129)	(351,501)	(337,919)	(354,431)	(328,055)
<b>Total Other Financing Sources (Uses)</b>	<b>98,871</b>	<b>68,499</b>	<b>232,057</b>	<b>103,078</b>	<b>(268,055)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(727,644)	247,041	619,755	151,531	1,012,537
Fund Balance - Beginning of Year	3,889,575	3,161,931	3,408,972	4,028,727	4,180,258
<b>Fund Balance - End of Year</b>	<b>3,161,931</b>	<b>3,408,972</b>	<b>4,028,727</b>	<b>4,180,258</b>	<b>5,192,795</b>

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TOWN OF CORTLANDT  
SPECIAL REVENUE FUNDS\*  
BALANCE SHEET  
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2012	2013	2014	2015	2016
<b>ASSETS</b>					
Cash	\$ 8,625,105	\$ 10,331,492	\$ 8,012,378	\$ 5,615,627	\$ 7,332,092
Receivables:					
Accounts	206,741	6,016	47,482	538,462	21,106
State and Federal Aid	25,753	198,870	2,348	345,473	60,813
Water Rents	1,434,078	1,680,099	1,601,921	1,610,803	1,792,508
Due From Other Governments	1,258,662	1,182,043	884,040	809,108	993,993
Due From Other Funds	2,057,867	1,827,490	1,947,274	1,568,590	2,708,514
Prepaid Expenditures	250,886	323,706	260,904	220,397	169,556
Total Assets	\$ 13,859,092	\$ 15,549,716	\$ 12,756,347	\$ 10,708,460	\$ 13,078,582
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 1,384,356	\$ 1,105,870	\$ 1,590,793	\$ 1,092,971	\$ 1,086,059
Due To Other Funds	2,245,420	2,771,683	2,752,738	1,889,893	2,954,833
Deferred Revenues	1,184,333	1,016,000	842,667	662,667	871,000
Total Liabilities	4,814,109	4,893,553	5,186,198	3,645,531	4,911,892
Fund Balances:					
Nonspendable	250,886	323,706	260,904	220,397	169,556
Assigned	8,794,097	10,332,457	7,309,245	6,842,532	7,997,134
Total Fund Balances	9,044,983	10,656,163	7,570,149	7,062,929	8,166,690
<b>Total Liabilities and Fund Balances</b>	\$ 13,859,092	\$ 15,549,716	\$ 12,756,347	\$ 10,708,460	\$ 13,078,582

\* Statement includes the following funds: Town Outside Villages, Highway, and Special Districts Fund which includes the following districts:

Fire Protection, Park, Lighting, Sewer, Water, Drainage, Improvement and Ambulance.

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TOWN OF CORTLANDT  
SPECIAL REVENUE FUNDS\*  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION

YEARS ENDED DECEMBER 31:

	2012	2013	2014	2015	2016
<b>REVENUES:</b>					
Real Property Taxes	\$ 16,737,548	\$ 16,967,132	\$ 16,983,534	\$ 17,133,462	\$ 17,320,990
Non-Property Taxes	500,000	725,000	750,000	775,000	1,459,000
Departmental Income	6,421,235	7,104,563	6,758,835	7,238,395	8,354,827
Intergovernmental Charges	202,379	207,904	210,659	214,185	208,369
Use Of Money And Property	37,877	31,410	22,662	8,218	11,071
State Aid	366,275	322,396	339,099	557,677	519,194
Federal Aid	390,384	1,171,407	32,765	0	0
Miscellaneous	29,609	40,638	60,732	433,675	502,144
<b>Total Revenues</b>	<b>24,685,307</b>	<b>26,570,450</b>	<b>25,158,286</b>	<b>26,360,612</b>	<b>28,375,595</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	252,071	293,118	271,494	231,608	277,319
Public Safety	1,873,809	1,874,073	2,040,560	2,145,399	2,168,126
Health	736,737	1,026,847	806,335	1,085,134	976,274
Transportation	4,902,928	4,931,305	6,806,948	5,715,527	5,174,939
Culture And Recreation	2,445,253	2,509,328	2,630,741	2,467,346	2,417,977
Home And Community Services	8,082,029	8,700,960	9,249,494	9,497,332	9,608,309
Employee Benefits	3,995,600	4,221,261	4,310,585	4,543,910	4,603,860
Debt Service	0	0	6,110	5,505	405,093
<b>Total Expenditures</b>	<b>22,288,427</b>	<b>23,556,892</b>	<b>26,122,267</b>	<b>25,691,761</b>	<b>25,631,897</b>
Excess (Deficiency) of Revenues Over Expenditures	2,396,880	3,013,558	(963,981)	668,851	2,743,698
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance Recoveries	0	0	0	275,309	444
Operating Transfers - In	638,266	457,000	557,000	487,000	457,000
Operating Transfers - Out	(1,862,256)	(1,859,378)	(2,679,033)	(1,938,380)	(2,097,381)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,223,990)</b>	<b>(1,402,378)</b>	<b>(2,122,033)</b>	<b>(1,176,071)</b>	<b>(1,639,937)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,172,890	1,611,180	(3,086,014)	(507,220)	1,103,761
Fund Balances - Beginning of Year	7,872,093	9,044,983	10,656,163	7,570,149	7,062,929
Prior Period Adjustment	0	0	0	0	0
<b>Fund Balances - End of Year</b>	<b>\$ 9,044,983</b>	<b>\$ 10,656,163</b>	<b>\$ 7,570,149</b>	<b>\$ 7,062,929</b>	<b>\$ 8,166,690</b>

\* Statement includes the following funds: Town Outside Villages, Highway, and Special Districts Fund which includes the following districts:

Fire Protection, Park, Lighting, Sewer, Water, Drainage, Improvement and Ambulance.

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**TOWN OF CORTLANDT  
2017 ADOPTED BUDGET**

	General Fund	Outside Village Fund	Highway Fund	Water District
<b>ESTIMATED REVENUES:</b>				
Real Property Taxes	\$ 2,824,000	\$ 8,220,781	\$ 6,101,034	\$ 1,243,765
Real Property Tax Items	1,440,000	0	0	0
Non-Property Tax Items	0	0	0	0
Intergovernmental Services	100,000	50,000	21,000	220,000
Departmental Income	925,500	1,088,900	0	5,941,394
Use Of Money And Property	10,000	3,000	3,000	132,500
Licenses And Permits	60,000	8,000	10,000	0
Fines And Forfeitures	250,000	2,500	0	0
Sale Of Property And Compensation For Loss	0	0	10,000	0
Interfund Revenues	511,044	0	14,500	123,500
Federal Aid	0	0	0	0
State Aid	4,597,500	850,000	692,000	0
Miscellaneous	142,500	26,000	20,000	14,000
	<u>10,860,544</u>	<u>10,249,181</u>	<u>6,871,534</u>	<u>7,675,159</u>
<b>Total Estimated Revenues</b>				
<b>APPROPRIATIONS:</b>				
Current:				
General Government Support	5,198,900	349,300	8,500	206,759
Public Safety	114,500	1,553,408	0	0
Health	32,500	16,808	0	0
Transportation	379,996	0	5,432,473	0
Economic Assistance And Opportunity	660,207	0	0	0
Culture And Recreation	1,475,264	1,862,191	0	0
Home And Community Services	13,000	3,927,603	0	5,934,536
Employee Benefits	3,284,000	2,762,700	1,541,000	665,700
Debt Service	419,177	27,171	104,563	933,164
	<u>11,577,544</u>	<u>10,499,181</u>	<u>7,086,536</u>	<u>7,740,159</u>
<b>Total Appropriations</b>				
Excess (Deficiency) Of Estimated Revenues Over Appropriations	(717,000)	(250,000)	(215,002)	(65,000)
<b>OTHER FINANCING SOURCES (USES):</b>				
Tax Stablization Reserve Fund	0	0	0	0
Operating Transfers - Out	0	0	0	(50,000)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>
<b>Total Other Financing Sources (Uses)</b>				
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Sources Over Appropriations and Other Financing Uses	(717,000)	(250,000)	(215,002)	(115,000)
<b>APPROPRIATION OF FUND BALANCE</b>	<u>\$ 717,000</u>	<u>\$ 250,000</u>	<u>\$ 215,002</u>	<u>\$ 115,000</u>

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**APPENDIX C**

**LINK TO  
INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL 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/ER1066985-ER835745-ER1236634.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 PLLP has not been requested by the Town 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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**APPENDIX D**

**FORM OF BOND COUNSEL'S OPINION**

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FORM OF BOND COUNSEL'S OPINION

November 15, 2017

Town of Cortlandt,  
County of Westchester,  
State of New York

Re: Town of Cortlandt,  
Westchester County, New York  
\$2,200,000 Bond Anticipation Notes, 2017 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$2,200,000 Bond Anticipation Notes, 2017 Series B (the "Obligation"), of the Town of Cortlandt, Westchester County, New York (the "Obligor"), dated November 15, 2017, numbered \_\_\_\_\_, of the denomination of \$[\_\_\_\_\_], bearing interest at the rate of [\_\_\_\_\_] % per annum, payable at maturity, and maturing October 12, 2018.

We have examined:

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

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

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor for which the obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the obligor is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations. The enforceability (but not the validity) of the Obligations: (i) may be

limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including the City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

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

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP