

OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Barclay Damon, LLP, Albany, New York, Bond Counsel, under existing law (A) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that (1) interest on the Notes is included in the adjusted current earnings of corporations for federal income tax purposes, and (2) the Town, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, and (B) 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). See the caption "TAX EXEMPTION" herein.

The Notes will be designated by the Town as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

TOWN OF ORCHARD PARK ERIE COUNTY, NEW YORK

\$5,700,000 BOND ANTICIPATION NOTES, 2017 (the "Notes")

Date of Issue: July 28, 2017

Maturity Date: July 27, 2018

The Notes are general obligations of the Town of Orchard Park, Erie County, New York (the "Town"). The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes 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 certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See "The Notes – Tax Levy Limitation Law," herein.

The Notes will be issued as registered notes, and at the option of the purchaser, may be registered to The Depository Trust Company ("DTC" or the "Securities Depository"), or may be registered in the name of the purchaser(s).

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof with one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the offices of the Town, or, at the option of the purchaser at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s). If a paying agent is selected by the purchaser, the paying agent fees, if any shall be the responsibility of the purchaser. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, as may be determined by such successful bidder(s).

The Notes are offered when, as and if issued and received by the purchasers and subject to the final approving opinion of Barclay Damon, LLP, Albany, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about the Date of Issue shown above.

Barclay Damon, LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED TO BE FINAL BY THE TOWN FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE

TOWN'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DESCRIBED IN THE RULE, SEE
"UNDERTAKING TO PROVIDE NOTICE OF EVENTS" HEREIN.

Dated: July 10, 2017

**TOWN OF ORCHARD PARK
ERIE COUNTY, NEW YORK**

**Patrick J. Keem
Supervisor**

TOWN BOARD

Eugene Majchrzak..... Councilmember

Michael Sherry Councilmember

Remy Orffeo..... Town Clerk

John C. Bailey Town Attorney

AUDITORS

**Freed Maxick CPAs, P.C.
Buffalo, New York**

BOND COUNSEL

**Barclay Damon, LLP
Albany, New York**

MUNICIPAL ADVISOR

**Capital Markets Advisors, LLC
Orchard Park, New York ♦ New York, New York ♦ Great Neck, New York
Elmira, New York ♦ Hopewell Junction, New York**

No dealer, broker, salesman or other person has been authorized by the Town 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 foregoing. 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 that 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 hereon.

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**TOWN OF ORCHARD PARK
ERIE COUNTY, NEW YORK**

relating to

\$5,700,000

**BOND ANTICIPATION NOTES, 2017
(the "Notes")**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Orchard Park, in the County of Erie, in the State of New York (the "Town", "County" and "State," respectively) in connection with the sale of \$5,700,000 Bond Anticipation Notes, 2017 of the Town (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 July 28, 2017 and will mature, without option of prior redemption, on July 27, 2018.

If the Notes are issued through the Depository Trust Company ("DTC" or the "Securities Depository"), the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof except for one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the offices of the Town, or, at the option of the purchaser, at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s). If a paying agent is selected by the purchaser, paying agent fees shall be the responsibility of the purchaser. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, as may be determined by such successful bidder(s).

Authority for and Purposes of Issue

The Notes are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and various bond resolutions duly adopted by the Town Board on their respective dates, authorizing the issuance of bond anticipation notes for various capital projects in and for the Town. Such projects, and their respective amounts, are described below:

<u>Purpose</u>	<u>Date(s) Authorized</u>	<u>Original Issuance</u>	<u>The Notes</u>
Reconstruction & Resurfacing of Various Highways and Roads 2015	11/18/15	07/28/17	\$450,000
Construction of Community Center	10/12/16	07/28/17	1,500,000
Replacement of Various Sanitary Sewer Lines	05/03/17	07/28/17	200,000
Reconstruction and Renovation of Various Municipal Buildings	05/03/17	07/28/17	800,000
Replacement of Various Waterlines	05/03/17	07/28/17	400,000
Reconstruction & Resurfacing of Various Highways and Roads 2017	05/03/17	07/28/17	500,000
Construction & Reconstruction of Town-wide Sanitary Sewer Drainage System	05/03/17	07/28/17	600,000
Reconstruction of Various Parks, Playgrounds & Recreation Areas	05/03/17	07/28/17	<u>1,250,000</u>
TOTALS:			<u>\$5,700,000</u>

The proceeds of the Notes will be used to provide original financing for the various projects listed above.

Nature of Obligation

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

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. For the payment of such principal and interest the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Town subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the "Tax Levy Limitation Law"]. See "The Notes – Tax Levy Limitation Law," herein.

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 the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor (subject to certain statutory limitations discussed immediately below).

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, and the counties comprising New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 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 are permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. 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).

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This 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 that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“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 of 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 municipalities.

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 statutory tax levy limitation is not clear.

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

Book-Entry-Only System

If the Notes are issued as book-entry Notes, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The 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 all of the Notes which bear the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

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 redemption proceeds, distributions, and dividend 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 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

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial 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, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act 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 at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Town is dependent in part on financial assistance from the State in the form of State aid. No delay in payment of State aid to the Town is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. In some recent years, the Town received delayed payments of State aid, which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations and the State’s cash flow problems.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The attorney for the Town does not believe, however, that adverse decisions in such suits either individually or in the aggregate, would have a materially adverse effect on the financial condition of the Town.

TAX EXEMPTION

In the opinion of Barclay Damon, LLP, Albany, New York, Bond Counsel, under existing law, (A) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (1) interest on the Notes is included in the adjusted current earnings of corporations for federal income tax purposes, and (2) the Town, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof; and (B) 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).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable

requirements of the Code that must be met subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Notes are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The Town will covenant in the Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the Town shall comply with each applicable provision of the Code.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company's deduction for loss is reduced by 15% of the sum of certain items, including interest on the Notes; (2) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Notes, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Notes, may disqualify the recipient thereof from obtaining the earned income credit.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

A Noteholder's federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Notes. The nature and extent of these other consequences will depend upon the Noteholder's other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Notes should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Notes will be designated by the Town as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Town shall furnish a certificate of the Town Attorney, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Barclay Damon, LLP, Albany, New York, Bond Counsel. Such opinion will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit, and all the taxable real property within the Town is subject to the levy of *ad valorem* real estate taxes to pay the Notes and interest thereon (subject, to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) while Bond Counsel has reviewed this Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Town, in connection with the sale of the Bonds or the Notes, as applicable, 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.

Closing Certificates

Upon the delivery of the Notes, the Purchasers will be furnished with the following items: (i) a Certificate of the Supervisor to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does 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, and further stating that there has been no adverse material change in the financial condition of the Town since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by the Supervisor evidencing payment for the Notes; (iii) a Closing Certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) an Nonarbitrage Certificate executed by the Supervisor, as described under "Tax Exemption" herein.

UNDERTAKING TO PROVIDE NOTICE OF EVENTS

This Official Statement is in a form "deemed final" by the Town for the 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 Notice of Events" (the "Undertaking"). Such 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, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the

Securities Exchange Act of 1934, or any successor thereto, timely notice, not in excess of ten (10) business days after the occurrence of the event, of 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; [note to clause (xii): For the purposes of the event identified in clause (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]; (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.

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 a manner consistent with the Rule as then in effect.

Pursuant to continuing disclosure undertakings executed by the Town in connection with prior issuances of bonds, the Town was required to file its Annual Financial Information and Operating Data on or prior to the 180th day following the close of each fiscal year.

In the fiscal year ending December 31, 2012, the Town filed Annual Financial Information and Operating Data on August 15, 2013.

Financial Guaranty Insurance Company, Assured Guaranty Municipal Corp. (formerly Financial Security Assurance, Inc.) and CIFG Assurance North America, Inc., municipal bond insurance companies, which insures a variety of Town serial bonds, has had a variety of ratings changes over the past five years. The Town filed an event notice for these changes on EMMA on August 5, 2014.

RATING

The Town has not applied for a rating on the Notes.

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the uninsured outstanding bonded indebtedness of the Town. With respect to the Moody's rating applicable to uninsured debt, such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency. 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 Town's bonds or notes or the availability of a secondary market for those bonds or notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Town in connection with the sale of the Notes.

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, and 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 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.

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Supervisor, Patrick Keem, at 4295 S. Buffalo Road, Orchard Park, New York 14127, phone: (716) 662-6400, email: supervisor.keem@orchardparkny.org or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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.

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.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the 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.

**TOWN OF ORCHARD PARK
ERIE COUNTY, NEW YORK**

By: _____
Patrick Keem
Town Supervisor

DATED: July 10, 2017

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town, which comprises an area of approximately 40 square miles, and according to the 2010 US Census has a population of 29,054, is located in the south-central portion of Erie County about eight miles southeast of Buffalo. Portions of the Town closest to the City of Buffalo are suburban in character while outlying areas are more rural. There has been recent growth in the number of single family residences, garden apartments and town houses. Most residents of the Town are employed in business, industry and professions in Buffalo or the Niagara Frontier. There is some light industry within the Town but plants and business represent a small portion of the property tax rolls. During the mid-1980s Quaker Centre Industrial Park was established and now includes major companies like Enidine Inc., Gaymar Industries and Buffalo Envelope.

Recreation areas and facilities abound with a 72,000 seat Ralph Wilson Stadium, home of the Buffalo Bills, and a large indoor tennis club. Three area parks and Chestnut Ridge, a county park, are located within the Town's boundaries.

Transportation is provided through the Town on State Routes 20A, 219 and 62 including the 219 Expressway from Buffalo to the southern tier. Bus service is provided by the Niagara Frontier Transportation Authority (Metro) on a regular, commuter basis. Major airlines operate from the Buffalo-Niagara International Airport, a 20-minute drive from the Town. The New York State Thruway also serves the area.

The following banks have one or more offices within the Town: Five-Star Bank, Bank of America, KeyBank, and M&T Bank.

The Government

The Town was established in 1882 by the State Legislature. Located wholly within the Town is the Village of Orchard Park (the "Village"), which has its own independent form of government. The taxable real property in the Village is subject to taxation by the Town for certain purposes. In addition, one independently governed school district is located in whole or in part within the Town and relies upon its own taxing powers granted by the State to raise revenues for school district purposes. The school district uses the Town's assessment roll as its basis for taxation of property within the Town.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and is classified as a first class Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may, from time to time, adopt local laws.

The Town Supervisor is the highest elected official in the Town government. The Supervisor acts as the Chief Executive Officer and the Chief Financial Officer of the Town.

Town Services

Electricity and natural gas are supplied throughout the Town by New York State Electric and Gas Corporation and National Fuel Gas Distribution Corporation, respectively.

The Erie County Water Authority supplies water for the Town and is responsible for the maintenance of the necessary facilities. The Authority charges the cost for the water service, including maintenance costs, against the property or property owners served. The Town has a number of special assessment water districts that are responsible for the financing and construction of the water transmission lines within their respective boundaries.

Sanitary sewer services are provided primarily throughout the Town by special assessment sewer districts. The Town is responsible for the financing, construction and maintenance of the facilities located within them.

Police protection is provided by the Town Police Department, Erie County Sheriff's Department and New York State Police. Fire Protection is provided by Town Fire Protection districts which contract with local volunteer units to provide such service.

Employees

The Town provides services through 110 full-time and 54 part-time & seasonal employees, many of whom are represented by the bargaining units listed below.

<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Civil Service Employees Association, Inc. Blue Collar Unit	26	12/31/14*
Civil Service Employees Association, Inc. White Collar Unit	28	12/31/19
Orchard Park Police Benevolent Association, Inc.	24	12/31/15*
Orchard Park Police Command Officers	7	12/31/15*

* *Currently under negotiations*

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. 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 Systems offer 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Other than members of Tier V and Tier VI (described below), all members hired on or after July 27, 1976 must contribute 3% of their gross annual salary toward the costs of retirement programs. The 3% contribution is waived when the employee completes ten (10) years of service.

On December 10, 2009, the Governor signed into law a new Tier 5. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries. There is no provision for those contributions to cease after a certain period of service.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 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 VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

With regard to the ERS, a pension reform bill, Chapter 49 of the Laws of 2003, was enacted to change the cycle of ERS billing to match budget cycles of the Town. Under the previous method, the Town was unsure of how much it paid to the system until after the Town's budget was implemented. Under the new method the contribution for a given fiscal year will be based on the value of the pension fund in prior years.

On July 20, 2004, the New York State Legislature passed a bill amending the General Municipal Law, Local Finance Law and the Retirement and Social Security Law. On July 30, 2004, the Governor signed the new retirement system legislation into Law as Chapter 260 of the Laws of 2004. The bill moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004 and permits municipalities to establish a reserve for future anticipated contributions.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The Town has elected to make such payments in December of each year.

The following schedule reflects the Town's contribution to each of the Systems for the last three fiscal years and the budgeted contributions for the 2017 fiscal year.

<u>Fiscal Year</u> <u>Ending December 31</u>	<u>State Fiscal Year</u> <u>Ending March 31</u>	<u>ERS</u> <u>Contribution</u>	<u>PFRS</u> <u>Contribution</u>
2017 Budgeted	2018	\$819,957	\$947,245
2016	2017	714,592	869,567
2015	2016	775,770	875,486
2014	2015	1,056,155	900,488

Source: Town Officials

On September 4, 2015 State Comptroller Thomas DiNapoli announced that employer contribution rates for the ERS will decline slightly in Fiscal Year 2016-17. The average contribution rate for the ERS will decrease from 18.2% percent to 15.5%. The average contribution rate for PFRS will decrease from 24.7% to 24.3%.

As part of the 2013-14 State budget a pension smoothing option was introduced that would permit municipalities to amortize over seven years a portion of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs in general for teachers across the state. The Town has not opted into the pension smoothing plan.

Other Post-Employment Benefits

Accounting rule, 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”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 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 will be required every 2 years for the Town.

Although GASB 45 encouraged earlier adoption, implementation was required by the Town for the fiscal year commencing January 1, 2008. A summary of the Town's actuarial valuation is included under Note 7 in the Town's December 31, 2016 Financial Audit, herein.

The table below shows the components of the Town's annual OPEB cost for the past two audited fiscal years, the amount actually contributed to the plan, and changes in the net OPEB obligation.

	<u>2015</u>	<u>2016</u>
Annual required contribution	\$ 971,282	\$1,566,810
Interest on net OPEB obligation	100,260	107,441
Adjustment to annual required contribution	<u>(144,949)</u>	<u>(155,335)</u>
Annual OPEB cost (expense)	926,593	1,518,916
Contributions made	<u>(747,031)</u>	(648,966)
Increase in net OPEB obligation	179,562	869,950
Net OPEB obligation – beginning of year	<u>2,506,482</u>	<u>2,686,044</u>
Net OPEB obligation – end of year	<u>\$2,686,044</u>	<u>\$3,555,994</u>

As of December 31, 2016, the plan was not funded. The unfunded actuarial liability for benefits was \$16,088,576.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The State Comptroller's proposal would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the State Comptroller's proposal, there are no limits on how much a local government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced.

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by Freed Maxick CPAs, PC, independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller's Office. Appendix B to this Official Statement presents a summary of the results of operations for the last five fiscal years ended and a budget summary for the current year.

Fund Structure and Accounts

The financial statements of the Town conform to those prescribed by generally accepted accounting principles as applied to governmental units.

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include real property taxes, state and federal aid, sales tax and certain user fees such as water and sewer charges.

Expenditures are recorded when the fund liability is incurred. Exceptions to this rule are (1) prepaid and most inventory-type items are generally recognized at the time of disbursement; (2) unmatured interest on

general long-term debt which is recognized when due; and (3) compensated absences, such as vacation and sick leave which vests or accumulates, and is charged as an expenditure when paid.

The encumbrance method of accounting is employed in the governmental funds, whereby commitments for contracts and outstanding purchase orders are reported as a reservation of fund balance. Such commitments are recorded as expenditures in the accounting period in which the liability is incurred.

The General Fund is the principal fund of the Town and includes all operations not required to be recorded in other funds. Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds include Public Safety, Town Outside Village, Highway and Special Districts. Special Districts have been established for sanitary sewer, refuse, lighting, water, and drainage.

Revenues

The Town derives its revenues from a tax levy on real property, State aid from non-property taxes like the County sales tax, and from departmental fees and charges. A summary of such revenues for the Town's General and Special Revenue Funds over the last five fiscal years is presented in "Statement of Revenues, Expenditures and Changes in Fund Balances" in Appendix B.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and budgeted for the current fiscal year.

TABLE 1
Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2012	\$6,284,915	\$447,352	7.1%
2013	6,778,604	425,106	6.3%
2014	6,763,434	432,086	6.4%
2015	7,073,557	433,447	6.1%
2016	6,838,347	492,473	7.2%
2017 <i>Budgeted</i>	7,335,961	734,290	10.0%

Source: Town's audited financial statements and Adopted Budgets

Non-Property Taxes. Section 1210 of the New York Tax law authorizes the County to levy a sales and compensatory use tax of up to 4% in addition to the 4.25% tax levied by the State. Such sales tax collections in New York are administered by the State Tax Commissioner and the proceeds are paid to the County quarterly. The Town also collects franchise taxes which are deposited to this account.

The following table sets forth general fund non-property tax revenues received during the last five audited fiscal years and budgeted figures for the current fiscal year.

TABLE 2
Non-Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Non-Property Taxes</u>	<u>Non-Property Taxes to Revenues</u>
2012	\$6,284,915	\$3,985,533	63.4%
2013	6,778,604	4,260,283	62.8%
2014	6,763,434	4,285,217	63.4%
2015	7,073,557	4,350,112	61.4%
2016	6,838,347	4,370,360	63.9%
2017 <i>Budgeted</i>	7,335,961	4,370,000	59.6%

Source: Town's audited financial statements and Adopted Budgets

State Aid. The Town also receives a portion of its revenues in the form of State aid (per capita and mortgage tax). However, there is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have an adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total general fund revenues and State aid during the last five audited fiscal years and budgeted figures for the current fiscal year.

TABLE 3
State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2012	\$6,284,915	\$892,110	14.2%
2013	6,778,604	996,506	14.7%
2014	6,763,434	1,028,349	15.2%
2015	7,073,557	1,124,361	15.8%
2016	6,838,347	971,236	14.2%
2017 <i>Budgeted</i>	7,335,961	1,027,524	14.0%

Source: Town's audited financial statements and adopted budgets.

Budget Process

The Supervisor, acting as budget officer, prepares a preliminary budget and presents it to the Town Clerk on September 30th. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming calendar year. The budget is not subject to voter approval.

Appendix B sets forth a summary of the Town's current General Fund budget and a summary of the budget adopted for all funds including special revenue funds within the Town.

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school Town, or Town corporation, other than those notes issued by the Town; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation" (see <http://www.osc.state.ny.us/localgov/fiscalmonitoring/localgovernments/pdf/2016/munis-summary.pdf>).

New York State Comptroller's Audit

The financial affairs of the Town are subject to periodic compliance reviews by the Office of the State Comptroller (OSC) to ascertain whether the Town has complied with the requirements of various State and federal statutes.

The last audit conducted by OSC was released on June 15, 2012. The purpose of the audit was to examine the Town's financial management practices for the period January 1, 2010, to June 15, 2011. The complete report can be obtained from OSC's website:

<http://www.osc.state.ny.us/localgov/audits/towns/2012/orchardpark.pdf>

REAL PROPERTY TAXES

Real Property Tax Collection Procedures and History

The Town Tax Receiver collects the County and School District taxes as well as the General Town and Special District levies. Under the Erie County Tax Act, under which the Town collects taxes, any uncollected items are deducted from the amount returned to the County and the County assumes the responsibility for obtaining payment. Therefore, before the tax rolls are returned to the County at the end of the tax collection period, August 31, the Town Tax Receiver pays in full to the Supervisor, the General Fund, Town Highway and Special District levies.

The Town Tax Receiver is responsible for billing and collection of Town and County taxes, which are due February 15th of each year, and the School taxes, which are due October 15th of each year.

Beyond the aforementioned due dates, penalties are added in accordance with the following schedule. Town and County Taxes are due February 15th without penalty. After February 15th penalties are added as follows:

February 16 – February 29	1.5%
March 1 – March 15	3.0%
March 16 – April 2	4.5%
April 3 – April 16	6.0%
April 17 – April 30	7.5%

On May 1st, a 7.5% penalty is added to the levy, forming the base tax then due. Thereafter, interest is added to the base at the rate of 1.5% per month on the first of each month, totaling 18.0% in all, when unpaid taxes are sold in November.

After November 30th, any unpaid tax and penalty are added to the County Tax Roll.

TABLE 4
Tax Levy and Collection Record

<u>Fiscal Year</u> <u>December 31</u>	<u>Total Tax</u> <u>Warrant</u>	<u>Collected at Date of Return</u>		<u>Uncollected</u> <u>Amount</u> ⁽¹⁾
		<u>Amount</u>	<u>Percentage</u>	
2012	\$32,032,539	\$30,993,915	97%	\$1,038,624
2013	32,541,057	31,898,359	98%	642,698
2014	33,323,971	32,523,779	98%	800,192
2015	33,860,829	33,123,280	98%	737,549
2016	35,463,792	34,742,808	98%	720,984
2017 ⁽²⁾	36,379,135	35,377,875	97%	1,001,260

⁽¹⁾ Returned to the County, thus the Town is assured of receiving 100% of its tax levy.

⁽²⁾ As of April 30, 2017.

Source: Receiver of Taxes

The following table sets forth the assessed and full valuation of taxable real property, the State equalization rate and the Town's real property tax levy for Town purposes for the last five fiscal years.

TABLE 5
Assessed and Full Valuation

Tax Roll Year	2012	2013	2014	2015	2016
<u>Town Tax Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Valuation	\$1,497,083,918	\$1,508,837,741	\$1,530,821,515	\$1,545,233,279	\$1,563,134,104
State Equalization Rate	58.00%	57.00%	57.00%	55.00%	53.50%
Full Valuation	\$2,581,179,169	\$2,647,083,756	\$2,685,651,781	\$2,809,515,053	\$2,921,745,989
Tax Levy for Town Purposes:					
General	\$10	\$0	\$22,348	\$67,358	\$282,987
Public Safety	4,348,070	4,405,653	4,655,344	4,760,860	4,723,740
Highway	<u>3,554,279</u>	<u>3,708,023</u>	<u>3,752,934</u>	<u>3,836,490</u>	<u>3,893,523</u>
Total Tax Levy	<u>\$7,902,359</u>	<u>\$8,113,676</u>	<u>\$8,430,626</u>	<u>\$8,664,708</u>	<u>\$8,900,250</u>
Tax Rate per \$1,000	\$5.84	\$5.95	\$6.09	\$6.19	\$6.28
Tax Levy for Village Purposes:					
General	\$425,079	\$431,879	\$410,139	\$425,115	\$451,303
Public Safety	466,144	469,109	489,629	497,151	486,389
Highway	<u>6,131</u>	<u>12,703</u>	<u>9,345</u>	<u>11,723</u>	<u>11,389</u>
Total Tax Levy	<u>\$897,354</u>	<u>\$913,691</u>	<u>909,113</u>	<u>\$933,989</u>	<u>\$949,081</u>
Tax Rate per \$1,000	\$6.19	\$6.29	\$6.24	\$6.39	\$6.50

Source: Town Assessor

Ten Largest Assessed Values for the 2017 Tax Year

The following table presents the full value of the taxable assessments of ten of the Town's largest taxpayers for the 2016 Assessment Roll used for the 2017 Tax Year:

TABLE 6
Assessed Valuations

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Assessed Valuation</u>	<u>% of Town Taxable Valuation</u> ⁽¹⁾
QC Properties LLC	Commercial/Retail	\$13,304,450	0.85%
TM Orchard Park Resd. Partn. LP	Apartments	13,184,900	0.84%
New York State Electric & Gas Corp.	Utility	12,831,908	0.82%
Young Reidman LLC	Apartments	9,933,100	0.64%
National Fuel Gas Dist.	Utility	9,460,514	0.61%
Orchard Park TK Owner LLC	Commercial/Retail	9,214,000	0.59%
6060 Armor Road LLC	Nursing Homes	7,841,400	0.50%
Target Corporation	Commercial/Retail	7,142,770	0.46%
Verizon New York Inc.	Utility	6,680,488	0.43%
HCP SH ELP3 Properties	Nursing Home/ Sr. Hsg.	<u>6,608,000</u>	<u>0.42%</u>
		<u>\$96,201,530</u>	<u>6.15%</u>

⁽¹⁾ Represents 6.15% of the Town's 2016 Tax Year Assessed Valuation of \$1,563,134,104.

Source: Orchard Park Town Assessor.

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, and the counties comprising New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 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 are permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. 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).

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This 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 that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“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 of 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 municipalities.

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 statutory tax levy limitation is not clear.

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

The Town board voted to exceed the tax levy limit for the 2016 fiscal year.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 (“Chapter 59”) included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction’s compliance with the provisions of the Tax Credit Limitation Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved “government efficiency plan” which demonstrated three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 (“Chapter 20”) introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District (“MCTD”) received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 will vary based on a taxpayer’s personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district’s compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the “Big 4” cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the “Big 4” cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and

Chapter 20 does, provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limitation Law.

TOWN INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the Town (and other municipalities and schools of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Town and the Bonds.

Purpose and Pledge. 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 years, 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 purposes for which it is contracted, unless the Town determines to issue debt amortized on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

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

The Local Finance Law provides a 20 day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. This is an optional procedure. Such notice will have been published prior to the issuance of the Notes.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to

the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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

In addition, under each bond resolution, the Town Board may delegate, and has delegated, power to issue and sell bonds and notes, to the Supervisor, the chief fiscal officer of the Town.

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven percent of the most recent five-year average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town, as of July 10, 2017.

TABLE 7
Constitutional Debt Limit

<u>Roll</u> <u>Year</u>	<u>Tax</u> <u>Year</u>	<u>Assessed</u> <u>Valuation</u>	<u>Equalization</u> <u>Rate</u>	<u>Full</u> <u>Valuation</u>
2012	2013	\$1,497,083,918	58.00%	\$2,581,179,169
2013	2014	1,508,837,741	57.00%	2,647,083,756
2014	2015	1,530,821,515	57.00%	2,685,651,781
2015	2016	1,545,233,279	55.00%	2,809,515,053
2016	2017	1,563,134,104	53.50%	<u>2,921,745,989</u>
Total Five-Year Full Valuation				\$13,645,175,748
Average Five-Year Full Valuation				<u>\$ 2,729,035,150</u>
Debt Limit - 7% of Average Full Valuation				<u>\$ 191,032,460</u>

Source: Town Assessor's Office

Statement of Debt Contracting Power

TABLE 8
Statutory Debt Limit and Net Indebtedness
(As of July 10, 2017)

Debt Contracting Limitation	\$191,032,460
Gross Direct Indebtedness	
Serial Bonds	<u>19,560,000</u>
Total Gross Direct Indebtedness	19,560,000
Exclusions and Deductions	
Water Bonds	3,715,000
Bond Appropriations	<u>1,135,000</u>
Total Exclusions:	4,850,000
Total Net Indebtedness	14,710,000
Net Debt-Contracting Margin	<u>\$176,322,460</u>
Percentage of Debt-Contracting Margin Exhausted	<u>7.70%</u>

Source: Town Officials

Remedies Upon Default

Under current law, provision is made for contract creditors (including the holders of the Bonds) of the Town to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. 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 current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the Town's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a bondholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

The State has consented that any municipality in the State may file a petition with any 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, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of holders of the Bonds, such courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for the last five fiscal years.

TABLE 9
Outstanding Indebtedness

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds	\$6,790,000	\$6,135,000	\$5,465,000	\$11,150,000	\$19,875,000
Bond Anticipation Notes	<u>7,745,000</u>	<u>7,330,000</u>	<u>6,855,000</u>	<u>0</u>	<u>0</u>
Total Outstanding Debt	<u>\$14,535,000</u>	<u>\$13,465,000</u>	<u>\$12,320,000</u>	<u>\$11,150,000</u>	<u>\$19,875,000</u>

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. 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 unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness
(as of July 10, 2017)

Direct Debt:

Gross Direct Debt	\$19,560,000
Exclusions and Deductions	<u>4,850,000</u>
Net Direct Debt	<u>\$ 14,710,000</u>

Overlapping Debt:

<u>Issuer</u>	<u>As of:</u>	<u>Net Debt Outstanding</u>	<u>Town Share</u>	<u>Amount Applicable To Town</u>
County of Erie	11/15/16	\$399,505,000	5.93%	\$23,690,647
Hamburg CSD	3/15/17	45,610,000	9.64%	4,396,604
Orchard Park CSD	6/14/17	50,388,874	80.30%	40,462,265
West Seneca CSD	5/31/16	38,870,000	3.28%	<u>1,274,936</u>
Net Overlapping Debt				\$69,824,452
Net Direct Debt				<u>14,710,000</u>
Total Net Direct and Overlapping Debt				<u>\$84,534,452</u>

Source: *Official Statements*

Short Term Indebtedness

The Town does not have any bond anticipation notes outstanding.

Long-Term Capital Financing Plans

The Town authorizes bond resolutions for various purposes when needed to finance the Town's annual capital program. It is anticipated that bonds may be authorized in future years to finance the ordinary and necessary improvements needed for general, highway, water and sewer purposes. The Town currently has no authorized, but unissued, bond resolutions for highway improvement purposes outstanding at this time.

Debt Ratios

The following table presents certain debt ratios relating to the Town's net direct and overlapping indebtedness.

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 14,710,000	\$ 506	0.50%
Net Direct & Overlapping Debt	\$ 84,534,452	\$ 2,910	2.89%

(1) The population of the Town is 29,054 according to the 2010 Census.

(2) The Town's full value of taxable real property for 2016 is \$2,921,745,989.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness as of July 10, 2017

TABLE 12
Bond Principal and Interest Maturity
Total Debt Service

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2017	\$820,000	\$267,728	\$1,087,728
2018	1,635,000	500,369	2,135,369
2019	1,660,000	452,238	2,112,238
2020	1,685,000	396,947	2,081,947
2021	1,335,000	352,519	1,687,519
2022	1,355,000	313,931	1,668,931
2023	935,000	274,931	1,209,931
2024	965,000	253,006	1,218,006
2025	980,000	230,419	1,210,419
2026	740,000	207,494	947,494
2027	760,000	191,194	951,194
2028	760,000	174,506	934,506
2029	770,000	157,456	927,456
2030	795,000	139,338	934,338
2031	825,000	119,019	944,019
2032	605,000	100,344	705,344
2033	550,000	83,594	633,594
2034	565,000	67,469	632,469
2035	585,000	50,294	635,294
2036	555,000	32,594	587,594
2037	105,000	22,644	127,644
2038	105,000	19,231	124,231
2039	110,000	15,819	125,819
2040	115,000	12,244	127,244
2041	120,000	8,363	128,363
2042	<u>125,000</u>	<u>4,313</u>	<u>129,313</u>
Total:	<u>\$19,560,000</u>	<u>\$4,448,000</u>	<u>\$24,008,000</u>

Columns may not sum due to rounding.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County, and State based upon census data.

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage</u> <u>Change (2000-2010)</u>
Town	27,637	29,054	5.1%
County	950,265	919,040	(3.2%)
State	18,976,457	19,378,102	2.1%

Source: United States Bureau of Census

Employment and Unemployment

The following tables provide information concerning employment in the Town, County and State. Data provided for the County and the State may not be representative of the Town. Because the Town is centrally located in Western New York, many of its residents are employed throughout the neighboring communities.

TABLE 14
Largest Employers in Town

<u>Name</u>	<u>Type of Product or Service</u>	<u>Approximate Number</u> <u>of Employees</u>
Erie Community College South	Education	1,768
Orchard Park Central Schools	Education	817
McGard LLC	Auto Part Manufacturer	627
West-Herr Automotive Group	Auto Retail	503
Cobham Mission Systems Division	Manufacturing	420
Bryant & Stratton College	Education	325-350
Father Baker Manor	Long Term Health Care Facility	300
Absolut Care at Orchard Park	Long Term Health Care Facility	300
ITT Enidine, Inc.	Manufacturing	275
Curbell	Manufacturing	164

Source: Orchard Park Chamber of Commerce as of May 2016/June 2017

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town	15.5	15.5	15.3	15.3	15.3
County	461.4	458.1	449.3	449.2	446.6
State	9,612.2	9,623.1	9,570.7	9,591.2	9,584.5

Source: New York State Department of Labor, Bureau of Labor Statistics.

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2012	6.2%	8.3%	8.5%
2013	5.6%	7.4%	7.7%
2014	4.6%	6.1%	6.3%
2015	4.3%	5.4%	5.3%
2016	3.8%	4.9%	4.8%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
June 2016	3.5%	4.6%	4.7%
July	3.7%	4.9%	5.0%
August	3.6%	4.8%	4.9%
September	3.7%	5.0%	4.9%
October	3.6%	4.7%	4.8%
November	3.6%	4.7%	4.5%
December	3.8%	4.9%	4.5%
January 2017	4.4%	5.5%	4.9%
February	4.5%	5.6%	5.0%
March	4.0%	4.9%	4.4%
April	3.8%	4.8%	4.2%
May	3.7%	4.7%	4.3%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Income

TABLE 18

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2010</u>	<u>% Change</u>	<u>2000</u>	<u>2010</u>	<u>% Change</u>
Town	\$25,816	\$37,932	46.9%	\$71,552	\$95,562	33.6%
County	20,357	26,378	26.9%	49,490	63,404	28.1%
State	23,389	30,948	32.3%	51,691	67,405	30.6%

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The attorney for the Town does not believe, however, that adverse decisions in such suits either individually or in the aggregate, would have a materially adverse effect on the financial condition of the Town.

END OF APPENDIX A

APPENDIX B
FINANCIALS

Town of Orchard Park, New York
Comparative Balance Sheet
(General Fund and Special Revenue Funds)
At December 31

	<u>General Fund</u>		<u>Major Special Revenue Funds</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$6,188,167	\$6,195,751	\$7,299,732	\$7,052,254
Restricted cash and cash equivalents	1,420,182	1,474,515	\$1,016,262	\$1,156,801
Receivables	86,348	82,566	\$69,069	\$96,767
Intergovernmental Receivables	1,581,852	1,582,049	\$156,294	\$45,522
Prepaid Items	<u>83,208</u>	<u>77,033</u>	<u>322,173</u>	<u>318,037</u>
Total Assets	<u>\$9,359,757</u>	<u>\$9,411,914</u>	<u>\$8,863,530</u>	<u>\$8,669,381</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	158,045	100,774	243,702	433,625
Accrued Liabilities	52,299	66,242	286,882	608,891
Unearned Revenue	<u>20,131</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>230,475</u>	<u>167,016</u>	<u>530,584</u>	<u>1,042,516</u>
Fund Balances:				
Nonspendable	83,208	77,033	322,173	318,037
Restricted	1,420,182	1,474,515	1,033,678	1,156,801
Committed	881,026	871,058	186,520	144,534
Assigned	1,274,414	1,625,061	6,790,575	6,007,493
Unassigned	<u>5,470,452</u>	<u>5,197,231</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>9,129,282</u>	<u>9,244,898</u>	<u>8,332,946</u>	<u>7,626,865</u>
Total Liabilities & Fund Balance	<u>\$9,359,757</u>	<u>\$9,411,914</u>	<u>\$8,863,530</u>	<u>\$8,669,381</u>

Source: Compiled from prior years audited financial reports although this statement was not subject to audit.

Town of Orchard Park, New York

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances**

Revenues:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Real Property Taxes	\$425,106	\$432,086	\$433,447	\$492,473
Real Property Tax Items	273,953	242,854	248,537	241,670
Non-property Tax Items	4,260,283	4,285,217	4,350,112	4,370,360
Departmental Income	511,647	563,808	576,332	503,303
Intergovernmental charges	400	400	75,400	75,600
Use of Money and Property	63,546	59,683	44,580	49,642
Licenses and Permits	41,618	41,240	40,023	37,798
Sale of Property and Compensation for Loss	71,427	0	0	0
Miscellaneous	132,216	108,046	143,019	94,336
State Aid	996,506	1,028,349	1,124,361	971,236
Federal Aid	1,902	1,751	37,746	1,929
Total Revenues	<u>6,778,604</u>	<u>6,763,434</u>	<u>7,073,557</u>	<u>6,838,347</u>
Expenditures:				
General Government Support	2,279,771	2,264,744	2,526,665	2,695,758
Public Safety	40,923	38,755	40,375	40,623
Transportation	113,142	122,921	113,813	116,964
Economic Opportunity and Development	0	300	300	300
Culture and Recreation	1,314,445	1,325,881	1,261,026	1,245,835
Home and Community Service	83,704	94,408	98,447	94,549
Employee Benefits	1,494,562	1,599,837	1,646,980	1,286,510
Debt Service	23,050	9,114	18,600	0
Total Expenditures	<u>5,349,597</u>	<u>5,455,960</u>	<u>5,706,206</u>	<u>5,480,539</u>
Excess of Revenues Over (Under)				
Expenditures	<u>1,429,007</u>	<u>1,307,474</u>	<u>1,367,351</u>	<u>1,357,808</u>
Other Financing Sources (Uses):				
Premium on Obligations	0	0	0	137,809
Transfers In	29,650	24,000	30,897	0
Transfers Out	(1,251,474)	(1,274,071)	(1,361,765)	(1,380,001)
Total Other Financing Sources (Uses)	<u>(1,221,824)</u>	<u>(1,250,071)</u>	<u>(1,330,868)</u>	<u>(1,242,192)</u>
Net Change in Fund Balance	207,183	57,403	36,483	115,616
Fund Balance at January 1	<u>8,828,213</u>	<u>9,035,396</u>	<u>9,092,799</u>	<u>9,129,282</u>
Fund Balance at December 31	<u>\$9,035,396</u>	<u>\$9,092,799</u>	<u>\$9,129,282</u>	<u>\$9,244,898</u>

*Source: Compiled from prior years audited financial reports although this statement was not subject to audit.
Actual Amounts Used*

Town of Orchard Park, New York

**Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balances**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:				
Real Property Taxes	\$10,111,166	\$10,375,245	\$12,267,393	\$12,945,283
Non-property Tax Items	\$50,000	\$0	\$0	\$50,000
Departmental Income	\$166,040	\$157,874	\$304,046	\$293,213
Intergovernmental Charges	\$96,331	\$84,569	\$87,106	\$89,719
Use of Money and Property	\$15,546	\$7,095	\$8,784	\$8,043
Fines and Forfeitures	\$238,086	\$322,634	\$332,858	\$344,630
Miscellaneous	\$62,530	\$70,346	\$229,182	\$29,750
Interfund Revenues	\$6,170	\$6,209	\$6,575	\$100
State Aid	\$185,553	\$210,866	\$335,946	\$225,934
Federal Aid	0	\$3,681	\$307,520	\$0
Total Revenues	\$10,931,422	\$11,238,519	\$13,879,410	\$13,986,672
Expenditures:				
General Government Support	193,345	202,284	243,430	223,114
Education	9,384	11,783	7,004	9,316
Public Safety	3,864,748	3,828,812	3,973,117	4,447,773
Transportation	2,720,379	2,764,990	2,774,531	2,766,850
Home and Community Service	1,175,444	1,172,413	2,949,553	3,550,001
Employee Benefits	2,952,610	3,112,533	3,401,827	3,474,642
Debt Service	54,399	22,697	49,953	0
Total Expenditures	10,970,309	11,115,512	13,399,415	14,471,696
Excess of Revenues Over (Under)				
Expenditures	(38,887)	123,007	479,995	(485,024)
Other Financing Sources (Uses):				
Premium on Obligations	0	0	0	93,044
Operating Transfers In	956,474	974,071	1,251,713	1,284,481
Operating Transfers Out	(1,259,949)	(1,277,688)	(1,403,992)	(1,598,582)
Total Other Financing Sources (Uses)	(303,475)	(303,617)	(152,279)	(221,057)
Net Change in Fund Balance	(342,362)	(180,610)	327,716	706,081
Fund Balance at January 1	7,310,706	6,968,344	8,005,230	8,332,946
Fund Balance at December 31	\$6,968,344	\$6,787,734	\$8,332,946	\$7,626,865

Source: Compiled from prior years audited financial reports although this statement was not subject to audit. Funds include Public Safety, Highway, Sewer Districts, Water Districts and Garbage and Refuse Funds.

Town of Orchard Park, New York

Budget Summary

GENERAL FUND

	<u>2016</u>	<u>2017</u>
Estimated Revenues:		
Real Property Tax	\$492,473	\$734,290
Real Property Tax Items	219,445	208,047
Non Property Tax Items	4,273,671	4,370,000
Departmental Income	560,000	560,000
Use of Money and Property	39,500	39,500
Licenses and Permits	35,100	35,100
Fines and Forfeitures	0	300,000
Miscellaneous	60,500	60,500
State Aid	927,524	1,027,524
Federal Aid	1,000	1,000
Total Revenues	\$6,609,213	\$7,335,961
Appropriated Fund Balance		
Unrestricted	1,270,000	1,615,000
Total Est. Rev., Appropriated Fund Balance	\$7,879,213	\$8,950,961
 Appropriations:		
General Government Support	\$2,932,531	\$3,215,258
Public Safety	76,394	76,394
Transportation	133,205	134,662
Economic Assistance and Opportunity	300	300
Culture and Recreation	1,418,134	1,462,414
Home and Community	75,173	81,289
Employee Benefits	1,622,346	1,688,423
Debt Service	175,830	0
Interfund Transfers	1,445,300	2,292,221
Total Appropriations	\$7,879,213	\$8,950,961

2017 SUMMARY OF ALL FUNDS

	<u>Appropriation</u>	<u>Estimated Revenue</u>	<u>Fund Balance</u>	<u>Property Taxes</u>
General Fund	\$8,950,961	\$6,601,671	\$1,615,000	\$734,290
Public Safety Fund	7,448,079	2,237,950	0	5,210,129
Town Outside Village	630,054	587,000	43,054	0
Highway Fund	4,505,843	260,931	340,000	3,904,912
Sanitary Sewer Districts	1,562,422	8,253	735,010	819,159
Water Districts	1,250,761	5963	199,493	1,045,305
Drainage Districts	26,425	0	0	26,425
General Lighting Districts	373,775	0	43,000	330,775
Consolidated Garbage District	2,167,714	100,000	85,000	1,982,714
Fire District	1,953,551	78,520	0	1,875,031
Hydrant Districts/Zone	10,520	0	0	10,520
Debt Service Fund	1,778,530	1,778,530	0	0
TOTALS	\$30,658,635	\$11,658,818	\$3,060,557	\$15,939,260

Source: Budget summary extracted from Annual Budget as adopted.

APPENDIX C

**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/ER1068751-ER837246-ER1238131.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. Freed Maxick CPAs, P.C. 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.**