

**NEW ISSUE SERIAL BONDS
NEW AND RENEWAL ISSUE**

**RATING: See "RATING" herein
BOND ANTICIPATION NOTES**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds and Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds and Notes will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Bonds and 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 "Tax Matters" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Town will designate the Bonds and Notes as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986.

**TOWN OF WALLKILL
ORANGE COUNTY, NEW YORK**

**\$5,000,000
PUBLIC IMPROVEMENT SERIAL BONDS, 2018 SERIES A
(the "Bonds")**

Date of Issue: January 12, 2018

Maturity Dates: January 1, 2019 -2038

and

**\$3,492,200
BOND ANTICIPATION NOTES, 2018 SERIES A
(the "Notes")**

Date of Issue: January 12, 2018

Maturity Date: January 12, 2019

The Bonds and Notes are general obligations of the Town of Wallkill, Orange County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal of and interest on the Bonds and Notes. All the taxable real property within the Town will be subject to the levy of ad valorem taxes to pay principal of and interest on the Bonds and Notes, subject to applicable statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law"). See "**Nature of the Obligation**" and "**Tax Increase Procedural Limitation Legislation,**" herein.

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

The Bonds will be dated their Date of Delivery, will bear interest from such date payable July 1, 2018 and semiannually thereafter on each January 1 and July 1 until maturity and will mature on January 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity as discussed herein. (See "Optional Redemption" herein). The record date for the payment of interest on the Bonds will be the fifteenth day of the calendar month preceding the interest payment dates.

The Notes will not be subject to redemption prior to maturity.

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

Principal of and interest on such Notes will be payable in federal funds by the Town to the registered owner(s).

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

The Bonds and Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of unqualified legal opinions of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel and certain other conditions. It is anticipated that delivery of the Bonds and Notes will be made on or about January 12, 2018.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED. FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED, THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S). THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE WITH RESPECT TO THE BONDS AS DEFINED IN THE RULE. IN ADDITION, THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS WITH RESPECT TO THE NOTES (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE. SEE "DISCLOSURE UNDERTAKING" HEREIN.

Dated: December 22, 2017

The Bonds mature on January 1 in each year as set forth below:

| <u>Date</u> | <u>Amount*</u> | <u>Interest Rate</u> | <u>Yield or Price</u> | <u>CUSIP Number</u> |
|-------------|----------------|----------------------|-----------------------|---------------------|
| 2019 | \$200,000 | | | 932610 |
| 2020 | 205,000 | | | 932610 |
| 2021 | 210,000 | | | 932610 |
| 2022 | 215,000 | | | 932610 |
| 2023 | 215,000 | | | 932610 |
| 2024 | 220,000 | | | 932610 |
| 2025 | 225,000 | | | 932610 |
| 2026 | 230,000 | | | 932610 |
| 2027 | 235,000 | | | 932610 |
| 2028 | 240,000 | | | 932610 |
| 2029 | 245,000 | | | 932610 |
| 2030 | 255,000 | | | 932610 |
| 2031 | 260,000 | | | 932610 |
| 2032 | 270,000 | | | 932610 |
| 2033 | 275,000 | | | 932610 |
| 2034 | 285,000 | | | 932610 |
| 2035 | 290,000 | | | 932610 |
| 2036 | 300,000 | | | 932610 |
| 2037 | 310,000 | | | 932610 |
| 2038 | 315,000 | | | 932610 |

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

**TOWN OF WALLKILL
ORANGE COUNTY, NEW YORK**

TOWN BOARD

ERIC VALENTIN
Supervisor

Mark Coyne Councilman, Ward 1

Eric Valentin Councilman, Ward 2

Neil Meyer Councilman, Ward 3

Eric Johnson Councilman, Ward 4

Louisa Ingrassia Town Clerk

William A. Frank Town Attorney

Toni Tracy Comptroller

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

INDEPENDENT AUDITORS

PKF O'Connor Davies, LLP
Harrison, New York

MUNICIPAL ADVISOR



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

No dealer, broker, salesman or other person has been authorized by the Town of Wallkill to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds and Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any inference that there has been no change in the affairs of the Town of Wallkill.

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OFFICIAL STATEMENT
TOWN OF WALLKILL
ORANGE COUNTY, NEW YORK

relating to

\$5,000,000
PUBLIC IMPROVEMENT SERIAL BONDS, 2018 SERIES A
(the “Bonds”)

and

\$3,492,200
BOND ANTICIPATION NOTES, 2018 SERIES A
(the “Notes”)

This Official Statement (the “Official Statement”), which includes the cover page and appendices hereto, presents certain information relating to the Town of Wallkill in Orange County, in the State of New York (the “Town,” “County,” and “State,” respectively). It has been prepared by the Town in connection with the sale of \$5,000,000 Public Improvement Serial Bonds, 2018 Series A (the “Bonds”) and \$3,492,200 Bond Anticipation Notes, 2018 Series A (the “Notes”).

All quotations from and summaries and explanations of the 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 compilation 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 BONDS

Description

The Bonds will be dated their date of delivery and mature serially as shown on the inside cover page of this Official Statement. The individual purchasers will determine the denomination of the Bonds which shall be in denominations of five thousand dollars (\$5,000) or integral multiples thereof. The Bonds will be issued as registered bonds in book-entry form. See “Book-Entry-Only System,” herein. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Town to the securities depository company.

The record date (the “Record Date”) for the Bonds is the fifteenth day of the calendar month immediately preceding each interest payment.

Authority for and Purpose of the Bonds

Authorization. The Bonds are issued pursuant to the Constitution and Laws of the State of New York, including among others, the Town Law and the Local Finance Law, and a bond resolution duly adopted by the Town Board on April 27, 2017. Certain details of the Series A Bonds will be prescribed by certificates of the Supervisor executed pursuant to powers delegated to him to fix the terms, form and content of such bonds and to provide for the sale thereof.

Purpose. The proceeds of the Bonds will be used to finance \$5,000,000 for improvements to the consolidated sewer district including sludge dewatering and pumps rehabilitation.

Optional Redemption of the Bonds

Call Provisions. The Bonds maturing on January 1, 2026, and thereafter, are subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after January 1, 2025 at par plus accrued interest to the redemption date.

The Series B Bonds are not subject to redemption prior to maturity.

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

THE NOTES

Description

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

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

The Notes will be issued in registered form to Cede & Co, as the partnership nominee for DTC. The Town will act as Paying Agent for the Notes. The Town contact information is as follows: Toni Tracy, Comptroller, 99 Tower Drive - Building A, Middletown, New York 10941, (845) 692-7835, e-mail: tracy@townofwallkill.com.

Authority for and Purpose of the Notes

Authorization. The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law, and various bond resolutions adopted by the Town Board as detailed below.

Purpose. The proceeds of the Notes and \$154,800 of cash on hand, will be used to redeem \$2,652,000 Bond Anticipation Notes, 2017 Series A maturing on January 12, 2018 and provide \$995,000 of new money.

| <u>Date Authorized</u> | <u>Original Issue Date</u> | <u>Purpose</u> | <u>Amount Outstanding</u> | <u>Paydown</u> | <u>New Money</u> | <u>Amount of the Notes</u> |
|------------------------|----------------------------|--------------------------------|---------------------------|------------------|------------------|----------------------------|
| 08-28-14 | 01-15-15 | Lorelei Water District | \$672,000 | \$ 19,800 | \$ 0 | \$ 652,200 |
| 08-25-16 | 02-09-17 | Consolidated Water District | 1,650,000 | 55,000 | 0 | 1,595,000 |
| 11-10-16 | 02-09-17 | Vehicles | 105,000 | 35,000 | 0 | 70,000 |
| 11-10-16 | 02-09-17 | Equipment | 225,000 | 45,000 | 0 | 180,000 |
| 07-13-17 | 01-12-18 | Woodland Acres Water Extension | 0 | 0 | 345,000 | 345,000 |
| 09-28-17 | 01-12-18 | Kosuga Well #7 | 0 | 0 | 650,000 | 650,000 |
| | | | <u>\$2,652,000</u> | <u>\$154,800</u> | <u>\$995,000</u> | <u>\$3,492,200</u> |

THE BONDS AND NOTES

Book-Entry-Only System

DTC will act as securities depository for the Bonds and Notes. The Bonds and Notes will be issued as fully-registered Bonds and 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 Bond certificate will be issued for each Bond maturity and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds and 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 Bonds and 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 Bonds and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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.

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

Principal and interest payments on the Bonds and 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 (nor its nominee) 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 Bonds and Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

Nature of the Obligation

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

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

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

The Tax Levy Limit Law

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted", the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law" or the "Law"), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The Town has been subject to the Tax Levy Limit Law, since January 1, 2012. Pursuant to the Tax Levy Limit Law, a local law must be adopted after a public hearing if a Town seeks to increase the tax levy by more than the lesser of (1) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Town's prior year's tax levy (the "Tax Levy Increase Limit").

The Tax Levy Limit Law permits certain exceptions to the Tax Levy Increase Limit. The Town may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay

judgments arising out of tort actions that exceed five percent of the total tax levied by the Town in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Tax Levy Limit Law also provides for adjustments to be made to the Town's Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Town. The Town is also permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

Bonds and Notes of the Town issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with a lack of any experience operating under the Law, the effect of the Law on the Town's finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

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 and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must have complied in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which were indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount was increased in the second year if compliance occurred in both taxable years.

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."

Municipalities, school districts and independent special districts were required to provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limit Law. The Town complied with the provisions of Chapter 59 and its taxpayers received the rebates provided in 2015 and 2016.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015 which generally extends the provisions of the program through 2019 and includes continued tax cap compliance.

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the Town is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Town are complex and the obligations of the Town, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the Town and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds and Notes.

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

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Town were to fail to make a required appropriation, however, the ability of affected owners of Town indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

Bankruptcy. The Federal Bankruptcy Code allows municipalities, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Town file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds and Notes.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal Bankruptcy Code, under certain circumstances, can provide municipalities in New York with easier access to judicially approved adjustment of debt and can permit judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners of the Bonds and Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds and Notes could be deemed unsecured obligations of the Town in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors

if the plan is found to be “fair and equitable” and in the “best interests of creditors.” The Town may be able, without the consent and over the objection of owners of the Bonds and Notes, to impair and alter the terms and provisions of the Bonds and Notes, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are “fair and equitable.” If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Bonds and Notes to receive interest and principal from the Town and the enforceability of the Town’s faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Town’s debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Town (including the Bonds and Notes) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds and Notes.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Town, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds and Notes.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Note owners will generally be governed by State law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State’s highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

The State Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

MARKET FACTORS

The financial and economic condition of the Town as well as the market for the Bonds and Notes could be affected by a variety of factors, some of which are beyond the Town’s control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might

affect the market price of and the market for the Bonds and Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds and Notes, could be adversely affected.

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

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

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

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and Notes and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Bonds and Notes (See “Tax Matters” herein).

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

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

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

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

The most current applicable report of the State Comptroller designates the Town as “no designation.”

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

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. OSC has not reviewed the Town in the last five years.

LITIGATION

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

There are various proceedings pending against the Town brought pursuant to Article 7 of the Real Property Tax Law to review and reduce real estate assessments and obtain a refund for alleged overpayments of real estate taxes. Proceedings to review real estate assessments are currently being defended by the Town.

The results of tax certiorari proceedings cannot be ascertained at this time, however, future refunds resulting from an adverse settlement or judgment would be funded in the year of payment. It is believed that an adverse decision, in any or all of the current proceedings, in whole or in part, will not have a material impact on the financial condition of the Town. Pursuant to the New York State Local Finance Law, the Town may issue serial bonds to fund judgments and settled claims.

TAX MATTERS

Tax Exemption

The delivery of the Bonds and Notes is subject to the opinion of Bond Counsel to the effect that interest on the Bonds and Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Bonds and Notes owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Town made in a certificate (the "Tax Certificate") dated the date of delivery of the Bonds and Notes pertaining to the use, expenditure, and investment of the proceeds of the Bonds and Notes and will assume continuing compliance by the Town with the provisions of the Tax Certificate subsequent to the issuance of the Bonds and Notes. The Tax Certificate contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Bonds and Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds and Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds and Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Town described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds and Notes is commenced, under current procedures the IRS is likely to treat the Town as the "taxpayer," and the owners of the Bonds and Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds and Notes, the Town may have different or conflicting interests from the owners of the Bonds and Notes. Public awareness of any future audit of the Bonds and Notes could adversely affect the value and liquidity of the Bonds and Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Bonds and 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).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds and Notes. Prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations such as the Bonds and Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds and Notes of the exclusion of interest thereon from gross income for federal income tax purposes. For example, a bill recently passed in the United States House of Representatives and the Senate and awaiting the President's signature, would, among other things, significantly change the income tax rates for individuals and corporations, repeal or modify the alternative minimum tax for corporations and modify the alternative minimum tax for individuals for tax years beginning after December 31, 2017. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds and Notes. Prospective purchasers of the Bonds and Notes should consult with their own tax advisors with respect to the bill or to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds and Notes

The initial public offering price of certain Bonds and Notes (the "Discount Obligations") may be less than the amount payable on such Bonds and Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds and Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest

may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income. Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations.

The purchase price of certain Bonds and Notes (the "Premium Obligations") paid by an owner may be greater than the amount payable on such Bonds and Notes at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of section 1273 of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. However, section 265(b) of the Code provides that this interest disallowance rule for financial institutions does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The Town has designated the Bonds and Notes as “qualified tax-exempt obligations” and has certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds and Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds and Notes under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds and Notes will be reduced by 20% pursuant to section 291 of the Code.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds and Notes will be covered by the unqualified legal opinions of Norton Rose Fulbright US LLP, Bond Counsel, New York, New York. Such legal opinions will be delivered in substantially the forms attached hereto as “APPENDIX D”.

DISCLOSURE UNDERTAKING

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”). In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time promulgated by the Securities and Exchange Commission (the “Commission”), the Town has agreed to provide, at the time of delivery of the Bonds and Notes, executed Continuing Disclosure Undertakings in substantially the respective forms attached hereto in “Appendix E.”

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

The Town’s 2012 annual financial information and operating data and audit were filed late due to a misunderstanding of the required filing date. The required filing date was thought to be not later than the last business day of each such succeeding fiscal year but in fact was the later of either the end of the sixth month of each such succeeding fiscal year or, in the case of audited financial statements, if an audited financial statement was not available at that time, within sixty days following receipt by the Town of its audited financial statement.

The Town’s 2016 audit was filed late.

Late filing notices were completed regarding the late submissions.

MUNICIPAL ADVISOR

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

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

RATING

The Town has applied to S&P Global Ratings (“S&P”) for a rating of the Bonds. Such application is pending at this time. The Town has not applied for a rating of the Notes.

The Town’s underlying rating by S&P is currently “AA.”

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P at the following address: S&P Global Ratings, 55 Water Street, New York, NY 10041. 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 S&P, circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such Bonds and Notes or the availability of a secondary market for the Bonds and Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Toni Tracy, Comptroller, 99 Tower Drive, Building A, Middletown, New York 10940, (845) 692-7835, e-mail: ttracy@townofwallkill.com, or from the Town’s Municipal Advisor, Capital Markets Advisors, LLC, 1075 Route 82 – Suite 4, Hopewell Junction, New York 12533, (845) 227-8678.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or holders of any of the Bonds and Notes.

The Municipal Advisor 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. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

TOWN OF WALLKILL
ORANGE COUNTY, NEW YORK

BY: _____
Edward A. Diana
Supervisor and Chief Fiscal Officer

DATED: DECEMBER 22, 2017

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town of Wallkill, classified as a First Class Town, encompasses an area of 64 square miles within the western part of the County of Orange, New York. There are no incorporated villages within the Town, however, the Town includes the unincorporated communities of Circleville, Howells, Washington Heights and Scotchtown. In addition, the Town completely encircles the City of Middletown. Wallkill is a suburban community and primarily residential in nature. The Town also enjoys substantial retail and commercial activity and some industry. Residents of the Town are employed throughout the area, which has a retail and service oriented economy.

Form of Government

The Town of Wallkill was established in 1772, however, its present boundaries were formed in 1798. The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders are five independent school districts. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Town Supervisor, who is the presiding member and chief fiscal officer of the Town, elected for a term of two years. The four other members of the Town Board (Councilmen) are also elected to two-year terms. Councilmen are elected in accordance with the ward system – four wards, one councilman per ward. There are no limitations as to the number of terms which may be served.

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

Services

The Town is responsible for providing most governmental services to its residents.

Water and sewer services are furnished by consolidated water and sewer districts which have been formed within the Town.

Highway construction and maintenance is a function of the Town. In addition, recreation is provided and parks maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town's Police Department, County Sheriff's Office and the New York State Police furnish police protection while fire protection is provided for through the seven volunteer fire companies located in the Town. Education is the responsibility of the five independent school districts serving the Town. The County of Orange provides various social and health services.

Employees

The Town employs approximately 173 full-time and part-time workers. There are four collective bargaining organizations representing Town employees as follows:

| Number of Employees | Union Representation | Contract Expiration Date |
|------------------------|--------------------------------------|--------------------------------|
| 67 | C.S.E.A. – Local #836 (Public Works) | 12-31-15 (1) |
| 51 | C.S.E.A. – Local #836 (Police) | 12-31-16 (1) |
| 50 | C.S.E.A. – Local #836 (Clerical) | 12-31-16 (1) |
| 5 | C.S.E.A. – Local #836 (Supervisors) | 12-31-17 |

(1) In negotiation.

Employee Benefits

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

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

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

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Town makes its pension payments when due in February.

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

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

For State Fiscal Year 2016-17, the average contribution rates decreased for the third year in a row. ERS decreased by 2.7% of payroll, from 18.2% to 15.5% and the average contribution rate for PFRS decreased by approximately .4% of payroll from 24.7% to 24.3%. For the State Fiscal Year 2017-18 the contribution rates for ERS and PFRS remain unchanged from the 2016-17 levels. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

ERS and PFRS Contributions.

Pension contributions for the five most recent audited fiscal years ended December 31, and the amount budgeted for the two most recent fiscal years are shown below:

| <u>Fiscal Year</u> | <u>ERS</u> | <u>PFRS</u> |
|--------------------|------------|-------------|
| 2012 | \$842,346 | \$680,812 |
| 2013 | 875,168 | 723,602 |
| 2014 | 995,116 | 799,224 |
| 2015 | 926,422 | 588,588 |
| 2016 | 790,411 | 638,509 |
| 2017 (Budget) | 767,518 | 644,586 |
| 2018 (Budget) | 839,703 | 711,671 |

(a) Includes budgeted General Fund, General Fund – Town Outside and Highway Town-Outside contributions.
 Source: Annual audited financial statements and Town Comptroller.

Other Postemployment Benefits

GASB 45. The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the Town, to account for the cost of certain non-pension post-employment benefits as it accounts for vested pension benefits.

OPEB refers to “other post-employment benefits,” and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each municipality or school district. 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 or school district 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 liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The Town is in compliance with the requirements of GASB 45. The Town has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of December 31, 2015 as reported in the audit for the year ended December 31, 2016 was \$32,233,145 and the Town’s ARC was \$2,298,423. The Town’s UAAL for OPEB could have a material adverse impact upon the Town’s finances and could force the Town to reduce expenses, raise taxes or both. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. There is no authority in current State law to establish a trust account or reserve fund for this liability. The Town continues funding the expenditure on a pay-as-you-go basis.

FINANCIAL FACTORS

Budgetary Procedure

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

A summary of the Town’s 2016 and 2017 budgets may be found in Appendix B hereto.

Independent Audits

The Town retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ending December 31, 2012 through 2016. Appendix B, attached hereto, presents excerpts of the Town's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

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

Investment Policy

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

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

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

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

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

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

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

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2.00 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Town Accountant. In addition, the Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Town Accountant. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specified types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

The accounting system of the Town is maintained on a modified accrual basis. Certain changes in accounting methods have been implemented since 1978 to conform to generally accepted accounting principles. Under the modified accrual basis, revenues are normally recognized in cash except those revenues which are susceptible to accrual, meaning the revenue is measurable and available to finance current operations. Expenditures are generally recognized as incurred except: prepaid items are not recorded and interest on long-term debt is recorded when due. Employee pensions are not accounted for on the accrual method in that these plans are administered by the State which bills the Town each year.

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

Revenues

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

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B.) Property taxes accounted for 35.3% of total general fund and other governmental funds revenues for the fiscal year ended December 31, 2016.

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

Fund Revenues & Real Property Taxes⁽¹⁾

| <u>Fiscal Year Ended December 31:</u> | <u>Total Revenues</u> | <u>Real Property Taxes</u> | <u>Taxes to Revenues</u> |
|---|---------------------------|--------------------------------|------------------------------|
| 2012 | \$13,996,507 | \$5,036,775 | 36.0% |
| 2013 | 13,906,841 | 5,137,826 | 36.9 |
| 2014 | 14,114,879 | 5,271,083 | 37.3 |
| 2015 | 15,436,786 | 5,299,083 | 34.3 |
| 2016 | 15,183,739 | 5,359,083 | 35.3 |
| 2017 (Budget) | 14,730,488 | 6,112,853 | 41.5 |
| 2018 (Budget) | 15,078,401 | 6,330,369 | 42.0 |

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

State Aid. The Town receives financial assistance from the State. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Information about the State’s finances is available on the website maintained by the New York State Division of the Budget at www.budget.ny.gov.

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

The following table sets forth total fund revenues and State aid revenues received for each of the past five audited fiscal years, and the amounts budgeted for the two most recent fiscal years.

Fund Revenues & State Aid Revenues⁽¹⁾

| <u>Fiscal Year Ended December 31:</u> | <u>Total Revenues</u> | <u>State Aid⁽²⁾</u> | <u>State Aid to Revenues</u> |
|---|---------------------------|------------------------------------|----------------------------------|
| 2012 | \$13,996,507 | \$1,234,302 | 8.8% |
| 2013 | 13,906,841 | 1,149,276 | 8.3 |
| 2014 | 14,114,879 | 906,323 | 6.4 |
| 2015 | 15,436,786 | 1,134,000 | 9.1 |
| 2016 | 15,183,739 | 1,129,543 | 7.4 |
| 2017 (Budget) | 14,730,488 | 1,267,881 | 8.6 |
| 2018 (Budget) | 15,078,401 | 901,793 | 6.0 |

(1) General Fund.
(2) Inclusive of Federal Aid
Source: Audited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

Sales Tax. The Town receives a share of the County sales tax. The County presently imposes a sales and use tax of 3 3/4%, in addition to the 4% tax imposed by the State and a 3/8% levy by the Metropolitan Transportation Authority, for a total countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the

State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement, shares the proceeds of the County’s 3 3/4% sales and use tax with the three cities, twenty towns and seventeen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis. The cities, in turn, agree not to levy a Town sales tax for the term of the Agreement.

The following table sets forth total general fund revenues and sale taxes received for each of the past five fiscal years, and the amounts budgeted for the two most recent fiscal years.

General Fund Revenues & Sales Tax⁽¹⁾

| Fiscal Year Ended December 31: | Total Revenues | Sales Tax | Sales Tax to Revenues |
|-----------------------------------|-------------------|--------------|--------------------------|
| 2012 | \$13,996,507 | \$4,028,648 | 28.8% |
| 2013 | 13,906,841 | 4,145,827 | 29.8 |
| 2014 | 14,114,879 | 4,141,128 | 29.3 |
| 2015 | 15,436,786 | 4,166,916 | 27.0 |
| 2016 | 15,183,739 | 4,229,874 | 27.9 |
| 2017 (Budget) | 14,730,488 | 4,050,000 | 27.5 |
| 2018 (Budget) | 15,078,401 | 4,186,000 | 29.6 |

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

REAL PROPERTY TAXES

The following table shows the trend during the last four fiscal years and the current fiscal year for taxable assessed valuations, state equalization rates, full valuations, real property taxes, special assessments and real property tax rates per \$1,000 assessed valuation.

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Taxable Value | \$536,693,951 | \$537,998,536 | \$537,204,407 | \$590,798,684 | \$590,713,507 |
| Equalization Rate | 21.50% | 21.90% | 22.10% | 22.00% | 21.24% |
| Full Value (1) | 2,496,250,935 | 2,456,614,333 | 2,430,789,172 | 2,685,448,609 | 2,781,137,039 |
| Town Tax Levy: | | | | | |
| General | 5,137,510 | 5,271,083 | 5,299,083 | 5,359,083 | 6,097,999 |
| Highway | 4,036,397 | 4,088,578 | 4,215,578 | 4,305,034 | 4,632,027 |
| Special Dist. (1) | 2,678,301 | 2,744,016 | 2,842,331 | 2,810,572 | 2,949,824 |
| Tax Rate: | | | | | |
| General | \$9.97 | \$9.86 | \$9.85 | \$9.85 | \$10.32 |
| Highway | 7.85 | \$7.65 | \$7.84 | \$7.91 | 7.84 |
| Amount | | | | | |
| Uncollected (2) | None | None | None | None | None |

(1) Water, Sewer, Lighting, Road Improvement and Library Districts special assessments.
(2) See Tax Collection Procedures on the following page.
Source: Office of the Town Supervisor and the State Office of Real Property Tax Services “the “ORPTS”) of Equalization and Assessment.

Tax Collection Procedures

The Town Tax receiver collects Town and County property taxes and special district assessments. Taxes and assessments are levied against properties on the first of January and may be paid without penalty through the month

of January. Payments made after January 31 are assessed a penalty as follows: a 1% penalty is added in February and 2% in March. After April the tax roll is returned to the County and taxes plus penalties are payable to the County Treasurer. The Town retains the total amount of Town, highway and special district levies from the total collections and returns the balance plus uncollected items to the County, which assumes collection responsibility and holds annual tax sales.

Ten of the Largest Taxpayers

The following presents the taxable assessments of the ten largest taxpayers for the 2016 assessment roll for taxes levied in 2017.

| <u>2016 Tax Roll</u> | | | |
|---|---------------------------------|-----------------------------|---|
| <u>Taxpayer</u> | <u>Classification</u> | <u>Assessed Valuation</u> | <u>Percent of Total Assessed Valuation ⁽¹⁾</u> |
| Town Of Wallkill IDA (PCM Dev-Galleria) | Retail Shopping & Vacant Lots | \$35,063,806 | 5.9% |
| Middletown I Resources LP (2) | Development/Realty | 15,750,200 | 2.7% |
| Orange & Rockland Utilities Co Inc | Utilities | 15,231,780 | 2.6% |
| GA HC REIT II | Various Office/Medical Building | 8,072,800 | 1.4% |
| East Cost Imperial Gardens | Apartments | 7,700,100 | 1.3% |
| Dunning Farms LLC | Shopping Mall | 5,430,200 | 0.9% |
| Wal-Mart Stores Inc. (incl. Gander Mtn) | Retail Store | 5,220,000 | 0.9% |
| SP Realty Assoc II LLC (Presidential Container) | Warehouse | 4,777,300 | 0.8% |
| High Hotels Ltd. | Hotel | 4,685,200 | 0.8% |
| BRE Retail Residual | Retail | <u>3,755,700</u> | <u>0.6%</u> |
| Total | | <u><u>\$105,687,086</u></u> | <u><u>17.9%</u></u> |

(1) 2017 assessed value is \$590,713,507.
 (2) Tax certiorari pending.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town determines to issue a

particular debt obligation amortizing 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 such required annual installments on its notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town, subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is to take the assessed valuation of taxable real estate for the latest completed assessment roll and divide the same by the equalization rate as determined by the State Office of Real Property Tax Services (the “ORPTS”). The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness subject 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.

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 of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the Town to increase its annual tax levy. Such increases are limited by the formulas set forth in such law. See “The Tax Levy Limit 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 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 also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The Town has complied with such procedure for the bond resolutions adopted in connection with this issuance.

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

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

In addition, under each bond resolution, the Town Board has delegated the 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, capital notes, deficiency notes and budget notes.

Constitutional Debt-Contracting Limitation

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

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

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

**Computation of Debt Contracting Limitation
As of June 2, 2017**

| For Fiscal Year Ended December 31: | Assessed Valuations | Equalization Rate (1) | Full Valuations |
|---|------------------------|--------------------------|-------------------------|
| 2013 | 536,693,951 | 21.50 | 2,496,250,935 |
| 2014 | 537,998,536 | 21.90 | 2,456,614,333 |
| 2015 | 537,204,407 | 22.10 | 2,430,789,172 |
| 2016 | 590,798,694 | 22.00 | 2,685,448,609 |
| 2017 | 590,713,507 | 21.24 | <u>2,781,137,039</u> |
| Total Five-Year Full Valuation | | | <u>\$12,850,240,088</u> |
| Five-Year Average Full Valuation | | | <u>\$ 2,570,048,014</u> |
| Debt Contracting Limitations: 7% of Five-Year Avg. Full Valuation | | | <u>\$ 179,903,361</u> |

(1) ORPTS.

Statutory Debt Limit and Net Indebtedness

Statement of Debt Contracting Power As of December 16, 2017

| | <u>Amount</u> | <u>Percentage</u> |
|------------------------------|---------------------------|----------------------|
| Debt Contracting Limitation: | \$179,903,361 | 100.00% |
| Gross Indebtedness: | | |
| Serial Bonds | 18,410,000 | 10.23 |
| Bond Anticipation Notes (1) | <u>2,652,000</u> | <u>1.47</u> |
| Total Gross Indebtedness | <u>21,062,000</u> | <u>11.70</u> |
| Less Exclusions: | | |
| Water Bonds and Notes | 7,328,567 | 4.07 |
| Appropriation for Debt | <u>-0-</u> | <u>0.00</u> |
| Total Exclusions | <u>7,328,567</u> | <u>4.07</u> |
| Total Net Indebtedness | <u>13,733,433</u> | <u>7.63</u> |
| Net Debt Contracting Margin | <u><u>166,169,928</u></u> | <u><u>92.37%</u></u> |

- (1) The Town has a \$2,937,586 short term financing loan with the New York State Environmental Facilities Corporation which is not included in this figure. The loan will receive a 25% grant with 75% to be financed with bonds through EFC.

Tax Anticipation Notes

The Town has not issued tax anticipation notes in the last five years.

Bond Anticipation Notes

The Town has the following bond anticipation notes outstanding which mature on January 12, 2018 and will be redeemed from proceeds of the Notes and \$154,800 of funds on hand.

| <u>Date Authorized</u> | <u>Issue Date</u> | <u>Purpose</u> | <u>Amount Outstanding</u> |
|----------------------------|-----------------------|-----------------------------|-------------------------------|
| 08-28-14 | 01-15-15 | Lorelei Water District | \$ 672,000 |
| 08-25-16 | 02-09-17 | Consolidated Water District | 1,650,000 |
| 11-10-16 | 02-09-17 | Vehicles | 105,000 |
| 11-10-16 | 02-09-17 | Equipment | <u>225,000</u> |
| | | | <u><u>\$2,652,000</u></u> |

Environmental Facilities Corporation

The Town is financing a \$2,937,586 project water project through the New York State Environmental Facilities Corporation ("EFC"). The project will receive 25% grant funding with the remaining 75% financed with bonds through EFC. The project is currently receiving short term financing through EFC.

Trend of Capital Debt

Debt History

| | Fiscal Year Ending December 31: | | | | |
|------------------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Debt Outstanding End of Year | | | | | |
| Bonds | \$9,375,000 | \$8,720,000 | \$16,407,999 | \$19,448,000 | \$18,410,000 |
| Bond Anticipation Notes | <u>11,865,000</u> | <u>11,479,000</u> | <u>6,934,411</u> | <u>672,000</u> | <u>3,492,200</u> |
| Total Debt Outstanding | <u>\$21,240,000</u> | <u>\$20,199,000</u> | <u>\$23,342,410</u> | <u>\$20,120,000</u> | <u>\$21,062,000</u> |

Overlapping and Underlying Debt

The real property taxpayers of the Town of Wallkill are responsible for a proportionate share of outstanding debt obligations of Orange County and the school districts situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. Authorized but unissued debt has not been included.

**Statement of Direct and Overlapping Indebtedness
As of December 16, 2017**

| | |
|---------------------------|---------------------|
| Gross Direct Indebtedness | \$21,062,000 |
| Exclusions and Deductions | <u>7,328,567</u> |
| Net Direct Indebtedness | <u>\$13,733,433</u> |

| <u>Overlapping Units</u> | <u>Date of Report</u> | <u>Net Indebtedness</u> | <u>Percentage Applicable</u> | <u>Applicable Net Overlapping Debt</u> |
|--------------------------|-----------------------|-------------------------|------------------------------|--|
| County | 11-10-17 | \$309,511,763 | 8.91% | \$27,577,498 |
| School District (1): | | | | 0 |
| Middletown City SD | 08-01-17 | 118,145,000 | 49.64 | 58,647,178 |
| Goshen CSD | 03-31-17 | 15,231,630 | 17.51 | 2,667,058 |
| Minisink Valley CSD | 12-22-16 | 84,975,000 | 5.00 | 4,248,750 |
| Pine Bush CSD | 08-14-17 | 21,175,261 | 33.49 | 7,091,594 |
| Valley CSD | 06-02-17 | 20,652,672 | 4.00 | 826,106 |
| Total | | | | <u>\$101,058,184</u> |

Source: Data provided by MSRB.

Debt Ratios

The following table presents certain debt ratios relating to the Town's indebtedness.

**Direct and Overlapping Debt Ratios
As of December 16, 2017**

| | <u>Amount</u> | <u>Debt Per Capita (1)</u> | <u>Ratio To Full Value (2)</u> |
|------------------------------------|---------------|--------------------------------|------------------------------------|
| Net Direct Debt | \$ 13,733,433 | \$ 484 | 0.51% |
| Net Direct and Overlapping Debt | 114,791,617 | 4,049 | 4.06 |

- (1) The population of the Town is 28,348 according to 2016 estimated Census information.
 (2) The Town's full valuation for year ending 2016 is \$2,685,448,609.

Authorized But Unissued Debt

The Town has \$1,832,089 of authorized and unissued debt as depicted in the following chart.

| <u>Authorization Date</u> | <u>Purpose</u> | <u>Amount Authorized</u> | <u>Amount Borrowed</u> | <u>Remaining Authorization</u> |
|-------------------------------|---|------------------------------|----------------------------|------------------------------------|
| 8/27/2015 | Highway Equipment | \$ 450,000 | \$ 422,000 | \$ 28,000 |
| 5/22/2014 | Bridges | 2,800,000 | 1,200,000 | 1,600,000 |
| 5/09/2013 | Highway Equipment | 980,000 | 920,000 | 60,000 |
| 8/28/2014 | Lorelei Water District Crystal Run Filtration System | 865,000 1,650,000 | 720,911 0 | 144,089 1,650,000 |
| | | | | <u><u>\$3,482,089</u></u> |

Debt Service Schedule

The following table shows the annual debt service requirements on all outstanding Town bonds.

| Fiscal Years Ending December 31 | Schedule of Debt Service Requirements | | | Cumulative Percentage of Principal Paid |
|---------------------------------------|---|----------------------|-----------------------|---|
| | Debt Service On Outstanding General Obligation Bonded Indebtedness | | | |
| | Principal Payments | Interest Payments | Total Debt Service | |
| 2017 ⁽¹⁾ | \$ 1,038,000 | \$ 710,168 | \$ 1,748,168 | 5.34% |
| 2018 | 1,115,000 | 631,178 | 1,746,178 | 11.07 |
| 2019 | 1,150,000 | 593,464 | 1,743,464 | 16.98 |
| 2020 | 1,190,000 | 552,729 | 1,742,729 | 23.10 |
| 2021 | 1,010,000 | 513,235 | 1,523,235 | 28.30 |
| 2022 | 725,000 | 480,231 | 1,205,231 | 32.02 |
| 2023 | 745,000 | 455,281 | 1,200,281 | 35.85 |
| 2024 | 765,000 | 429,581 | 1,194,581 | 39.78 |
| 2025 | 800,000 | 403,081 | 1,203,081 | 43.90 |
| 2026 | 830,000 | 375,106 | 1,205,106 | 48.17 |
| 2027 | 845,000 | 345,397 | 1,190,397 | |
| 2028 | 885,000 | 314,441 | 1,199,440 | |
| 2029 | 925,000 | 282,134 | 1,207,134 | |
| 2030 | 955,000 | 248,328 | 1,203,328 | |
| 2031 | 995,000 | 212,719 | 1,207,719 | |
| 2032 | 470,000 | 187,350 | 657,350 | |
| 2033 | 485,000 | 172,663 | 657,663 | |
| 2034 | 500,000 | 157,306 | 657,306 | |
| 2035 | 520,000 | 141,075 | 661,075 | |
| 2036 | 535,000 | 123,881 | 658,881 | |
| 2037 | 560,000 | 105,828 | 665,828 | |
| 2038 | 570,000 | 85,747 | 655,747 | |
| 2039 | 595,000 | 65,212 | 660,212 | |
| 2040 | 610,000 | 43,688 | 653,688 | |
| 2041 | 630,000 | 21,294 | 651,294 | |
| | <u>\$19,448,000</u> | <u>\$7,651,117</u> | <u>\$27,099,116</u> | |

(1) As of December 16, 2017 the Town has paid \$1,038,000 of principal and \$710,168 of interest for payments due on serial bonds maturing during the fiscal year ending December 31, 2017.

Principal Amortization by Purpose

| Fiscal Years Ending December 30: | Outstanding Bonds Principal | | | | |
|--|-----------------------------|--------------------|--------------------|--------------------|---------------------|
| | General | Highway | Water | Sewer | Total |
| 2017 | \$ 347,371 | \$ 201,079 | \$ 293,433 | \$ 196,117 | \$ 1,038,000 |
| 2018 | 357,372 | 223,079 | 333,433 | 201,117 | 1,115,000 |
| 2019 | 368,809 | 230,355 | 346,089 | 204,747 | 1,150,000 |
| 2020 | 385,246 | 241,104 | 351,089 | 212,560 | 1,190,000 |
| 2021 | 401,684 | 246,854 | 141,089 | 220,374 | 1,010,000 |
| 2022 | 418,121 | 57,603 | 146,089 | 103,187 | 725,000 |
| 2023 | 433,121 | 59,130 | 148,745 | 104,004 | 745,000 |
| 2024 | 449,558 | 59,879 | 148,745 | 106,817 | 765,000 |
| 2025 | 465,996 | 63,683 | 159,057 | 111,264 | 800,000 |
| 2026 | 488,870 | 65,181 | 159,057 | 116,891 | 830,000 |
| 2027 | 503,870 | 65,181 | 159,057 | 116,891 | 845,000 |
| 2028 | 525,308 | 68,985 | 169,369 | 121,338 | 885,000 |
| 2029 | 549,620 | 72,760 | 172,025 | 130,595 | 925,000 |
| 2030 | 569,620 | 74,287 | 179,681 | 131,412 | 955,000 |
| 2031 | 596,058 | 76,564 | 187,337 | 135,042 | 995,000 |
| 2032 | 58,931 | 79,589 | 189,994 | 141,485 | 470,000 |
| 2033 | 60,369 | 81,866 | 197,650 | 145,116 | 485,000 |
| 2034 | 61,807 | 84,142 | 205,305 | 148,746 | 500,000 |
| 2035 | 66,119 | 87,917 | 207,961 | 158,003 | 520,000 |
| 2036 | 67,556 | 90,193 | 215,618 | 161,633 | 535,000 |
| 2037 | 70,430 | 94,746 | 225,930 | 168,893 | 560,000 |
| 2038 | 71,868 | 97,023 | 228,586 | 172,523 | 570,000 |
| 2039 | 74,743 | 101,576 | 238,898 | 179,784 | 595,000 |
| 2040 | 76,180 | 103,852 | 246,554 | 183,414 | 610,000 |
| 2041 | 80,493 | 107,627 | 249,209 | 192,671 | 630,000 |
| | <u>\$7,549,120</u> | <u>\$2,734,255</u> | <u>\$5,300,000</u> | <u>\$3,864,624</u> | <u>\$19,448,000</u> |

ECONOMIC AND DEMOGRAPHIC DATA

Population

Population Trend

| | 2000 | 2010 | 2016 | % Change | |
|--------|------------|------------|------------|----------|---------|
| | | | | 2000-10 | 2010-16 |
| Town | 24,659 | 27,426 | 28,348 | 11.2% | 3.4% |
| County | 341,367 | 372,813 | 379,210 | 9.2 | 1.7 |
| State | 18,976,457 | 19,378,102 | 19,745,289 | 2.1 | 1.9 |

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

Income

Per Capita Money Income

| | <u>2010</u> | <u>2015</u> | <u>% Change</u> |
|--------|-------------|-------------|-----------------|
| Town | \$28,625 | \$29,781 | 4.0% |
| County | 28,944 | 31,272 | 8.0 |
| State | 30,948 | 34,212 | 10.5 |

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

Employment

The following tables provide information about the types of jobs in which Town of Wallkill and Orange County residents are employed, unemployment trends and major employers situated in the Town.

Average Employed Civilian Labor Force 2000 - 2016

| | <u>2000</u> | <u>2010</u> | <u>2016</u> | <u>% Change</u> | |
|--------|-------------|-------------|-------------|------------------|------------------|
| | | | | <u>2000-2010</u> | <u>2010-2016</u> |
| Town | 12,500 | 13,100 | 13,700 | 4.8% | 4.6% |
| County | 155,800 | 166,800 | 170,800 | 7.1 | 2.4 |
| State | 8,718,700 | 8,769,700 | 9,121,300 | 0.6 | 4.0 |

Source: New York State Department of Labor.

Average Unemployment Rates

| <u>Year</u> | <u>Town</u> | <u>County</u> | <u>State</u> | <u>United States</u> |
|----------------------|-------------|---------------|--------------|----------------------|
| 2013 | 6.7% | 6.8% | 7.7% | 7.4% |
| 2014 | 5.5 | 5.5 | 6.3 | 6.2 |
| 2015 | 4.6 | 4.7 | 5.3 | 5.3 |
| 2016 | 4.1 | 4.3 | 4.8 | 4.9 |
| 2017: ⁽¹⁾ | | | | |
| Jan | 4.5 | 4.5 | 4.9 | 5.1 |
| Feb | 4.7 | 4.8 | 5.1 | 4.9 |
| Mar | 4.1 | 4.2 | 4.4 | 4.6 |
| Apr | 4.2 | 4.3 | 4.2 | 4.1 |
| May | 4.3 | 4.2 | 4.3 | 4.1 |
| Jun | 4.6 | 4.6 | 4.5 | 4.5 |
| Jul | 4.5 | 4.6 | 4.9 | 4.6 |
| Aug | 4.2 | 4.6 | 4.9 | 4.5 |
| Sep | 4.5 | 4.5 | 4.7 | 4.1 |
| Oct | 4.4 | 4.4 | 4.6 | 3.9 |

(1) Monthly rates.

Source: New York State Department of Labor and U.S. Bureau of Labor Statistics.

Major Non-Governmental Employers in the County
(400+ Employees)

| Name | Type | Approx. No. of Employees |
|---|---|-----------------------------|
| Orange Regional Medical Center | Hospital | 2,524 |
| Crystal Run Healthcare | Physician Specialty Practice | 1,625 |
| Access: Supports for Living | Rehabilitation Services | 1,289 |
| St. Luke's/Cornwall Hospital | Hospital | 1,247 |
| Elant Inc. | Senior Health and Housing | 1,200 |
| C&S Grocers Inc. | Distribution Center | 1,107 |
| Mount Saint Mary College | College | 1,000 |
| Empire Blue Cross / Blue Shield | Health Insurance | 795 |
| AHRC | Services for Development Disabilities | 750 |
| Time Warner Cable | Television, Cable, Communications | 750 |
| Kolmar Laboratories Inc. | Cosmetics / Personal Care Manufacturing | 650 |
| Amscan Inc. | Distribution | 525 |
| Horizon Family Medical Group | Health Care | 500 |
| Bon Secours Community Hospital | Hospital | 490 |
| Staples Inc. | Distribution Center - Office Supplies | 460 |
| Verla International Ltd. | Cosmetics Manufacturing | 445 |
| YRC | Trucking Transportation | 435 |
| United Natural Foods | Food Manufacturer | 400 |
| Adeco | Staffing Service | 400 |
| Times Herald Record | Publishing | 395 |
| Crystal Run Village, Inc. | Mental Health Services | 391 |
| Cardinal Health | Distribution Center | 380 |
| St. Anthony Community Hospital | Hospital | 370 |
| U.S. Postal Service | Mail Delivery | 359 |
| Precision Pipeline Solutions | Utilities | 350 |
| IBM Business Continuity & Resilience Services | Services | 350 |
| Superior Pack Group Inc. | Packaging & Labeling | 325 |
| Newburgh Auto Auction Solutions | Wholesale Autos | 300 |
| President Container Inc. | Manufacturing | 300 |
| Coach USA | Transportation | 300 |

Source: 2016 official statement for Orange County dated September 8, 2016.

Education

Education is the responsibility of the five independent school districts in the Town. Children of the Town attend school in one of the five districts, determined by geography. Orange County Community College, a two-year co-educational college, is located in the City of Middletown.

Financial Institutions

Numerous banking facilities are available in and around the Town. Many of the State's major banks have branch offices located in the area. The Bank of America, JPMorgan Chase, TD Bank, Key Bank, Orange County Trust Company, First Niagara, Greater Hudson Bank and Jefferson Bank are all located in the area.

Transportation

The Town maintains its own interior road network. Interstate 84 (providing access east to Danbury, Connecticut and west to Scranton, Pennsylvania) and several State Highways serve the Town including Route 211 and Route 17, a

four lane highway providing access to the New York City metropolitan area and western portions of the State. Frequent bus service is available by the Short Line. Metro North Railroad provides commuter service from a station located in the Town, which service links with New Jersey trains to New York City.

Utilities

Electricity and natural gas are supplied throughout the Town by Orange and Rockland Utilities, Inc. Telephone service is provided by the Continental Telephone Company of New York.

Culture and Recreation

Several libraries are available to residents of the Town of Wallkill. Thrall Library, a member of the Ramapo-Catskill Library System, offers a variety of services; books, magazines, video cassettes and art reproductions. There are various discussion groups and educational programs for pre-school and school age children. The library at Orange County Community College is open to the public for reference work. Orange County residents may also borrow books by paying a small fee.

The Town of Wallkill has seven recreation areas open to residents. The Town owns a municipal golf course which is open to the public and available to residents at a reduced rate. There are also facilities for swimming, tennis, hockey, performing arts, skills and crafts and picnic areas. Activities for special groups including senior citizens are part of the regular program. All facilities are free to residents of the Town.

Housing Data

| | Housing Data | | | | |
|--------|---------------------|-----------|-----------|-----------|-----------|
| | 2000 - 2016 | | | | |
| | Number of Units | | | % Change | |
| | 2000 | 2010 | 2016 | 2000-2010 | 2010-2016 |
| Town | 9,283 | 10,777 | 11,195 | 16.1% | 3.9% |
| County | 122,754 | 137,025 | 139,757 | 11.6 | 2.0 |
| State | 7,679,307 | 8,108,103 | 8,191,568 | 5.6 | 1.0 |

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

END OF APPENDIX A

APPENDIX B

**UNAUDITED SUMMARY OF
FINANCIAL STATEMENTS AND BUDGETS**

**TOWN OF WALLKILL
GENERAL FUND (1)
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

| ASSETS | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Cash and Cash Equivalents | \$ 1,452,326 | \$ 1,947,319 | \$ 2,881,946 | \$ 4,693,997 | \$ 5,396,320 |
| Accounts Receivables | 364,718 | 411,036 | 232,669 | 199,203 | 241,849 |
| State and Federal Aid Receivable | 936,043 | 675,536 | 809,050 | 649,732 | 751,761 |
| Due From Other Governments | 1,419,712 | 1,357,481 | 1,450,322 | 1,822,938 | 1,739,177 |
| Due From Other Funds | 73,008 | 86,097 | 244,960 | 376,120 | 314,199 |
| Advances To Other Funds | <u>1,677,871</u> | <u>1,766,332</u> | <u>1,779,382</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u>\$ 5,923,678</u> | <u>\$ 6,243,801</u> | <u>\$ 7,398,329</u> | <u>\$ 7,741,990</u> | <u>\$ 8,443,306</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 320,543 | \$ 264,285 | \$ 297,539 | \$ 305,761 | \$ 529,091 |
| Accrued Liabilities | 122,992 | 165,834 | 495,773 | 26,569 | 258,041 |
| Due to Retirement System | 789,804 | 827,991 | 943,184 | 810,734 | 782,772 |
| Due To Other Funds | 242,097 | 242,097 | 247,198 | 244,903 | 0 |
| Due To Other Governments | 0 | 0 | 0 | 0 | 0 |
| BANs Payable | 0 | 0 | 0 | 0 | 0 |
| RANs/TANs Payable | 1,400,000 | 0 | 0 | 0 | 0 |
| Deferred Revenues | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities | <u>\$ 2,875,436</u> | <u>\$ 1,500,207</u> | <u>\$ 1,983,694</u> | <u>\$ 1,387,967</u> | <u>\$ 1,569,904</u> |
| Fund Equity: | | | | | |
| Nonspendable | \$ 1,677,871 | \$ 1,766,332 | \$ 1,779,382 | \$ 0 | \$ 0 |
| Restricted | 10,549 | 617,527 | 608,122 | 587,377 | 587,797 |
| Committed | 0 | 0 | 0 | 0 | 750,000 |
| Assigned | 24,401 | 13,057 | 25,554 | 19,432 | 12,597 |
| Unassigned | <u>1,335,421</u> | <u>2,346,678</u> | <u>3,001,577</u> | <u>5,747,214</u> | <u>5,523,008</u> |
| Total Fund Equity | <u>\$ 3,048,242</u> | <u>\$ 4,743,594</u> | <u>\$ 5,414,635</u> | <u>\$ 6,354,023</u> | <u>\$ 6,873,402</u> |
| Total Liabilities and Fund Equity | <u>\$ 5,923,678</u> | <u>\$ 6,243,801</u> | <u>\$ 7,398,329</u> | <u>\$ 7,741,990</u> | <u>\$ 8,443,306</u> |

The financial data presented has been excerpted from the Town's Annual Audited Financial Statements.

Such presentation however has not been audited.

Complete copies of the Town's audited financial statements are available upon request to the Town.

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

AS OF DECEMBER 31:

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| REVENUES: | | | | | |
| Real Property Taxes | \$ 5,036,775 | \$ 5,137,826 | \$ 5,271,083 | \$ 5,299,083 | \$ 5,359,083 |
| Other Tax Items | 892,999 | 941,513 | 904,835 | 925,396 | 926,069 |
| Non-Property Tax Items | 4,028,648 | 4,145,827 | 4,141,128 | 4,166,916 | 4,229,874 |
| Departmental Income | 640,967 | 753,275 | 861,122 | 772,186 | 674,577 |
| Intergovernmental Charges | 283,555 | 180,591 | 146,005 | 0 | 0 |
| Use Of Money And Property Sale Of Property And Compensation For Loss | 46,868 | 55,808 | 69,741 | 74,937 | 79,407 |
| Licenses and Permits | 44,049 | 56,697 | 72,838 | 94,691 | 14,030 |
| Fines and Forfeitures | 697,948 | 503,818 | 678,329 | 814,126 | 650,375 |
| Interfund Revenue | 1,082,676 | 928,184 | 996,358 | 1,653,488 | 1,698,593 |
| State And Federal Aid | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 1,234,302 | 1,149,276 | 906,323 | 1,399,855 | 1,461,283 |
| | 7,720 | 54,026 | 67,117 | 236,108 | 90,448 |
| Total Revenues | 13,996,507 | 13,906,841 | 14,114,879 | 15,436,786 | 15,183,739 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government Support | 2,340,144 | 2,071,144 | 2,387,869 | 4,302,417 | 2,726,021 |
| Public Safety | 4,161,640 | 4,237,041 | 4,554,926 | 4,768,957 | 5,227,046 |
| Health | 15,506 | 18,388 | 15,493 | 21,785 | 2,239 |
| Transportation | 792,430 | 812,713 | 808,132 | 787,966 | 945,519 |
| Economic Assistance And Opportunity | 4,711 | 12,905 | 5,714 | 7,375 | 9,333 |
| Culture And Recreation | 743,641 | 890,721 | 1,079,507 | 978,190 | 961,495 |
| Home And Community Services | 124,095 | 201,676 | 203,520 | 223,127 | 259,920 |
| Employee Benefits | 3,450,364 | 3,498,155 | 3,772,499 | 3,721,313 | 4,027,781 |
| Debt Service | 654,756 | 656,448 | 671,044 | 586,916 | 655,559 |
| Total Expenditures | 12,287,287 | 12,399,191 | 13,498,704 | 15,398,046 | 14,814,913 |
| Excess of Revenues Over Expenditures | 1,709,220 | 1,507,650 | 616,175 | 38,740 | 368,826 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sale of Real Property | 173,379 | 25,200 | 22,500 | 1,542,340 | 24,979 |
| Insurance Recoveries | 0 | 0 | 0 | 0 | 101,749 |
| Operating Transfers - In | 88,096 | 200,002 | 223,391 | 123,405 | 61,325 |
| Operating Transfers - Out | 0 | (37,500) | (191,025) | (765,097) | (37,500) |
| Total Other Financing Sources (Uses) | 261,475 | 187,702 | 54,866 | 900,648 | 150,553 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 1,970,695 | 1,695,352 | 671,041 | 939,388 | 519,379 |
| Fund Equity - Beginning of Year | 1,219,605 | 3,048,242 | 4,743,594 | 5,414,635 | 6,354,023 |
| Prior Period Adjustments | (142,058) | 0 | 0 | 0 | 0 |
| Residual Equity Transfer | 0 | 0 | 0 | 0 | 0 |
| Fund Equity - End of Year | \$ 3,048,242 | \$ 4,743,594 | \$ 5,414,635 | \$ 6,354,023 | \$ 6,873,402 |

The financial data presented has been excerpted from the Town's Annual Audited Financial Statements. Such presentation however has not been audited. Complete copies of the Town's audited financial statements are available upon request to the Town.

**TOWN OF WALLKILL
OTHER GOVERNMENTAL (1)
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 11,475,772 | \$ 13,393,239 | \$ 7,302,975 | \$ 10,823,835 | \$ 11,361,876 |
| Accounts Receivables | 83,834 | 86,493 | 429,317 | 37,093 | 30,110 |
| Water and Sewer Rents | 1,597,002.00 | 1,534,438.00 | 1,995,430 | 1,801,502 | 1,695,174 |
| Due From Other Funds | 390,876 | 827,569 | 6,356,402 | 5,229,631 | 2,019,584 |
| Due From Other Governments | 0 | 0 | 258,974 | 30,343 | 28,629 |
| Total Assets | \$ 13,547,484 | \$ 15,841,739 | \$ 16,343,098 | \$ 17,922,404 | \$ 15,135,373 |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 264,058 | \$ 419,576 | \$ 363,395 | \$ 345,438 | \$ 242,702 |
| Accrued Liabilities | 88,525 | 85,651 | 94,838 | 15,790 | 116,652 |
| Due to Retirement System | 332,069 | 341,335 | 348,673 | 313,998 | 270,550 |
| Due To Other Funds | 48,787 | 606,685 | 299,263 | 443,981 | 147,707 |
| Due To Other Governments | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenues | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | \$ 733,439 | \$ 1,453,247 | \$ 1,106,169 | \$ 1,119,207 | \$ 777,611 |
| Fund Equity: | | | | | |
| Committed | \$ - | \$ - | \$ - | \$ - | \$ 300,000 |
| Restricted | - | 379,737 | 1,523,058 | 1,207,310 | 539,676 |
| Assigned | 12,814,045 | 14,008,755 | 13,713,871 | 15,595,887 | 13,518,086 |
| Unassigned | 0 | 0 | 0 | 0 | 0 |
| Total Fund Equity | \$ 12,814,045 | \$ 14,388,492 | \$ 15,236,929 | \$ 16,803,197 | \$ 14,357,762 |
| Total Liabilities and Fund Equity | \$ 13,547,484 | \$ 15,841,739 | \$ 16,343,098 | \$ 17,922,404 | \$ 15,135,373 |

(1) Other Major Governmental Funds Include: Highway, Sewer, Water, Lighting, Roads and Drainage for 2012-2016 and Highway, Water and Sewer for 2011.

The financial data presented has been excerpted from the Town's Annual Audited Financial Statements. Such presentation however has not been audited. Complete copies of the Town's audited financial statements are available upon request to the Town.

**TOWN OF WALLKILL
OTHER MAJOR GOVERNMENTAL FUNDS (1)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION**

FOR YEARS ENDED DECEMBER 31:

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES: | | | | | |
| Real Property Taxes | \$ 6,641,347 | \$ 6,868,479 | \$ 6,852,385 | \$ 7,051,418 | \$ 7,149,773 |
| Other Tax Items | 475,747 | 478,453 | 484,443 | 486,162 | 503,015 |
| Intergovernmental Charges | 311,810 | 343,920 | 353,873 | 279,608 | 207,496 |
| Departmental Income | 4,192,272 | 4,302,199 | 4,465,198 | 4,620,652 | 4,657,293 |
| Use Of Money And Property | 40,430 | 38,710 | 28,394 | 40,023 | 22,242 |
| Sale Of Property And Compensation For Loss | 97,831 | 63,484 | 71,439 | 94,869 | 61,198 |
| Interfund Revenues | 245,808 | 331,660 | 250,690 | 154,911 | 175,615 |
| State Aid | 366,727 | 345,274 | 440,671 | 394,767 | 423,959 |
| Federal Aid | 235,453 | 84,546 | 167,655 | 182,942 | 0 |
| Miscellaneous | 18,861 | 39,384 | 126,066 | 262,667 | 192,498 |
| Total Revenues | 12,626,286 | 12,896,109 | 13,240,814 | 13,568,019 | 13,393,089 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government Support | 0 | 4,358 | 37,456 | 3,726 | 3,414 |
| Transportation | 3,519,134 | 4,022,588 | 4,201,174 | 4,000,149 | 4,047,593 |
| Home And Community Services | 3,561,314 | 4,356,034 | 4,633,934 | 4,114,789 | 4,514,210 |
| Employee Benefits | 1,847,817 | 1,932,899 | 1,932,676 | 2,112,329 | 2,051,234 |
| Debt Service | 984,007 | 875,783 | 520,896 | 581,474 | 725,244 |
| Total Expenditures | 9,912,272 | 11,191,662 | 11,326,136 | 10,812,467 | 11,341,695 |
| Excess of Revenues Over (Under) Expenditures | 2,714,014 | 1,704,447 | 1,914,678 | 2,755,552 | 2,051,394 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds From Installment Debt | 0 | 0 | 0 | 0 | 0 |
| Proceeds From Serial Bonds | 0 | 0 | 0 | 0 | 0 |
| BAN's Redeemed From Appropriations | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers - In | 0 | 0 | 0 | 22,513 | 864 |
| Operating Transfers - Out | (115,000) | (130,000) | (1,066,241) | (1,211,797) | (4,497,693) |
| Total Other Financing Sources (Uses) | (115,000) | (130,000) | (1,066,241) | (1,189,284) | (4,496,829) |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 2,599,014 | 1,574,447 | 848,437 | 1,566,268 | (2,445,435) |
| Fund Balances - Beginning of Year | 9,280,927 | 12,814,045 | 14,388,492 | 15,236,929 | 16,803,197 |
| Adjustments (2) | 934,104 | 0 | 0 | 0 | 0 |
| Fund Balances - End of Year | \$ 12,814,045 | \$ 14,388,492 | \$ 15,236,929 | \$ 16,803,197 | \$ 14,357,762 |

(1) Other Major Governmental Funds Include: Highway, Sewer, Water, Lighting, Roads and Drainage for 2012 and 2015 and Highway, Water and Sewer for 2011.

(2) 2012 adjustment for inclusion of Lighting, Roads and Drainage.

The financial data presented on this page has been excerpted from the audited financial statements of the Town. Such presentation however has not been audited. Complete copies of the Town's audited financial statements are available upon request to the Town.

**TOWN OF WALLKILL
2017 OPERATING BUDGET**

| | General Fund | Highway Fund | Consolidated Water Dist Fund | Consolidated Sewer Dist Fund | Combined Totals |
|---|-------------------|------------------|------------------------------------|------------------------------------|--------------------|
| ESTIMATED REVENUES: | | | | | |
| Real Property Taxes | \$ 6,112,853 | \$ 4,731,205 | \$ 1,247,761 | \$ 1,527,517 | \$ 13,619,336 |
| Chargeback from Agencies | 20,000 | 0 | 0 | 0 | 20,000 |
| Other Payments in Lieu of Taxes | 141,290 | 0 | 0 | 0 | 141,290 |
| Real Property Tax Items | 37,000 | 0 | 0 | 0 | 37,000 |
| Non-Property Taxes | 4,320,000 | 0 | 0 | 0 | 4,320,000 |
| Departmental Income | 578,968 | 1,000 | 1,944,960 | 2,131,856 | 4,656,784 |
| Intergovernmental Charges | 1,000 | 192,000 | 0 | 0 | 193,000 |
| Use Of Money And Property | 148,726 | 0 | 6,000 | 5,000 | 159,726 |
| Licenses And Permits | 497,200 | 500 | 0 | 0 | 497,700 |
| Fines And Forfeitures | 1,550,000 | 0 | 0 | 0 | 1,550,000 |
| Sale Of Property And Compensation For Loss | 50,560 | 28,500 | 0 | 0 | 79,060 |
| Interfund Revenue | 0 | 206,000 | 4,770 | 0 | 210,770 |
| State Aid | 844,881 | 423,000 | 0 | 0 | 1,267,881 |
| Federal Aid | 345,000 | 0 | 0 | 0 | 345,000 |
| Water/Sewer Mgt Charge | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 83,000 | 27,500 | 4,500 | 4,500 | 119,500 |
| Total Estimated Revenues | 14,730,478 | 5,609,705 | 3,207,991 | 3,668,873 | 27,217,047 |
| APPROPRIATIONS: | | | | | |
| Current: | | | | | |
| General Government Support | 2,711,727 | 57,150 | 56,231 | 131,034 | 2,956,142 |
| Public Safety | 5,143,934 | 0 | 0 | 0 | 5,143,934 |
| Health | 3,500 | 0 | 0 | 0 | 3,500 |
| Transportation | 832,086 | 3,757,438 | 0 | 0 | 4,589,524 |
| Economic Assistance And Opportunity | 12,000 | 0 | 0 | 0 | 12,000 |
| Culture And Recreation | 764,720 | 0 | 0 | 0 | 764,720 |
| Home And Community Services | 219,835 | 0 | 2,046,323 | 2,516,950 | 4,783,108 |
| Interfund Transfers | 0 | 0 | 0 | 0 | 0 |
| Employee Benefits | 4,307,200 | 1,451,300 | 518,335 | 424,585 | 6,701,420 |
| Debt Service | 735,486 | 343,817 | 587,102 | 307,728 | 1,974,133 |
| Total Appropriations | 14,730,488 | 5,609,705 | 3,207,991 | 3,380,297 | 26,928,481 |
| Excess Of Estimated Revenues Over Appropriations | (10) | 0 | 0 | 288,576 | 288,566 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfers - In | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers - Out | 0 | 0 | 0 | (288,576) | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | (288,576) | 0 |
| APPROPRIATED FUND BALANCE | \$ 10 | \$ 0 | \$ 0 | \$ 0 | \$ 10 |

**TOWN OF WALLKILL
2018 OPERATING BUDGET**

| | General Fund | Highway Fund | Consolidated Water Dist Fund | Consolidated Sewer Dist Fund | Combined Totals |
|---|-------------------|------------------|------------------------------------|------------------------------------|--------------------|
| ESTIMATED REVENUES: | | | | | |
| Real Property Taxes | \$ 6,330,369 | 4,655,919 | 1,256,173 | 1,540,667 | \$ 13,783,128 |
| Chargeback from Agencies | 20,000 | 0 | 0 | 0 | 20,000 |
| Other Payments in Lieu of Taxes | 153,066 | 97,116 | 0 | 0 | 250,182 |
| Real Property Tax Items | 37,000 | 0 | 0 | 0 | 37,000 |
| Non-Property Taxes | 4,456,000 | 0 | 0 | 0 | 4,456,000 |
| Departmental Income | 486,657 | 1,000 | 1,992,818 | 2,149,581 | 4,630,056 |
| Intergovernmental Charges | 650 | 197,670 | 0 | 0 | 198,320 |
| Use Of Money And Property | 152,226 | 0 | 4,000 | 2,000 | 158,226 |
| Licenses And Permits | 497,500 | 0 | 0 | 0 | 497,500 |
| Fines And Forfeitures | 1,550,000 | 0 | 0 | 0 | 1,550,000 |
| Sale Of Property And Compensation For Loss | 35,140 | 25,000 | 0 | 0 | 60,140 |
| Interfund Revenue | 0 | 250,000 | 4,770 | 0 | 254,770 |
| State Aid | 901,793 | 423,000 | 0 | 0 | 1,324,793 |
| Federal Aid | 380,000 | 0 | 0 | 0 | 380,000 |
| Water/Sewer Mgt Charge | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 78,000 | 27,500 | 4,500 | 5,600 | 115,600 |
| Total Estimated Revenues | 15,078,401 | 5,677,205 | 3,262,261 | 3,697,848 | 27,715,715 |
| APPROPRIATIONS: | | | | | |
| Current: | | | | | |
| General Government Support | 2,604,765 | 44,000 | 0 | 71,664 | 2,720,429 |
| Public Safety | 5,418,583 | 0 | 0 | 0 | 5,418,583 |
| Health | 2,800 | 0 | 0 | 0 | 2,800 |
| Transportation | 850,603 | 3,772,990 | 0 | 0 | 4,623,593 |
| Economic Assistance And Opportunity | 12,100 | 0 | 0 | 0 | 12,100 |
| Culture And Recreation | 768,315 | 0 | 0 | 0 | 768,315 |
| Home And Community Services | 229,022 | 0 | 2,058,436 | 2,360,767 | 4,648,225 |
| Interfund Transfers | 0 | 0 | 0 | 169,442 | 0 |
| Employee Benefits | 4,522,714 | 1,532,287 | 442,485 | 444,326 | 6,941,812 |
| Debt Service | 669,499 | 327,928 | 761,340 | 651,649 | 2,410,416 |
| Total Appropriations | 15,078,401 | 5,677,205 | 3,262,261 | 3,697,848 | 27,715,715 |
| Excess Of Estimated Revenues Over Appropriations | 0 | 0 | 0 | 0 | 0 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfers - In | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers - Out | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 |
| APPROPRIATED FUND BALANCE | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

APPENDIX C

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

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

<https://emma.msrb.org/ER1107914-ER866451-ER1267134.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. PKF O'Connor Davies, LLP 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.**

APPENDIX D

FORM OF LEGAL OPINIONS

**APPENDIX D
FORM OF OPINION**

January 12, 2018

Town of Wallkill,
County of Orange,
State of New York

Town of Wallkill, Orange County, New York
\$5,000,000 Public Improvement Serial Bonds, 2018 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$5,000,000 Public Improvement Serial Bonds, 2018 Series A (the "Obligation"), of the Town of Wallkill, Orange County, New York (the "Obligor"), dated January 12, 2018.

We have examined:

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

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the

application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that interest on the Obligation owned by a corporation (other than an "S" corporation or a qualified mutual fund, real estate mortgage investment conduit, real estate investment trust or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

FORM OF OPINION

January 12, 2018

Town of Wallkill,
County of Orange,
State of New York

Town of Wallkill, Orange County, New York
\$3,492,200 Bond Anticipation Notes, 2018 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$3,492,200 Bond Anticipation Notes, 2018 Series A (the "Obligation"), of the Town of Wallkill, Orange County, New York (the "Obligor"), dated January 12, 2018, payable January 12, 2019, at maturity.

We have examined:

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

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.

(c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that interest on the Obligation owned by a corporation (other than an "S" corporation or a qualified mutual fund, real estate mortgage investment conduit, real estate investment trust or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKINGS

EXHIBIT E

CONTINUING FORM OF DISCLOSURE UNDERTAKING

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“*Bonds*” means the Issuer’s \$5,000,000 Public Improvement Serial Bonds, 2018 Series A, dated January 12, 2018.

“*Issuer*” means the Town of Wallkill, Orange County, New York.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

“*Undertaking*” means this Continuing Disclosure Undertaking.

B. Annual Reports. The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated January 3, 2018 in **Appendix A**, under the headings “**THE TOWN**”, “**FINANCIAL FACTORS**”, “**REAL PROPERTY TAXES**”, and “**TOWN INDEBTEDNESS**”, and in **Appendices B and C**, and (2) if not provided as part such financial information and operating data, audited financial statements of the Issuer, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be provided pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

C. Event Notices. The Issuer shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) *Principal and interest payment delinquencies;*
- (2) *Non-payment related defaults, if material;*
- (3) *Unscheduled draws on debt service reserves reflecting financial difficulties;*
- (4) *Unscheduled draws on credit enhancements reflecting financial difficulties;*
- (5) *Substitution of credit or liquidity providers, or their failure to perform;*

- (6) *Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;*
- (7) *Modifications to rights of holders of the Bonds, if material;*
- (8) *Bond calls, if material, and tender offers;*
- (9) *Defeasances;*
- (10) *Release, substitution, or sale of property securing repayment of the Bonds, if material;*
- (11) *Rating changes;*
- (12) *Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;*
- (13) *The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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*
- (14) *Appointment of a successor or additional trustee or the change of name of a trustee, if material.*

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with this Undertaking by the time required by this Undertaking.

D. *Filings with the MSRB.* All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E. *Limitations, Disclaimers, and Amendments.* The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remain an “obligated person” with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Bonds.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of January, 2018.

Eric Valentin
Supervisor and Chief Fiscal Officer

**DISCLOSURE UNDERTAKING
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Issuer is issuing the Notes, and hereby undertakes, in accordance with the requirements of the Rule, as follows:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“Notes” means the Issuer’s \$3,492,200 Bond Anticipation Notes, 2018 Series A, dated January 12, 2018.

“Issuer” means the Town of Wallkill, Orange County, New York.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Undertaking” means this Disclosure Undertaking.

B. Event Notices. The Issuer shall provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Notes (if applicable) or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Notes, if material;
- (8) Bond or Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide a notice described in “B”, above, by the time required by this Undertaking.

C. Filings with the MSRB. All notices and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

D. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Notes within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Notes, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Notes.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Notes consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand this January 12, 2018.

Supervisor