

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 2023

NEW ISSUE/RENEWALS

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters" herein.

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

TOWN OF WAPPINGER DUTCHESS COUNTY, NEW YORK (the "Town")

\$1,000,000

BOND ANTICIPATION NOTES, 2023 (RENEWALS)

Dated Date: October 12, 2023

Maturity Date: October 11, 2024

Security and Sources of Payment: The Notes will constitute general obligations of the Town and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the Town will be subject to the levy of ad valorem taxes, for such purpose, subject to applicable statutory limitations. See "Tax Levy Limitation Law" herein.

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

At the option of the purchaser(s), the Notes may either be registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes. Note certificates shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser at such interest rate.

Form and Denomination: The Notes to be issued in book-entry form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee, which will act as the securities depository for the Notes. 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. Individual purchases of the Notes to be issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Noteholders will not receive certificates representing their ownership interest in the Notes to be issued in book-entry form purchased. See "Book-Entry System" herein.

Payment: Payment of the principal of and interest on the Notes to be issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry System" herein. Payment of the principal of and interest on the Notes issued in the form registered to the purchaser(s) will be payable at such bank of trust company located and authorized to do business in the State of New York as may be selected by the successful bidder, at such bidder's expense.

Proposals for the Notes will be received at 11:30 A.M. (Prevailing Time) on September 28, 2023 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery at the location of DTC in Jersey City, New Jersey or such other place as may be agreed upon with the purchaser(s) on or about October 12, 2023.

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) AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. IN ADDITION, THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. (SEE "DISCLOSURE UNDERTAKING," HEREIN).



**TOWN OF WAPPINGER
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* * *

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* * *

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No person has been authorized by the Town of Wappinger to give any information or to make any representations not contained in this Official Statement and, if given or made, such other 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 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 implication that there has been no change in the affairs of the Town of Wappinger since the date hereof.

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OFFICIAL STATEMENT

Relating to

TOWN OF WAPPINGER DUTCHESS COUNTY, NEW YORK

\$1,000,000

BOND ANTICIPATION NOTES, 2023 (RENEWALS)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town of Wappinger, Dutchess County, New York (the "Town") and presents certain information relating to the Town's \$1,000,000 Bond Anticipation Notes, 2023 (Renewals) (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "MARKET AND RISK FACTORS" and "IMPACTS OF COVID-19" herein.

THE NOTES

Description of the Notes

The Notes will be dated October 12, 2023 and will mature, without right of redemption prior to maturity, on October 11, 2024, with interest payable at maturity.

At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes registered to the purchaser(s), a single note certificate shall be delivered to the purchaser(s), for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at the office of the Town Clerk in Wappingers Falls, New York.

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their respective interests in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. 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. See "Book-Entry System" herein.

The Town will act as Paying Agent for the Notes. The Town's contact information is as follows: Fredrick Awino, Town Comptroller, Town of Wappinger, 20 Middlebush Road, Wappingers Falls, NY 12590, (845) 297-0060, email: fawino@townofwappingerny.gov.

Optional Redemption

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

Book-Entry System

In the event that the Notes are issued in registered book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered Notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

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"). At the time of the delivery of the Notes, the Town will provide an executed copy of its "Material Event Notices Certificate" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation (as defined in the Rule) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a "financial obligation" of the Town, any of which affect noteholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

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

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

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

With respect to events (xv) and (xvi), the term “financial obligation” means a (i) debt obligation (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

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

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law and a bond resolution adopted by the Town Board. The project that will be financed by such amount is as follows:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>	<u>Amount to Pay Down</u>	<u>Total Amount to be Issued</u>
2/24/2020	Wildwood Sewer Improvement	\$ 5,566,000	\$ 1,078,286	\$ 78,286	\$ 1,000,000
		<u>\$ 5,566,000</u>	<u>\$ 1,078,286</u>	<u>\$ 78,286</u>	<u>\$ 1,000,000</u>

Nature of Obligation

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

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

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

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

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

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

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

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the Town of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the Town to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to improvements districts as part of their parent municipalities tax levies.

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

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision

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

Execution/Attachment of Municipal Property

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

Authority to File For Municipal Bankruptcy

The Federal Bankruptcy Code allows public bodies, such as counties, city, towns or villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

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

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

State Debt Moratorium Law

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature, as described below, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board

requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town is presently not working with the FRB and does not reasonably anticipate doing so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

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

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

Default Litigation

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

No Past Due Debt

No principal of or interest on Town indebtedness is past due. The Town has not defaulted in the payment of the principal of and interest on any indebtedness to the best knowledge of current officials.

THE TOWN

General Information

The Town of Wappinger, classified as a First Class Town, encompasses 28.8 square miles within the southwestern part of the County of Dutchess, New York. The Town includes the major portion of the Village of Wappingers Falls and the unincorporated communities of Chelsea, Hughsonville, and New Hackensack. The Town is a suburban community and primarily residential in nature. Residences consist primarily of single family homes. However, the Town has considerable shoreline on the east bank of the Hudson River which has been utilized as a site for garden apartment complexes and condominiums. The Town also enjoys substantial retail and commercial activity and some light industry. Commercial activity is located in the Village of Wappingers Falls and along U.S. Route 9. The Castle Point Veterans Hospital and Dutchess County Airport are within the Town borders.

Form of Government

The Town of Wappinger was established in 1875. The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders are portions of three 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, which 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 Town Board (Councilmen) are also elected to two-year terms. Councilmen are elected in accordance with the ward system – 4 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 Clerk is elected to serve a four-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. The Receiver of Taxes services a two-year term 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, elected to a four-year term; and the Town Accountant and the Town Attorney who 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 various water and sewer districts which have been formed within the Town.

Highway construction and maintenance is also a Town function. 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 County Sheriff's Office and the New York State Police furnish police protection while fire protection is provided for through the three fire districts located in the Town. Education is the responsibility of the three independent school districts serving the Town. The County of Dutchess provides various social and health services.

Education

Elementary and secondary education is the responsibility of the three independent school districts in the Town. Children of the Town attend one of the three school districts, determined by geography. Dutchess County Community College, a two-year co-educational college, offers four main programs of study leading to associate degrees in the arts, science, applied science. In addition, there are three four-year colleges located in the County. These institutions are Bard College, Marist College and Vassar College.

Financial Institutions

Numerous banking facilities are available in and around the Town. Many of the State's major commercial banks have branch offices located in the area. Bank of America, Citizens Bank, JPMorgan Chase, Key Bank, HSBC, M&T Bank and TD Bank, N.A. are located within the Town or nearby.

Transportation

The Town maintains its own interior road network. Interstate 84 (providing access east to Danbury, Connecticut and west to Scranton, Pennsylvania) and several U.S. and State Highways serve the Town, including U.S. Route 9 and N.Y.S. Routes 9D, 82, and 376. Frequent bus service is available by the Dutchess County Loop System which provides intra-county service. Metro North Railroad provides a commuter service to New York City via the Hudson Line, with stops at Poughkeepsie, New Hamburg and Beacon. Commercial air transportation is available at nearby Stewart Airport located in Orange County.

Utilities

Electricity and natural gas are supplied throughout the Town by CH Energy Corp. Telephone service is provided by Verizon.

Culture and Recreation

Several libraries are available to residents of the Town. Grinnell Library, a member of the Mid-Hudson Library System, located within the Town, offers a variety of services. The library at Dutchess County Community College is open to the public for reference work.

The Town has several recreation areas open to residents. There are facilities for baseball, soccer, tennis, skills and crafts and picnic areas. Activities for special groups including senior citizens are available.

Employees

The Town employs approximately 54 full-time and 10 part-time workers. There are two collective bargaining organizations representing Town employees as follows:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association	18	12/31/2025
Teamsters	26	12/31/2025

Selected Wealth and Income Indicators

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Wappinger	\$18,609	\$25,817	\$31,490	\$40,670
County of Dutchess	17,420	23,940	31,642	42,309
State of New York	16,501	23,389	30,791	40,898
	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Wappinger	\$48,659	\$58,079	\$73,078	\$82,929
County of Dutchess	42,250	53,086	69,838	81,842
State of New York	32,965	43,393	55,217	71,117

a. Based on American Community Survey 5-Year Estimates (2016-2020)

Source: United States Bureau of the Census

Population

<u>Year</u>	<u>Town of Wappinger</u>	<u>County of Dutchess</u>	<u>State of New York</u>
1990	\$25,837	\$241,725	\$17,990,455
2000	26,274	280,150	18,976,457
2010	27,073	296,152	19,378,102
2020	26,654	293,524	19,514,849

a. Based on American Community Survey 5-Year Estimates (2016-2020)

Source: United States Bureau of the Census

Major Non-Government Employers in the County^a
(400 or more employees)

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Nuvance	Hospital	5,600
International Business Machine Corp.	Technology	4,100
GlobalFoundries	Manufacturing	2,500
Gap Inc.	Warehousing/Distribution	2,000
Bard College	College	1,800
Mid-Hudson Regional Hospital	Hospital	1,800
Culinary Institute of America	College	1,500
Marist College	College	1,300
Vassar College	College	1,100
Central Hudson Gas & Electric Corp.	Electric Services	1,000

a. Some of the employment figures include part-time positions.
Source: Dutchess County Official Statement dated March 6, 2022.

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Wappinger (%)</u>	<u>County of Dutchess (%)</u>	<u>State of New York (%)</u>
2018	3.6	3.7	4.1
2019	3.5	3.6	4.0
2020	8.0	7.7	10.0
2021	4.5	4.4	6.9
2022	2.8	3.0	4.4
2023 (4 months)	3.0	3.0	4.2

Source: New York State Department of Labor.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, 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 the weighted average period of probable usefulness thereof; and no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limitation Law imposes a statutory limitation on the Town's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limitation Law. See "Tax Levy Limitation Law," herein.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond ordinance approved by at least two-thirds of the members of the Town Board, the finance board of the Town.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town is in compliance with such requirement with respect to the bond resolutions authorizing the issuance of the renewal money portion of the Notes. The Town is in the process of complying with such requirement with respect to the bond resolutions authorizing the issuance of the new money portion of the Notes.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the notes 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 may delegate, and has delegated, power to issue and sell bonds, to the Town 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, deficiency notes and budget 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 and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limitation Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limitation Law. See "Tax Levy Limitation Law," herein.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of September 22, 2023)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2018	\$2,609,364,945	100	\$2,609,364,945
2019	2,748,299,681	100	2,748,299,681
2020	2,866,381,270	99	2,895,334,616
2021	3,064,731,001	100	3,064,731,001
2022	3,366,873,830	100	3,366,873,830
Total Five Year Full Valuation			\$14,684,604,073
Average Five Year Full Valuation			2,936,920,815
Debt Limit - 7% of Average Full Valuation			205,584,457
Inclusions:			
Outstanding Bonds:			
General Purpose Bonds			13,133,589
Sewer Purpose Bonds			1,442,301
Water Purpose Bonds			7,044,110
Bond Anticipation Notes			<u>1,078,286</u>
Total Inclusions			<u>22,698,286</u>
Exclusions:			
Water Debt			7,044,110
BAN Appropriations			78,286
Bond Appropriations			<u>410,000</u>
Total Exclusions			7,532,396
Total Net Indebtedness			<u>15,165,890</u>
Net Debt Contracting Margin			<u><u>\$190,418,567</u></u>
Percent of Debt Limit Exhausted			7.38%

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,985,000	\$ 646,219	\$ 2,631,220
2024	1,890,000	589,752	2,479,752
2025	1,790,000	534,857	2,324,856
2026	1,850,000	480,222	2,330,222
2027	1,925,000	420,225	2,345,225
2028	1,995,000	357,278	2,352,278
2029	1,895,000	300,463	2,195,463
2030	1,190,000	259,275	1,449,275
2031	1,225,000	227,212	1,452,213
2032	1,255,000	194,175	1,449,175
2033	1,290,000	160,094	1,450,094
2034	1,145,000	124,666	1,269,666
2035	1,020,000	94,450	1,114,450
2036	1,050,000	66,269	1,116,269
2037	695,000	43,119	738,119
2038	480,000	28,788	508,788
2039	90,000	17,838	107,838
2040	95,000	14,575	109,575
2041	95,000	11,131	106,131
2042	100,000	7,688	107,688
2043	<u>105,000</u>	<u>3,938</u>	<u>108,938</u>
Totals	<u><u>\$23,165,000</u></u>	<u><u>\$4,582,232</u></u>	<u><u>\$27,747,232</u></u>

a. The subsidies received from the Environmental Facilities Corporation (EFC) have not been deducted from the interest due on approximately \$2.9 million in loans through EFC. Does not reflect payments made to date in 2023.

Trend of Town Indebtedness

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$25,560,000	\$23,100,000	\$22,350,000	\$25,145,000	\$23,165,000
BANs		<u>1,300,000</u>		<u>1,155,000</u>	<u>1,078,286</u>
Total Debt Outstanding	<u><u>\$25,560,000</u></u>	<u><u>\$24,400,000</u></u>	<u><u>\$22,350,000</u></u>	<u><u>\$26,300,000</u></u>	<u><u>\$24,243,286</u></u>

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$1,078,286, which will be redeemed by the issuance of the Notes and available funds.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has authorized but unissued debt outstanding in the amount of \$60,379,016 for various projects.

Capital Project Plans

The Town is generally responsible for providing services as required to the citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and equipment. Such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Town owns, operates, maintains and improves recreation facilities. The Town generally has provided the financing for water supply and distribution facilities and maintains primary responsibility for these functions, through special assessment districts. Other future expenditures may be authorized to be funded from time to time as the Town Board deems necessary.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Dutchess	03/06/2023	9.24	\$23,757,426	\$22,765,050
Village of Wappinger Falls	09/21/2021	83.51	23,933,608	6,358,518
School District:				
Wappinger CSD	12/21/2022	87.39	86,753,942	35,569,116
Arlington CSD	10/13/2022	1.78	899,792	305,929
Beacon City CSD	12/21/2022	5.77	<u>1,757,558</u>	<u>1,565,565</u>
Totals			<u>\$137,102,327</u>	<u>\$66,564,179</u>

Sources: State Comptroller's Special Report on Municipal Affairs for 2021 or more recently published Official Statements.

Debt Ratios (As of September 22, 2023)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$ 22,698,286	\$ 852	0.67
Net Direct Debt	15,165,890	569	0.45
Total Direct & Applicable Total Overlapping Debt	159,800,613	5,995	4.75
Net Direct & Applicable Net Overlapping Debt	81,730,069	3,066	2.43

a. The current estimated population of the Town is 26,654.

b. The full valuation of taxable real property in the Town for 2021-22 is \$3,366,873,830.

FINANCES OF THE TOWN

Independent Audit Procedures

The financial statements of the Town are audited annually by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2021. The Town also prepares an Unaudited Annual Financial Report Update Document (“AUD”) for filing with the Official to State comptroller. The Annual Financial Report Update Document for the fiscal year ending December 31, 2022 is attached as Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller (“OSC”) to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the Annual Financial Reports of the Town for the 2018-2022 fiscal years.

Fund Structure and Accounts

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

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

The Town presently maintains the following major governmental funds: General Fund, Police District, Town Outside Village, Community Preservation, Highway, Public Safety and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are three enterprise funds - golf course, beaches and marinas, and waste management. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

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

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State of New York; (5) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. In addition, the Town Supervisor is 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 Supervisor. Pursuant to Section 30.00 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

Town finances are operated primarily through the General Fund. All real property taxes and most of the other Town revenues are credited to this fund. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has water and sewer departments, which are accounted for within separate funds. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year for operating and reporting purposes.

Revenues

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

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

Based on the unaudited financial reports of the Town, the Town received approximately 11.87% of its total General Fund operating revenue from State aid in 2022. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

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

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

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2018 through 2022 and as budgeted, for 2023.

The following table sets forth the percentage of the Town’s General Fund revenue comprised of State Aid for each of the fiscal years 2018 through 2022 and as budgeted for 2023.

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue^a</u>	<u>State Aid</u>	<u>State Aid To Revenues (%)</u>
2018	\$6,786,053	\$ 905,978	13.35
2019	6,337,124	829,095	13.08
2020	6,320,496	907,471	14.36
2021	7,963,891	1,298,552	16.31
2022 (Unaudited) ^b	8,252,906	979,908	11.87
2023 (Budgeted)	7,386,529	785,400	10.63

a. Audited financial statements (2018-2021), Annual Financial Report Update Document (2022) and the Adopted Budget for 2023.

Table itself is not audited.

b. Audited results may vary.

Expenditures

The major categories of expenditure for the Town are General Government Support, Public Safety, Health, Transportation, Economic Assistance and Opportunity, Culture and Recreation, Home and Community Services, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

2023 Adopted Budget

The 2023 Budget of the Town as adopted called for total expenditures of \$23,203,929 which is an increase of \$1,597,821 over the 2022 Adopted Budget. The total budgeted tax levy increased from \$12,071,116 to \$12,443,110 in 2023.

Results of Operations 2022 (Unaudited)

The Town's revenues exceeded its expenditures by \$809,666 in its General Fund for the fiscal year which ended December 31, 2022, which resulted in an increase in fund balance from \$2,451,723 at the beginning of the fiscal year to \$3,261,389 at the end of the fiscal year. Note: Audited results may vary herein.

Results of Operations 2021 (Audited)

The Town's revenues exceeded its expenditures by \$50,903 in its General Fund for the fiscal year which ended December 31, 2021, which resulted in an increase in fund balance from \$2,400,820 at the beginning of the fiscal year to \$2,451,723 at the end of the fiscal year.

Results of Operations 2020 (Audited)

The Town's expenditures exceeded its revenues by \$262,129 in its General Fund for the fiscal year which ended December 31, 2020, which resulted in a decrease in fund balance from \$2,662,949 at the beginning of the fiscal year to \$2,400,820 at the end of the fiscal year.

Results of Operations 2019 (Audited)

The Town's expenditures exceeded its revenues by \$539,800 in its General Fund for the fiscal year which ended December 31, 2019, which resulted in a decrease in fund balance from \$3,202,749 at the beginning of the fiscal year to \$2,662,949 at the end of the fiscal year.

Results of Operations: 2018 (Audited)

The Town's revenues exceeded its expenditures by \$1,069,746 (after adjustments) in its General Fund for the fiscal year which ended December 31, 2018, which resulted in an increase in fund balance from \$2,133,003 at the beginning of the fiscal year to \$3,202,749 at the end of the fiscal year.

Sales Tax

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

The current 3.75% sales tax is a result of a 0.75% tax rate increase which became effective on June 1, 2005. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County’s sales tax rate. The County Legislature amended the 1975 resolution enacting the County’s sales tax by resolution 207259 which was signed by the County Executive on September 20, 2007. The additional 0.75% sales tax rate continues.

Pursuant to a 10-year agreement starting in 2014, the County capped the amount of sales tax that will be distributed to municipalities in the County to \$25 million for future fiscal years. This results in municipalities receiving approximately 85% of the sales tax previously received. To offset the impact to local municipalities, Dutchess County Government absorbed half of the 2011 and 2012 election costs due to be paid to the County and assumed full cost of elections starting in 2013.

The following table sets forth total general fund revenues and sale taxes received for each of the past five fiscal years ended December 31 and the amounts budgeted for the most recent fiscal year.

General Fund Revenues & Sales Tax

Fiscal Year Ended December 31:	General Fund Total Revenue ^a	Sales Tax	Sales Tax to Revenues (%)
2018	\$6,786,053	\$1,788,451	26.35
2019	6,337,124	1,309,819	20.67
2020	6,320,496	979,097	15.49
2021	7,963,891	2,247,240	28.22
2022 (Unaudited) ^b	8,252,906	2,522,003	30.56
2023 (Budgeted)	7,386,529	1,713,186	23.19

a. General Fund, Town Wide and Part Town. Exclusive of the financing sources and appropriated fund balance.

b. Audited results may vary.

Source: Audited Financial Statements, Annual Financial Report Update Document, and Adopted Budget of the Town. Summary itself not audited.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as “No Designation”. (Fiscal Score: 3.3%, Environmental Score: 13.3%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released on March 5, 2021. The purpose of such audit was to determine whether Town Officials developed adequate controls to ensure Recreation Department cash collected is accurately recorded and deposited timely and intact. The complete report may be found on the State Comptroller's official website.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS" or the "Retirement System"). The Retirement System is a cost-sharing multiple public employee 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. 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. Members hired on or after January 1, 2010 must contribute toward the costs of retirement programs throughout employment.

On December 10, 2009, a Tier V pension was signed into law. The law is effective for new ERS employees hired after January 1, 2010 and before April 2, 2012. Tier V ERS employees contribute 3% of their salaries; however, there is no provision for these contributions to cease after a certain period of service.

On March 26, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a Tier VI for employees hired after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% which must be made throughout employment, it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter, vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more. No current employees were affected by this legislation.

The New York State Retirement System allows municipalities to make employer contribution payments in December, at a discount, or the following February, as required. The Town opted to make its pension payments in December 2013, 2014 and 2015 in order to take advantage of the discount.

Due to poor performance of the investment portfolio of the State Retirement System ("SRS"), the employer contribution rates for required pension contributions to the SRS have increased. To help mitigate the impact of such increases, legislation was enacted that permitted local governments to amortize a portion of such contributions. Under such legislation, local governments that choose to amortize will be required to set aside and reserve funds with the SRS for certain future rate increases.

The Town has not and does not reasonably expect to amortize such contributions in the foreseeable future.

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.

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 Contributions rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. For ERS, the 2014-15 SCO rate is 12%. The rates applicable to 2016 and thereafter are subject to adjustment.

The Town did not and has no plans to participate in the SCO.

On September 1, 2017, the State Comptroller announced for Fiscal Year 2018-19, the average contribution rates for ERS will decrease from 15.5% to 14.9%, and the average contribution rate for PFRS will decrease from 24.4% to 23.5%. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees amount the six retirement tiers.

The Town is required to contribute an actuarially determined rate. The required contributions for the five most recently completed fiscal years are as follows:

Contributions to the Retirement Systems

<u>Fiscal Year Ending December 31:</u>	<u>Amount of Contribution</u>
2018	\$375,114
2019	371,016
2020	377,225
2021	466,675
2022	440,059

Other Post-Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

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

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

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

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2021 is as follows:

Total OPEB Liability at Dec 31, 2021	<u>\$11,048,440</u>
Charges for the Year:	
Service Cost	324,496
Interest	152,701
Changes of Benefit Terms	
Effect of Economic/Demographic Gains or Losses	(73,988)
Changes in Assumptions or Other Inputs	(2,524,353)
Benefit Payments	<u>(107,126)</u>
Net Changes in total OPEB liability	<u>(2,228,270)</u>
Total OPEB Liability at Dec 31, 2022	<u>\$8,820,170</u>

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years, if there are less than 200 members.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. The Town continues funding the expenditure on a pay-as-you-go basis.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue through a direct real property tax.

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

Tax Levy and Collection Record

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Taxable Value	\$2,609,364,945	\$2,748,299,681	\$2,866,381,270	\$3,064,731,001	\$3,366,873,830
Equalization Rate	100%	100%	99%	100%	100%
Full Value	2,609,364,945	2,748,299,681	2,895,334,616	3,064,731,001	3,366,873,830
Property Taxes					
General & Highway	5,866,496	6,025,874	5,991,770	6,055,381	6,400,625
Special Town ^a	5,233,062	5,494,062	5,626,179	5,677,480	5,670,491
Amount Uncollected ^b	None	None	None	None	None
Tax Rate ^c					
General & Highway					
Homestead	\$1.97	\$1.93	\$1.93	\$1.86	\$1.84
Non-Homestead	3.80	3.75	3.62	3.57	3.60

a. Includes Water, Sewer, Lighting, Park, Drainage, Ambulance, Library and Fire.

b. See Tax Collection Procedures on the following page.

c. Town outside Village tax rate per \$1,000 assessed value.

Source: Office of the Town Supervisor and the State Office of Real Property Tax Services (the "ORPTS").

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2018 through 2022, and, as budgeted, for the year ending December 31, 2023.

General Fund Revenues & Real Property Taxes

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue^a</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2018	\$6,786,053	\$2,687,614	39.60
2019	6,337,124	2,619,368	41.33
2020	6,320,496	2,718,991	43.02
2021	7,963,891	2,716,206	34.11
2022 (Unaudited) ^b	8,252,906	2,814,454	34.10
2023 (Budgeted)	7,386,529	2,969,732	40.20

a. General Fund, Town Wide and Part Town. Exclusive of the financing sources and appropriated fund balance.

b. Audited results may vary.

Source: The Audited Financial Statements, Annual Financial Report Update Document and Adopted Budgets of the Town. The summary itself is not audited.

Tax Collection Procedure

Taxes may be paid in full or in three installments. No penalty is imposed on payments made by February 28th. Penalties on both delinquent taxes and installments paid subsequent to February 28th are imposed as follows: 2% on payments made from March 1st to May 31st and 4% on payments made from June 1st to August 31st. Unpaid tax bills are returned to the Dutchess County Commissioner of Finance in September. At such time, the Town retains the total amount of Town, Highway and Special Town levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility for ultimate collection and enforcement of delinquent taxes and holds annual tax sales.

**Large Taxable Properties
2022 Assessment Roll^a**

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Central Hudson Gas and Electric	Utility	\$107,823,641
Chelsea DHC, LLC	Rental Apartments	73,774,400
Riverbend at Wappingers Falls	Rental Apartments	20,400,000
HP Coolidge Maloney Road, LLC	Rental Apartments	16,837,300
MYCOR Holdings	Office Building	14,700,000
DP123-DP126, LLC	Large Retail	14,000,000
Imperial Gardens, LLC	Rental Apartments	11,749,400
Con Edison of NY, Inc.	Utility	10,284,620
Wappingers Shopping Center, LLC	Retail	10,188,000
HD Development of MD, Inc.	Home Depot	9,500,000
	Total ^a	<u>\$289,257,361</u>

a. Represents 8.59% of the total taxable Assessed Valuation of the Town for 2022.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money.

LITIGATION

In common with other towns, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the Town, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial condition of the Town, in view of the Town's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law.

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

CYBERSECURITY

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

IMPACT OF COVID-19 AID

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, September 30, 2024.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The Town received \$2,267,275.23 in aid through the ARPA which was signed into law on March 11, 2021. It is the intent of the Town, to use the funds for Mid-Point Sewer Development, Hughsonville Hamlet Water Extension, and the Wildwood Sewer Plant Improvement.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Notes. See "Tax Levy Limitation Law" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Notes is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the Town or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

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

RATING

The Notes are not rated.

Moody's Investors Service ("Moody's") 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a "Aa2" to the outstanding Bonds of the Town. This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. Any such action could have an adverse effect on the market for and market price of the Bonds and the Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

OTHER MATTERS

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

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

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

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Fredrick Awino, Town Comptroller, Town of Wappinger, 20 Middlebush Road, Wappingers Falls, NY 12590, (845) 297-0060, email: fawino@townofwappingerny.gov or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. 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. Munistat Services, Inc. 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 Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. 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. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Orrick, Herrington & Sutcliffe LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Notes, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the Town Supervisor pursuant to the power delegated to him by the authorizing note resolutions to sell and deliver the Notes.

This Official Statement has been duly executed and delivered by the Town Supervisor of the Town of Wappinger.

TOWN OF WAPPINGER, DUTCHESS COUNTY, NEW YORK

By: s/s DR. RICHARD L. THURSTON
Town Supervisor and Chief Fiscal Officer

September , 2023

TOWN OF WAPPINGER, NEW YORK

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General & Major Town Funds

	Fiscal Year Ending December 31, 2022				
	General Fund Town-Wide*	General Fund Part-Town	Highway Fund	Water Fund	Sewer Fund
Assets:					
Cash	\$ 4,910,855	\$ 6,295,169	\$ 3,030,006	\$ 1,920,378	\$ 3,351,225
Restricted Cash	656,214	566,950	28,077	86,694	482,882
Other Receivables	51,783	141,544	367	387,681	597,559
State and Federal Aid Receivables	175,830		422,603		
Due from Other Funds	988,867	20,698	105,315	12,680	968,682
Due from Other Governments	44,795	1,575,615	460,847		
Prepaid Expenses	94,957	50,934	118,706	499	
Total Assets	\$ 6,923,301	\$ 8,650,910	4,165,921	\$ 2,407,932	\$ 5,400,348
Liabilities:					
Accounts Payable	\$ 288,977	\$ 169,791	57,110	\$ 3,860	\$ 42,454
Other Deposits	27,137	629,053	66,982		
Accrued Liabilities					
Other Liabilities	2,267,275			5,515	
Due to Other Funds	1,062,356	83,355	45,140	42,945	933,602
Due to Other Governments	12,668		154	13,928	4,111
Deferred Revenues	3,499	4,600			
Total Liabilities	3,661,912	886,799	169,386	66,248	980,167
Fund Balance:					
Nonspendable	94,957	50,934	118,706	499	
Restricted	629,093	566,950	28,077	86,694	482,882
Assigned		7,146,227	3,849,752	2,254,491	3,937,299
Unassigned	2,537,339				
Total Fund Equity	3,261,389	7,764,111	3,996,535	2,341,684	4,420,181
Total Liabilities and Fund Balance	\$ 6,923,301	\$ 8,650,910	\$ 4,165,921	\$ 2,407,932	\$ 5,400,348

*Includes Miscellaneous Special Revenue (Parklands Trust Fund)

Source: Annual Financial Report Update Document (2022)

NOTE: This Schedule NOT audited

Balance Sheet
General & Major Town Funds

	Fiscal Year Ending December 31, 2021				
	General Fund Town-Wide*	General Fund Part-Town	Highway Fund	Water Fund	Sewer Fund
Assets:					
Cash	\$ 1,690,793	\$ 5,466,302	\$ 3,663,556	\$ 1,224,445	\$ 2,509,834
Restricted Cash	629,495	566,950	28,077	86,694	482,882
Other Receivables	83,828	118,726	1,104	485,693	853,768
State and Federal Aid Receivables	389,667				
Due from Other Funds	1,105,745	4,113	77,607	9,397	8,371
Due from Other Governments	43,300	1,643,794			
Inventory, at Cost					
Prepaid Expenses	122,024	80,716	160,993	567	
	<u>122,024</u>	<u>80,716</u>	<u>160,993</u>	<u>567</u>	
Total Assets	<u>\$ 4,064,852</u>	<u>\$ 7,880,601</u>	<u>\$ 3,931,337</u>	<u>\$ 1,806,796</u>	<u>\$ 3,854,855</u>
Liabilities:					
Accounts Payable	\$ 275,173	\$ 100,246	133,782	\$ 7,089	\$ 35,572
Other Deposits		689,280	104,304		
Due to Customers				4,631	
Accrued Liabilities	92,501			1,408	2,738
Other Liabilities	1,133,638				
Due to Other Funds	57,157	5,281		8,413	
Due to Other Governments	54,460		153	13,373	4,335
Deferred Revenues	200	4,600			
	<u>200</u>	<u>4,600</u>	<u></u>	<u></u>	<u></u>
Total Liabilities	<u>1,613,129</u>	<u>799,407</u>	<u>238,239</u>	<u>34,914</u>	<u>42,645</u>
Fund Balance:					
Nonspendable	122,024	80,716	160,993	567	
Restricted	629,495	566,950	28,077	86,694	482,882
Assigned		6,433,528	3,504,028	1,684,621	3,329,328
Unassigned	1,700,204				
	<u>1,700,204</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Fund Equity	<u>2,451,723</u>	<u>7,081,194</u>	<u>3,693,098</u>	<u>1,771,882</u>	<u>3,812,210</u>
Total Liabilities and Fund Balance	<u>\$ 4,064,852</u>	<u>\$ 7,880,601</u>	<u>\$ 3,931,337</u>	<u>\$ 1,806,796</u>	<u>\$ 3,854,855</u>

*Includes Miscellaneous Special Revenue (Parklands Trust Fund)
Source: Audited Annual Financial Report (2021)

NOTE: This Schedule NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund - Town-Wide *

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 2,687,614	\$ 2,619,368	\$ 2,718,991	\$ 2,716,206	\$ 2,814,454
Real Property Tax Items	118,532	176,475	118,237	127,379	159,785
Departmental Income	144,320	202,272	158,266	139,296	111,318
Use of Money and Property	201,951	277,219	251,196	255,757	277,217
Licenses & Permits	4,676	5,219	3,869	4,514	5,562
Fines & Forfeitures	325,015	262,040	179,730	309,020	372,281
Sale of Property & Compensation for Loss	3,931	61,704	18,885	21,008	282
Miscellaneous	10,133	48,469	359,641	294,064	292,610
State & Federal Aid	905,978	829,095	907,471	1,298,552	1,010,804
Total Revenues	<u>4,402,150</u>	<u>4,481,861</u>	<u>4,716,286</u>	<u>5,165,796</u>	<u>5,044,313</u>
Expenditures:					
General Government Support	1,760,322	2,137,376	2,134,599	2,264,098	2,226,405
Public Safety	38,235	34,827	28,910	32,428	32,241
Public Health	16,352	12,777	14,933	49,949	27,108
Transportation	285,387	205,772	191,749	183,233	184,986
Economic Assistance	650	3,128			5,000
Culture and Recreation	712,735	723,198	814,639	890,637	210,809
Home and Community Services	248,722	232,203	225,453	225,283	242,741
Employee Benefits	729,494	750,961	937,265	992,595	844,075
Capital Outlay	186,665	129,442	46,707	9,814	
Debt Service	428,866	535,145	483,315	466,856	456,642
Total Expenditures	<u>4,407,428</u>	<u>4,764,829</u>	<u>4,877,570</u>	<u>5,114,893</u>	<u>4,230,007</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In		1,198,006			
Operating Transfers Out	(1,899,772)	(122,982)	(256,832)	(108,604)	(4,640)
Total Other Financing Sources (Uses)	<u>(1,899,772)</u>	<u>1,075,024</u>	<u>(256,832)</u>	<u>(108,604)</u>	<u>(4,640)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>(1,905,050)</u>	<u>792,056</u>	<u>(418,116)</u>	<u>(57,701)</u>	<u>809,666</u>
Fund Balance Beginning of Year	<u>3,459,159</u>	<u>2,133,003</u>	<u>2,925,059</u>	<u>2,506,943</u>	<u>2,457,001</u>
Fund Balance Adjustments				<u>7,759</u>	<u>(5,278)</u>
Fund Balance End of Year	<u>\$ 1,554,109</u>	<u>\$ 2,925,059</u>	<u>\$ 2,506,943</u>	<u>\$ 2,457,001</u>	<u>\$ 3,261,389</u>

Source: Audited Financial Reports of the Town (2018-2021) & Annual Financial Report Update Document (2022)

*Includes Miscellaneous Special Revenue (Parklands Trust Fund)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
General Fund - Part-Town

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Non-Property Tax Items	\$ 1,788,451	\$ 1,309,819	\$ 979,097	\$ 2,247,240	\$ 2,522,003
Departmental Income	153,218	155,960	269,942	214,746	306,160
Use of Money and Property	5,756	7,705	4,245	2,782	28,320
Licenses & Permits	435,075	416,510	350,926	322,513	326,379
Sale of Property & Compensation for Loss	1,403	6,850			
Miscellaneous		11,574		10,814	
Federal Aid					25,731
Total Revenues	<u>2,383,903</u>	<u>1,908,418</u>	<u>1,604,210</u>	<u>2,798,095</u>	<u>3,208,593</u>
Expenditures:					
General Government Support	91,352	148,375	175,139	111,753	122,612
Public Safety	463,161	467,532	437,672	443,629	510,092
Transportation	43,827	44,696	45,649	51,098	61,659
Economic Assistance	3,942	4,822	8,872	12,903	7,080
Culture and Recreation	85,563	90,306	42,580	123,848	785,370
Home and Community Services	158,544	173,705	375,870	211,145	233,669
Employee Benefits	246,919	244,051	269,095	355,975	548,001
Capital Outlay	9,644	81,321	12,288	13,340	
Debt Service	140,192	140,458	43,106	48,480	43,235
Total Expenditures	<u>1,243,144</u>	<u>1,395,266</u>	<u>1,410,271</u>	<u>1,372,171</u>	<u>2,311,718</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In					
Operating Transfers Out	(500,000)				(185,731)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-185,731</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	640,759	513,152	193,939	1,425,924	711,144
Fund Balance Beginning of Year	<u>4,307,420</u>	<u>4,948,179</u>	<u>5,461,331</u>	<u>5,655,270</u>	<u>7,081,194</u>
Fund Balance Adjustments					(28,227)
Fund Balance End of Year	<u>\$ 4,948,179</u>	<u>\$ 5,461,331</u>	<u>\$ 5,655,270</u>	<u>\$ 7,081,194</u>	<u>\$ 7,764,111</u>

Source: Audited Financial Reports of the Town (2018-2021) & Annual Financial Report Update Document (2022)

NOTE: This Schedule NOT audited.

a. Audited results may vary.

Statement of Revenues, Expenditures and Fund Balances
Highway Fund

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 3,178,869	\$ 3,406,506	\$ 3,272,779	\$ 3,339,175	\$ 3,586,171
Non-Property Tax Items	265,184	903,710	1,109,581	573,149	460,847
Department Income			17,899		
Use of Money and Property	3,549	2,744	3,468	1,887	17,019
Licenses and Permits	4,950	5,550	5,550	9,294	2,400
Sale of Property & Compensation for Loss	16,100	6,500	43,225	194	19,637
Miscellaneous		12,490	837	9,973	1,973
State & Federal Aid	392,566	278,452	222,740	433,537	422,603
Total Revenues	<u>3,861,218</u>	<u>4,615,952</u>	<u>4,676,079</u>	<u>4,367,209</u>	<u>4,510,650</u>
Expenditures:					
General Support	188,720	85,234	90,214	99,544	56,632
Transportation	2,156,641	1,945,647	1,749,845	1,936,299	2,465,648
Employee Benefits	767,060	796,181	830,553	832,525	850,643
Capital Outlay	361,765	626,066	376,615	18,690	
Debt Service	563,315	769,934	731,548	720,884	834,290
Total Expenditures	<u>4,037,501</u>	<u>4,223,062</u>	<u>3,778,775</u>	<u>3,607,942</u>	<u>4,207,213</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In					
Operating Transfers (Out)					
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(176,283)</u>	<u>392,890</u>	<u>897,304</u>	<u>759,267</u>	<u>303,437</u>
Fund Balance Beginning of Year	<u>1,819,920</u>	<u>1,643,637</u>	<u>2,036,527</u>	<u>2,933,831</u>	<u>3,693,098</u>
Fund Balance Adjustments					
Transfers of Fund Balance					
Residual Equity Transfer - Risk Retention					
Fund Balance End of Year	<u>\$ 1,643,637</u>	<u>\$ 2,036,527</u>	<u>\$ 2,933,831</u>	<u>\$ 3,693,098</u>	<u>\$ 3,996,535</u>

Source: Audited Financial Reports of the Town (2018-2021) & Annual Financial Report Update Document (2022)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 949,782	\$ 953,828	\$ 1,148,766	\$ 1,147,585	\$ 1,469,895
Departmental Income	1,470,504	1,745,554	1,555,594	1,485,480	1,646,373
Use of Money and Property	4,598	4,596	5,394	826	19,656
Licenses and Permits	36,200	17,300	26,900	33,300	65,830
Miscellaneous		15,043		1,984	
Sale of Property and Comp. for Loss	13,749	24,636	11,198	4,824	535
Total Revenues	<u>2,474,833</u>	<u>2,760,957</u>	<u>2,747,852</u>	<u>2,673,999</u>	<u>3,202,289</u>
Expenditures:					
General Support	63,799	71,979	35,037	27,523	19,724
Home and Community Services	1,284,285	1,456,084	1,428,662	1,659,910	1,555,607
Employee Benefits	4,820	4,278	3,764	3,715	3,360
Capital Outlay			2,637		
Debt Service	920,062	922,766	1,118,766	1,108,507	1,121,256
Total Expenditures	<u>2,272,966</u>	<u>2,455,107</u>	<u>2,588,866</u>	<u>2,799,655</u>	<u>2,699,947</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In	7,119				
Operating Transfers (Out)	(7,119)	(444,304)	(350,115)	(300,764)	
Total Other Financing Sources (Uses)	<u>0</u>	<u>(444,304)</u>	<u>(350,115)</u>	<u>(300,764)</u>	<u>0</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>201,867</u>	<u>(138,454)</u>	<u>(191,129)</u>	<u>(426,420)</u>	<u>502,342</u>
Fund Balance Beginning of Year	<u>2,326,018</u>	<u>2,527,885</u>	<u>2,389,431</u>	<u>2,198,302</u>	<u>1,771,882</u>
Fund Balance Adjustments					<u>67,460</u>
Fund Balance End of Year	<u>\$ 2,527,885</u>	<u>\$ 2,389,431</u>	<u>\$ 2,198,302</u>	<u>\$ 1,771,882</u>	<u>\$ 2,341,684</u>

Source: Audited Financial Reports of the Town (2018-2021) & Annual Financial Report Update Document (2022)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscsal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 907,139	\$ 899,581	\$ 880,789	\$ 869,735	\$ 370,068
Non-Property Tax Items					
Departmental Income	2,295,610	2,269,474	2,392,469	2,449,789	2,259,278
Use of Money and Property	95,440	77,937	45,930	67,448	34,909
Licenses and Permits	49,500		9,600	4,800	
Miscellaneous	275,765	214,512		113,327	2,455
Total Revenues	3,623,454	3,461,504	3,328,788	3,505,099	2,666,710
Expenditures:					
Governmental Support	42,265	58,946	30,315	46,021	25,290
Home and Community Services	2,056,760	2,185,927	2,195,341	2,179,114	2,272,771
Employee Benefits	1,764	1,408	3,338	2,619	2,804
Debt Service	908,691	904,067	895,126	882,271	228,351
Total Expenditures	3,009,480	3,150,348	3,124,120	3,110,025	2,529,216
Other Financing Sources (Uses):					
Proceeds From:					
Transfers In	14,660	14,679	20,469	20,514	20,532
Transfers (Out)	(253,972)	(14,679)	(20,469)	(20,514)	(20,532)
Total Other Financing Sources (Uses)	(239,312)	0	0	0	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	374,662	311,156	204,668	395,074	137,494
Fund Balance Beginning of Year	2,322,607	2,697,269	3,212,468	3,417,136	3,812,210
Fund Balance Adjustments		204,043			470,477
Fund Balance End of Year	\$ 2,697,269	\$ 3,212,468	\$ 3,417,136	\$ 3,812,210	\$ 4,420,181

Source: Audited Financial Reports of the Town (2018-2021) & Annual Financial Report Update Document (2022)

NOTE: This Schedule NOT audited.

Budget Summaries

	Fiscal Year Ending December 31, 2023			
	Appropriations	Less Estimated Revenues	Less Appropriated Balance	Amount To Be Raised by Tax
General Fund - Townwide	\$ 4,665,032	\$ 1,695,300	\$	\$ 2,969,732
General Fund - Town- Outside Village	2,721,497	2,261,186	460,311	
Highway Fund-Townwide	4,651,700	721,814		3,929,886
Special District:				
Wappinger Ambulance District	412,158			412,158
Hughsonville Fire District	1,551,884	470,566	161,713	919,605
New Hackensack Fire District	1,603,650	2,000	5,000	1,596,650
Chelsea Fire District	570,560	414,826		155,734
Hughsonville Lighting District	37,179			37,179
Chelsea Lighting District	13,024			13,024
Cameli Lighting District	1,474			1,474
Regency Lighting District	22,800			22,800
Fleetwood Water District	87,650	87,650		0
Watch Hill Water Impr Area	47,280	47,280		0
United Wappinger Water District	2,532,886	1,600,810		932,076
Fleetwood Sewer District	135,414	135,414		0
Watch Hill Sewer Impr Area	21,130	21,130		0
Wappinger Sewer Impr Area #1	14,318			14,318
Mid-Point Sewer Impr Area	195,917	155,400		40,517
Wappinger Sewer Trans/Treat Phase 3A	64,965			64,965
Wildwood Sewer District	318,262	217,120		101,142
Wappinger Sewer Impr Area #5	14,318	14,318		0
United Wappinger Sewer District	2,237,296	2,100,690		136,606
Blackwatch Farms Drainage District	1,500			1,500
Keenan Acres Drainage District	1,500			1,500
Meadow Wood Drainage District	1,000			1,000
Shamrock Hills Drainage District				0
Tuscany Drainage District	1,000			1,000
Grinnell Library Association	1,278,535	188,291		1,090,244
Total	\$ 23,203,929	\$ 10,133,795	\$ 627,024	\$ 12,443,110

Source: Adopted Budget of the Town of Wappinger (2023)

Budget Summaries

	Fiscal Year Ending December 31, 2022			
	Appropriations	Less Estimated Revenues	Less Appropriated Balance	Amount To Be Raised by Tax
General Fund - Townwide	\$ 4,402,562	\$ 1,588,108	\$	\$ 2,814,454
General Fund - Town- Outside Village	2,325,772	2,325,772		
Highway Fund-Townwide	4,274,018	687,847		3,586,171
Special District:				
Wappinger Ambulance District	404,100			404,100
Hughsonville Fire District	1,083,180	188,604		894,576
New Hackensack Fire District	1,455,000	2,000	5,000	1,448,000
Chelsea Fire District	554,641	398,240		156,401
Hughsonville Lighting District	36,179			36,179
Chelsea Lighting District	13,024			13,024
Cameli Lighting District	1,474			1,474
Regency Lighting District	22,200			22,200
Fleetwood Water District	85,380	85,380		0
Watch Hill Water Impr Area	50,810	50,810		0
United Wappinger Water District	3,001,295	1,531,400		1,469,895
Fleetwood Sewer District	128,934	128,934		0
Watch Hill Sewer Impr Area	18,060	18,060		0
Wappinger Sewer Impr Area #1	20,532			20,532
Mid-Point Sewer Impr Area	189,838	148,550		41,288
Wappinger Sewer Trans/Treat Phase 3A	64,341			64,341
Wildwood Sewer District	307,248	206,260		100,988
Wappinger Sewer Impr Area #5	20,532	20,532		0
United Wappinger Sewer District	2,120,101	1,982,182		137,919
Blackwatch Farms Drainage District	1,500			1,500
Keenan Acres Drainage District	1,500			1,500
Meadow Wood Drainage District	1,000			1,000
Shamrock Hills Drainage District				0
Tuscany Drainage District	1,000			1,000
Grinnell Library Association	1,021,887	167,313		854,574
Total	\$ 21,606,108	\$ 9,529,992	\$ 5,000	\$ 12,071,116

Source: Adopted Budget of the Town of Wappinger (2022)

APPENDIX B

FORM OF BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION

October 12, 2023

Town of Wappinger,
County of Dutchess,
State of New York

Re: Town of Wappinger, Suffolk County, New York
\$1,000,000 Bond Anticipation Note, 2023 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$1,000,000 Bond Anticipation Note, 2023 (Renewals) (the "Obligation"), of the Town of Wappinger, Dutchess County, New York (the "Obligor"), dated October 12, 2023, numbered _____, of the denomination of _____, bearing interest at the rate of _____ % per annum, payable at maturity, and maturing October 11, 2024.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the 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 (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

- (a) The 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, subject to applicable statutory limitations; 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 in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the 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) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe that, for tax years beginning after December 31, 2022, interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the 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 judgement 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 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,
/S/ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX C

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

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