

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 10, 2019

**NEW ISSUE
BOOK-ENTRY-ONLY BONDS**

**RATING: SEE “RATING” HEREIN
REFUNDING SERIAL BONDS**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax. In the further opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See “Tax Matters” herein for a description of the opinion of Bond Counsel and certain other tax consequences.

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

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

**\$4,490,000*
PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2019
(the “Bonds”)**

Date of Issue: Date of Delivery

Maturity Dates: January 15, 2020 - 2031

The Bonds are general obligations of the Town of Wallkill, Orange County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to applicable statutory limitations. (See “*Nature of Obligation*” and “*The Tax Levy Limit Law*” herein).

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

The Bonds are dated November 5, 2019 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on January 15 and July 15 in each year until maturity, commencing January 15, 2020. The Bonds shall mature on January 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity. (See “*Optional Redemption*” herein).

The Bonds are offered when, as and if issued and received by the purchaser subject to the receipt of the final approving opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about November 5, 2019, subject to the approval of the State Comptroller.

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. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE WITH RESPECT TO THE BONDS (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE. SEE “DISCLOSURE UNDERTAKING” HEREIN.

Dated: October __, 2019

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Bonds offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The Bonds will mature on January 15 in the years and amounts as set forth below and are subject to optional redemption prior to maturity:

<u>Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
2020	\$ 20,000	%	%	2026	\$410,000	%	%
2021	320,000			2027	425,000		
2022	335,000			2028	445,000**		
2023	350,000			2029	460,000**		
2024	370,000			2030	475,000**		
2025	385,000			2031	495,000**		

* The principal amounts of the Bonds are subject to adjustment following the sale of the Bonds, pursuant to the terms of the accompanying Notice of Bond Sale.

** The Bonds maturing in the years 2028 and thereafter will be subject to redemption prior to maturity, as described herein. (See “*Optional Redemption*” herein.)

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

**EDWARD A. DIANA
Supervisor**

TOWN BOARD

Mark Coyne Councilman, Ward 1
Eric Valentin Councilman, Ward 2
Neil Meyer Councilman, Ward 3
Eric Johnson Councilman, Ward 4

Toni Tracy Comptroller
Louisa Ingrassia Town Clerk
William A. Frank Town Attorney

BOND COUNSEL

**Norton Rose Fulbright US LLP
New York, New York**

MUNICIPAL ADVISOR



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

No person has been authorized by the Town 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 by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. 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 since the date hereof.

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DECEMBER 31, 2017

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OFFICIAL STATEMENT
TOWN OF WALLKILL
ORANGE COUNTY, NEW YORK

relating to

\$4,490,000*
PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2019
(the “Bonds”)

This Official Statement (the “Official Statement”), which includes the cover pages and appendices hereto, presents certain information relating to the Town of Wallkill in the County of Orange, in the State of New York (the “Town,” “County,” and “State,” respectively), in connection with the sale of \$4,490,000* Public Improvement Refunding (Serial) Bonds, 2019 (the “Bonds”).

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

THE BONDS

Description of the Bonds

The Bonds will be dated their Date of Delivery, will bear interest from such date payable January 15, 2020, July 15, 2020 and semiannually thereafter on each January 15 and July 15 until maturity and will mature on January 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity.

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

Principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

Authorization and the Refunding Plan for the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State of New York, including among others, the Town Law and the Local Finance Law, including particularly Section 90.10, and a refunding bond resolution duly adopted by the Town Board on September 18, 2019.

*Preliminary, subject to change.

The Bonds are being issued to refund up to \$4,870,000 outstanding principal of the Town’s Public Improvement (Serial) Bonds – 2010 which mature in the years 2021 to 2031, inclusive (the “Refunded Bonds”). The Refunded Bonds were issued in the original principal amount of \$7,665,000. Under the Refunding Plan, the Refunded Bonds that are subject to redemption prior to maturity are to be called and redeemed on January 15, 2020. The net proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company, (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, interest on and applicable redemption premium of the Refunded Bonds on the date of their redemption.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest and any redemption premium payable with respect thereto.

The Refunding Plan will permit the Town to realize, as a result of the issuance of the Refunding Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the Town. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal, interest and redemption premium requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Refunded Bonds:

<u>Maturity Date:</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>CUSIP</u>	<u>Redemption Date/Price*</u>
January 15, 2021	\$ 360,000	4.000%	932610 MG0	January 15, 2020 @ 100%
January 15, 2022	375,000	4.000	932610 MH8	January 15, 2020 @ 100%
January 15, 2023	390,000	4.000	932610 MJ4	January 15, 2020 @ 100%
January 15, 2024	405,000	4.000	932610 MK1	January 15, 2020 @ 100%
January 15, 2025	420,000	4.000	932610 ML9	January 15, 2020 @ 100%
January 15, 2026	440,000	4.125	932610 MM7	January 15, 2020 @ 100%
January 15, 2027	455,000	4.125	932610 MN5	January 15, 2020 @ 100%
January 15, 2028	475,000	4.125	932610 MP0	January 15, 2020 @ 100%
January 15, 2029	495,000	4.125	932610 MQ8	January 15, 2020 @ 100%
January 15, 2030	515,000	4.125	932610 MR6	January 15, 2020 @ 100%
January 15, 2031	<u>540,000</u>	4.250	932610 MS4	January 15, 2020 @ 100%
Total:	<u>\$4,870,000</u>			

* Preliminary, subject to change.

Sources and Uses of Proceeds of the Bonds

Sources:

Refunding Bond Proceeds:	
Par Amount	\$
Original Issue Premium (Discount)	

Total:

Uses:

Refunding Escrow Deposits:	\$
Delivery Date Expenses:	
Costs of Issuance and Contingency	
Underwriter's Discount	

Total: \$

Verification of Mathematical Computations for the Bonds

Casey Demgen & Moore P.C. will verify, based upon the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the provided schedules, to be held in escrow, will be sufficient to pay, when due, the principal of and interest on the Bonds, and (2) the computations of the yield on both the Government Obligations and the Bonds contained in the provided schedules to be used by Bond Counsel in its determination that the interest on the Bonds is excludable from gross income for Federal income tax purposes.

Optional Redemption

The Bonds maturing on or before January 15, 2027 will not be subject to redemption prior to maturity. The Bonds maturing on or after January 15, 2028 will be subject to redemption prior to maturity at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date after January 15, 2027 at par, plus accrued interest to the date of redemption.

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

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of each series of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues,

and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

Nature Of Obligation

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

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

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

The Tax Levy Limit Law

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

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

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

The Tax Levy Limit Law permits certain exceptions to the Tax Levy Increase Limit. The Town may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Town in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

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

ENFORCEMENT OF REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MARKET FACTORS

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

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

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

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

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

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

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.

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

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

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

The most current applicable report, for 2018 data, of the State Comptroller designates the Town as "No Designation," with a fiscal score of 3.3% and an environmental score of 20.0%.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The Town has not been subject of an audit by OSC in the past five years nor is one in progress or recently completed.

LITIGATION

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

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

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

TAX MATTERS

Tax Exemption

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

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Town made in a certificate (the "Tax Certificate") dated the date of delivery of the Bonds pertaining to the use, expenditure, and

investment of the proceeds of the Bonds and will assume continuing compliance by the Town with the provisions of the Tax Certificate subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance.

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

In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

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

Qualified Tax-Exempt Obligations for Financial Institutions

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

This Official Statement is in a form “deemed final” by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time promulgated by the Securities and Exchange Commission (the “Commission”), the Town has agreed to provide, at the time of delivery of the Bonds, an executed Continuing Disclosure Undertaking in substantially the form attached hereto as “Appendix E.”

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

The Town’s 2016 audit was filed late. A late filing notice was completed regarding the late submission.

MUNICIPAL ADVISOR

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

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

RATING

The Town has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. Such application is pending at this time.

The Town’s underlying rating by S&P Global Ratings (“S&P”) is “AA.”

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P at the following address: S&P Global Ratings, 55 Water Street, New York, NY 10041. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of S&P, circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such Bonds or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Toni Tracy, Comptroller, 99 Tower Drive, Building A, Middletown, New York 10940, (845) 692-7835, e-mail: ttracy@townofwallkill.com, or from the Town’s Municipal Advisor, Capital Markets Advisors, LLC, 822 Route 82 – Suite 310, Hopewell Junction, New York 12533, (845) 227-8678.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be

realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or holders of any of the Bonds.

The Municipal Advisor may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. The Municipal Advisor and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

TOWN OF WALLKILL
ORANGE COUNTY, NEW YORK

By: _____
Edward A. Diana
Supervisor

Dated: October __, 2019

APPENDIX A

THE TOWN

THE TOWN

General Information

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

Form of Government

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

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

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

Services

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

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

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

Employees

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

<u>Number of Employees</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
67	C.S.E.A. – Local #836 (Public Works)	12-31-22
51	C.S.E.A. – Local #836 (Police)	12-31-19 ⁽¹⁾
50	C.S.E.A. – Local #836 (Clerical)	12-31-22
5	C.S.E.A. – Local #836 (Supervisors)	12-31-22

(1) In negotiation.

Employee Benefits

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

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

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

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

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

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

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 among the six retirement tiers.

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

ERS and PFRS Contributions.

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$995,116	\$799,224
2015	926,422	588,588
2016	790,411	638,509
2017	839,703	711,671
2018	793,923	658,101
2019 (Budget)	833,400	695,000

(a) Includes budgeted General Fund, General Fund – Town Outside and Highway Town-Outside contributions.

Source: Annual audited financial statements and Town Comptroller.

Other Postemployment Benefits

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

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

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The Town is in compliance with the requirements of GASB 45. The Town has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of January 1, 2017 as reported in the audit for the year ended December 31, 2017 was \$33,532,060 and the Town’s ARC was \$2,380,091. The Town’s UAAL for OPEB could have a material adverse impact upon the Town’s finances and could force the Town to reduce expenses, raise taxes or both. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. There is no authority in current State law to establish a trust account or reserve fund for this liability. The Town continues funding the expenditure on a pay-as-you-go basis.

For fiscal years beginning after June 15, 2017, the Town is subject to GASB Statement No. 75 (“GASB 75”) which replaces GASB 45. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and 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 similarly to GASB Statement NO. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The Town’s total OPEB liability as of December 31, 2018 was \$67,726,919 using a discount rate of 3.80% and actuarial assumptions and other inputs as described in the Town’s actuarial report dated June 21, 2019 by Aquarius Capital.

Should the Town be required to fund the total OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its OPEB liability.

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

Legislation has been introduced from time-to-time to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. Such proposed legislation would generally authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under such proposed legislation, there would be no limits on how much a local government could deposit into the trust. The Town cannot predict whether any such legislation will be enacted into law in the foreseeable future.

FINANCIAL FACTORS

Budgetary Procedure

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

A summary of the Town's 2018 and 2019 budgets may be found in Appendix B hereto.

Independent Audits

The Town retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ending December 31, 2017. Appendix B, attached hereto, presents excerpts of the Town's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit. The audit for the fiscal year ending December 31, 2018 is not yet available.

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

Investment Policy

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

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

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

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

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

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

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

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

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2.00 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Town Accountant. In addition, the Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Town Accountant. Pursuant to Section 30.00 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specified types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

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

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

Revenues

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

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Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 38.7% of total general fund and other governmental funds revenues for the fiscal year ended December 31, 2017.

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

Fund Revenues & Real Property Taxes⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	Real <u>Property Taxes</u>	Taxes to <u>Revenues</u>
2013	\$13,906,841	\$5,137,826	36.9%
2014	14,114,879	5,271,083	37.3
2015	15,436,786	5,299,083	34.3
2016	15,183,739	5,359,083	35.3
2017	15,788,374	6,112,853	38.7
2018 (Unaudited)	16,577,690	6,330,369	38.2
2019 (Budget)	16,074,162	6,432,354	40.2

(1) General Fund.

Source: Audited Financial Statements, Unaudited Financial Statements and Adopted Budgets of the Town. Summary itself not audited.

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

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

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

Fund Revenues & State Aid Revenues⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	State <u>Aid</u> ⁽²⁾	State Aid to <u>Revenues</u>
2013	\$13,906,841	\$1,149,276	8.3%
2014	14,114,879	906,323	6.4
2015	15,436,786	1,399,855	9.1
2016	15,183,739	1,461,283	9.6
2017	15,788,374	1,360,060	8.6
2018 (Unaudited)	16,577,690	1,250,830	7.5
2019 (Budget)	16,074,162	905,881	5.6

(1) General Fund.

(2) Inclusive of Federal Aid

Source: Audited Financial Statements, Unaudited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

Sales Tax. The Town receives a share of the County sales tax. The County presently imposes a sales and use tax of 3 3/4%, in addition to the 4% tax imposed by the State and a 3/8% levy by the Metropolitan Transportation Authority, for a total countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement, shares the proceeds of the County's 3 3/4% sales and use tax with the three cities, twenty towns and seventeen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis. The cities, in turn, agree not to levy a city sales tax for the term of the Agreement.

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

General Fund Revenues & Sales Tax⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	Sales <u>Tax</u>	Sales Tax <u>to Revenues</u>
2013	\$13,906,841	\$4,145,827	29.8%
2014	14,114,879	4,141,128	29.3
2015	15,436,786	4,166,916	27.0
2016	15,183,739	4,229,874	27.9
2017	15,788,374	4,447,036	28.1
2018 (Unaudited)	16,577,690	4,885,167	29.5
2019 (Budget)	16,074,162	4,406,960	27.4

(1) General Fund.

Source: Audited Financial Statements Adopted Budgets of the Town. Summary itself not audited.

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REAL PROPERTY TAXES

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxable Value	\$537,204,407	\$590,798,684	\$590,713,507	\$593,437,371	\$596,465,862
Equalization Rate	22.10%	22.00%	21.24%	21.00%	19.75%
Full Value (1)	2,430,789,172	2,685,448,609	2,781,137,039	\$2,825,892,243	3,020,080,314
Town Tax Levy:					
General	5,299,083	5,359,083	6,097,999	6,327,648	6,432,354
Highway	4,215,578	4,305,034	4,632,027	4,653,850	5,097,856
Special Dist. (1)	2,842,331	2,810,572	2,949,824	2,966,746	2,998,918
Tax Rate:					
General	\$9.85	\$9.85	\$10.32	\$10.66	\$10.78
Highway	7.84	7.91	7.84	7.84	8.55
Amount					
Uncollected (2)	None	None	None	None	None

(1) Water, Sewer, Lighting, Road Improvement and Library Districts special assessments.

(2) See Tax Collection Procedures on the following page.

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

Tax Collection Procedures

The Town Tax receiver collects Town and County property taxes and special district assessments. Taxes and assessments are levied against properties on the first of January and may be paid without penalty through the month of January. Payments made after January 31 are assessed a penalty as follows: a 1% penalty is added in February and 2% in March. After April the tax roll is returned to the County and taxes plus penalties are payable to the County Treasurer. The Town retains the total amount of Town, highway and special district levies from the total collections and returns the balance plus uncollected items to the County, which assumes collection responsibility and holds annual tax sales.

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Ten of the Largest Taxpayers

The following presents the taxable assessments of the ten largest taxpayers for the 2019 assessment roll.

2019 Tax Roll

<u>Taxpayer</u>	<u>Classification</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation ⁽¹⁾</u>
Crystal Run NewCo	Retail	\$28,621,455	4.80%
Middletown I Resources LP	Retail	15,750,200	2.64
Orange & Rockland Utilities Co Inc.	Utilities	14,776,198	2.48
SPT Ivey	Commercial/Medical	8,072,800	1.35
East Coast Imperial Gardens	Apartments	7,700,100	1.29
Dunning Farms LLC	Shopping Mall	5,543,700	0.93
SP Realty Assoc II LLC	Warehouse	4,777,300	0.80
Wal-Mart Stores Inc.	Retail	4,510,700	0.76
High Hotels Ltd.	Hotel	3,755,700	0.63
Wallkill Realty Partners	Asst Living-Aged	<u>3,717,000</u>	<u>0.62</u>
Total		<u>\$97,225,153</u>	<u>16.30%</u>

(1) 2019 assessed value is \$596,465,862.

(2) Tax certiorari pending.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

Statutory Procedure

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

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the Town to increase its annual tax levy. Such increases are limited by the formulas set forth in such law. See “The Tax Levy Limit Law.”

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

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

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

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

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

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

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Town, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real

property taxing limitations. The Town is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See “Constitutional Requirements, Debt Limit,” and “The Tax Levy Limit Law” herein).

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

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

Computation of Debt Contracting Limitation
As of October 10, 2019

<u>For Fiscal Year Ended December 31:</u>	<u>Assessed Valuations</u>	<u>Equalization Rate⁽¹⁾</u>	<u>Full Valuations</u>
2015	\$537,204,407	22.10%	\$ 2,430,789,172
2016	590,798,694	22.00	2,685,448,609
2017	590,713,507	21.24	2,781,137,039
2018	593,437,371	21.00	2,825,892,243
2019	596,465,862	19.75	<u>3,020,080,314</u>
Total Five-Year Full Valuation			\$13,743,347,377
Five-Year Average Full Valuation			\$ 2,748,669,475
Debt Contracting Limitations: 7% of Five-Year Avg. Full Valuation			\$ 192,406,863

(1) ORPTS.

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Statutory Debt Limit and Net Indebtedness

**Statement of Debt Contracting Power
As of October 10, 2019**

	Amount	Percentage
Debt Contracting Limitation:	\$192,406,863	100.00%
Gross Indebtedness:		
Serial Bonds	22,994,208	13.23
Bond Anticipation Notes	<u>3,300,900</u>	1.89
Total Gross Indebtedness	26,295,108	15.12
Less Exclusions:		
Water Bonds and Notes	7,921,252	4.29
Appropriation for Debt	<u>0</u>	0.00
Total Exclusions	7,921,252	4.29
Total Net Indebtedness	18,373,856	9.55
Net Debt Contracting Margin	\$174,033,007	90.45%

Tax Anticipation Notes

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

Bond Anticipation Notes

The Town has the following bond anticipation notes outstanding which mature on January 11, 2019.

Date Authorized	Original Issue Date	Purpose	Amount of the Notes
08-28-14	01-15-15	Lorelei Water District	\$ 652,200
08-25-16	02-09-17	Consolidated Water District	1,595,000
11-10-16	02-09-17	Vehicles	70,000
11-10-16	02-09-17	Equipment	180,000
07-13-17	01-12-18	Woodland Acres Water Extension	345,000
09-28-17	01-12-18	Kosuga Well #7	<u>650,000</u>
			<u><u>\$3,492,200</u></u>

Environmental Facilities Corporation

The Town is considering a \$5 million project for its water and sewer systems to be financed through the New York State Environmental Facilities Corporation (“EFC”).

Trend of Capital Debt

Debt History

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

Overlapping and Underlying Debt

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

**Statement of Direct and Overlapping Indebtedness
As of October 10, 2019**

Gross Direct Indebtedness	\$26,295,108
Exclusions and Deductions	<u>7,921,252</u>
Net Direct Indebtedness	<u>\$18,373,856</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Indebtedness</u>	<u>Percentage Applicable</u>	<u>Applicable Net Overlapping Debt</u>
County	01-10-19	\$281,005,962	8.91%	\$25,037,631
School District:				
Middletown City SD	05-29-19	112,930,000	50.46	56,984,478
Goshen CSD	11-20-18	32,176,525	17.39	5,595,498
Minisink Valley CSD	06-17-19	58,089,539	5.17	3,003,229
Pine Bush CSD	08- 1-19	15,622,426	33.28	5,199,143
Valley CSD	05-16-19	27,095,000	4.00	1,083,800
Total				<u>\$96,903,779</u>

Source: Data provided by MSRB.

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Debt Ratios

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

**Direct and Overlapping Debt Ratios
As of October 10, 2019**

	<u>Amount</u>	<u>Debt Per Capita (1)</u>	<u>Ratio To Full Value (2)</u>
Net Direct Debt	\$ 18,373,856	\$ 643.79	0.61%
Net Direct and Overlapping Debt	115,277,635	4,039.16	3.82

- (1) The population of the Town is 28,540 according to 2017 estimated Census information.
 (2) The Town's full valuation for year ending 2019 is \$3,020,080,314.

Authorized But Unissued Debt

The Town has \$3,482,089 of authorized and unissued debt as depicted in the following chart.

<u>Authorization Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Borrowed</u>	<u>Remaining Authorization</u>
8/27/2015	Highway Equipment	\$ 450,000	\$ 422,000	\$ 28,000
5/22/2014	Bridges	2,800,000	1,200,000	1,600,000
5/09/2013	Highway Equipment	980,000	920,000	60,000
8/28/2014	Lorelei Water District	865,000	720,911	144,089
8/26/2016	Crystal Run Filtration System	1,650,000	0	<u>1,650,000</u>
				<u><u>\$3,482,089</u></u>

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Debt Service Schedule

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

Schedule of Debt Service Requirements ⁽¹⁾

Fiscal Years Ending December 31	Debt Service On Outstanding General Obligation Bonded Indebtedness			Cumulative Percentage of Principal Paid
	Principal Payments	Interest Payments	Total Debt Service	
2019 ⁽²⁾	\$ 1,350,000	\$ 740,464	\$ 2,090,464	6.06%
2020	1,395,000	693,654	2,088,654	12.31
2021	1,220,000	647,935	1,867,935	17.78
2022	940,000	608,556	1,548,556	22.00
2023	960,000	577,156	1,537,156	26.31
2024	985,000	544,931	1,529,931	30.72
2025	1,025,000	511,756	1,536,756	35.32
2026	1,060,000	476,956	1,536,956	40.08
2027	1,080,000	440,272	1,520,272	44.92
2028	1,125,000	402,191	1,527,191	49.97
2029	1,170,000	362,609	1,532,609	55.21
2030	1,210,000	321,303	1,531,303	60.64
2031	1,255,000	277,969	1,532,969	66.27
2032	740,000	244,650	984,650	69.59
2033	760,000	221,788	981,788	73.00
2034	785,000	198,031	983,031	76.52
2035	810,000	173,175	983,175	80.15
2036	835,000	147,131	982,131	83.90
2037	870,000	119,928	989,928	87.80
2038	885,000	90,472	975,472	91.77
2039	595,000	65,212	660,212	94.44
2040	610,000	43,688	653,688	97.17
2041	<u>630,000</u>	<u>21,294</u>	<u>651,294</u>	<u>100.00</u>
	\$22,295,000	\$7,931,121	\$30,226,121	

(1) Does not include \$2,120,209 Environmental Facilities Corporation loan issued in 2017.

(2) For entire fiscal year.

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Principal Amortization by Purpose

Fiscal Years Ending December 31:	Outstanding Bonds Principal				
	General	Highway	Water	Sewer	Total
2019 ⁽¹⁾	\$ 368,809	\$ 230,355	\$ 346,089	\$ 409,747	\$ 1,355,000
2020	385,246	241,104	351,089	422,560	1,400,000
2021	401,684	246,854	141,089	435,374	1,225,000
2022	418,121	57,603	146,089	318,187	940,000
2023	433,121	59,130	148,745	324,004	965,000
2024	449,558	59,879	148,745	331,817	990,000
2025	465,996	63,683	159,057	341,264	1,030,000
2026	488,870	65,181	159,057	351,891	1,065,000
2027	503,870	65,181	159,057	356,891	1,085,000
2028	525,308	68,985	169,369	366,338	1,130,000
2029	549,620	72,760	172,025	385,595	1,180,000
2030	569,620	74,287	179,681	391,412	1,215,000
2031	596,058	76,564	187,337	405,042	1,265,000
2032	58,931	79,589	189,994	416,485	745,000
2033	60,369	81,866	197,650	430,116	770,000
2034	61,807	84,142	205,305	438,746	790,000
2035	66,119	87,917	207,961	458,003	820,000
2036	67,556	90,193	215,618	471,633	845,000
2037	70,430	94,746	225,930	483,893	875,000
2038	71,868	97,023	228,586	172,523	570,000
2039	74,743	101,576	238,898	179,784	595,000
2040	76,180	103,852	246,554	183,414	610,000
2041	80,493	107,627	249,209	192,671	630,000
	<u>\$6,844,377</u>	<u>\$2,310,097</u>	<u>\$4,673,134</u>	<u>\$8,267,390</u>	<u>\$22,095,000</u>

(1) For entire fiscal year.

ECONOMIC AND DEMOGRAPHIC DATA

Population

Population Trend

	2000	2010	2017	% Change	
				2000-10	2010-17
Town	24,659	27,426	28,540	11.2%	4.1%
County	341,367	372,813	378,174	9.2	1.4
State	18,976,457	19,378,102	19,798,228	2.1	2.2

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

Income

Per Capita Money Income

	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Town	\$28,625	\$31,711	10.8%
County	28,944	32,616	12.7
State	30,948	35,752	15.5

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

Employment

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

Average Employed Civilian Labor Force 2000 - 2017

	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2017</u>
Town	12,500	13,100	14,000	4.8%	6.9%
County	155,800	166,800	173,200	7.1	3.8
State	8,718,700	8,769,700	9,249,200	0.6	5.5

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2014	5.5%	5.5%	6.3%
2015	4.5	4.7	5.3
2016	4.1	4.3	4.9
2017	4.5	4.5	4.7
2018	3.8	3.9	4.1
2019 ⁽¹⁾			
Jan	3.9	3.9	4.6
Feb	3.9	3.9	4.4
Mar	3.8	3.7	4.1
Apr	3.3	3.3	3.6
May	3.5	3.5	3.8
Jun	3.4	3.4	3.8
Jul	3.5	3.9	4.1
Aug	3.7	4.1	4.2

Source: New York State Department of Labor.

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

Name	Type	Approx. No. of Employees
United States Military Academy at West point	College & Technical Institute	3,120
Orange Regional Medical Center	Hospital	2,524
Crystal Run Healthcare	Physician Specialty Practice	1,800
Access: Supports for Living	Rehabilitation Services	1,289
St. Luke's/Cornwall Hospital	Hospital	1,247
Elant Inc.	Senior Health and Housing	1,200
Mount Saint Mary College	College	1,000
C&S Grocers Inc.	Distribution Center	800
Empire Blue Cross / Blue Shield	Health Insurance	795
Spectrum Enterprise	Communications	750
The ARC of Orange County	Services for Development Disabilities	750
Amscan Inc.	Distribution	525
Horizon Family Medical Group	Health Care	500
Kolmar Laboratories Inc.	Cosmetics / Personal Care Manufacturing	500
Bon Secours Community Hospital	Hospital	490
Staples Inc.	Distribution Center - Office Supplies	460
Verla International Ltd.	Cosmetics Manufacturing	445
YRC	Trucking Transportation	435
Adecco	Staffing Service	400
United Natural Foods	Food Manufacturer	400
400Medidacom Communications Corp	Communications	395
Times Herald Record	Publishing	395
Crystal Run Village, Inc.	Mental Health Services	391
St. Anthony Community Hospital	Hospital	370
U.S. Postal Service	Distribution	359
Allegiance Healthcare-Cardinal Health	Distribution	350
IBM Business Continuity & Resilience Services	Services	350
Precision Pipeline Solutions	Utilities	350
350Superior Pack Group Inc.	Packaging & Labeling	325
Coach USA	Transportation	300

Source: 2017 official statement for Orange County dated November 21, 2017

Education

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

Financial Institutions

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

Transportation

The Town maintains its own interior road network. Interstate 84 (providing access east to Danbury, Connecticut and west to Scranton, Pennsylvania) and several State Highways serve the Town including Route 211 and Route 17, a four lane highway providing access to the New York City metropolitan area and western portions of the State. Frequent

bus service is available by the Short Line. Metro North Railroad provides commuter service from a station located in the Town, which service links with New Jersey trains to New York City.

Utilities

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

Culture and Recreation

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

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

Housing Data

	Housing Data					
	<u>2000 - 2017</u>					
	Number of Units			% Change		
	2000	2010	2017	2000-2010	2010-2017	
Town	9,283	10,777	11,439	16.1%	6.1%	
County	122,754	137,025	141,493	11.6	3.3	
State	7,679,307	8,108,103	8,255,911	5.6	1.8	

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

END OF APPENDIX A

APPENDIX B

FINANCIAL STATEMENT SUMMARIES

**TOWN OF WALLKILL
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

ASSETS	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽¹⁾</u>
Cash and Cash Equivalents	\$ 1,947,319	\$ 2,881,946	\$ 4,693,997	\$ 5,396,320	\$ 7,531,673	\$ 6,888,134
Accounts Receivables	411,036	232,669	199,203	241,849	247,490	380,778
State and Federal Aid Receivable	675,536	809,050	649,732	751,761	1,391,459	308,858
Due From Other Governments	1,357,481	1,450,322	1,822,938	1,739,177	1,306,351	1,867,451
Due From Other Funds	86,097	244,960	376,120	314,199	551,263	541,017
Restricted Assets	0	0	0	0	0	738,463
Advances To Other Funds	<u>1,766,332</u>	<u>1,779,382</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 6,243,801</u>	<u>\$ 7,398,329</u>	<u>\$ 7,741,990</u>	<u>\$ 8,443,306</u>	<u>\$ 11,028,236</u>	<u>\$ 10,724,701</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 264,285	\$ 297,539	\$ 305,761	\$ 529,091	\$ 991,726	\$ 179,485
Accrued Liabilities	165,834	495,773	26,569	258,041	635,909	337,078
Due to Retirement System	827,991	943,184	810,734	782,772	861,237	783,862
Due To Other Funds	242,097	247,198	244,903	0	580,073	211,042
Deferred Revenues	0	0	0	0	0	0
Other Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>215,929</u>
Total Liabilities	<u>\$ 1,500,207</u>	<u>\$ 1,983,694</u>	<u>\$ 1,387,967</u>	<u>\$ 1,569,904</u>	<u>\$ 3,068,945</u>	<u>\$ 1,727,396</u>
Fund Equity:						
Nonspendable	\$ 1,766,332	\$ 1,779,382	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	617,527	608,122	587,377	587,797	587,950	585,125
Committed	0	0	0	750,000	750,000	750,000
Assigned	13,057	25,554	19,432	12,597	92,486	-
Unassigned	<u>2,346,678</u>	<u>3,001,577</u>	<u>5,747,214</u>	<u>5,523,008</u>	<u>6,528,855</u>	<u>7,662,180</u>
Total Fund Equity	<u>\$ 4,743,594</u>	<u>\$ 5,414,635</u>	<u>\$ 6,354,023</u>	<u>\$ 6,873,402</u>	<u>\$ 7,959,291</u>	<u>\$ 8,997,305</u>
Total Liabilities and Fund Equity	<u>\$ 6,243,801</u>	<u>\$ 7,398,329</u>	<u>\$ 7,741,990</u>	<u>\$ 8,443,306</u>	<u>\$ 11,028,236</u>	<u>\$ 10,724,701</u>

(1) Unaudited.

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

AS OF DECEMBER 31:

	2013	2014	2015	2016	2017	2018 ⁽¹⁾
REVENUES:						
Real Property Taxes	\$ 5,137,826	\$ 5,271,083	\$ 5,299,083	\$ 5,359,083	\$ 6,112,853	\$ 6,330,369
Other Tax Items	941,513	904,835	925,396	926,069	471,796	287,844
Non-Property Tax Items	4,145,827	4,141,128	4,166,916	4,229,874	4,447,036	4,885,167
Departmental Income	753,275	861,122	772,186	674,577	811,862	1,006,681
Intergovernmental Charges	180,591	146,005	0	0	0	174,527
Use Of Money And Property Sale Of Property And Compensation For Loss	55,808	69,741	74,937	79,407	246,619	128,632
Licenses and Permits	56,697	72,838	94,691	14,030	6,166	162,901
Fines and Forfeitures	503,818	678,329	814,126	650,375	693,407	748,902
Interfund Revenue	928,184	996,358	1,653,488	1,698,593	1,552,308	1,434,437
State And Federal Aid	0	0	0	0	0	68,226
Miscellaneous	1,149,276	906,323	1,399,855	1,461,283	1,360,060	1,250,830
	54,026	67,117	236,108	90,448	86,267	99,174
Total Revenues	13,906,841	14,114,879	15,436,786	15,183,739	15,788,374	16,577,690
EXPENDITURES:						
Current:						
General Government Support	2,071,144	2,387,869	4,302,417	2,726,021	2,557,944	2,410,530
Public Safety	4,237,041	4,554,926	4,768,957	5,227,046	5,008,567	5,526,876
Health	18,388	15,493	21,785	2,239	1,204	1,039
Transportation	812,713	808,132	787,966	945,519	642,426	837,035
Economic Assistance And Opportunity	12,905	5,714	7,375	9,333	7,900	5,818
Culture And Recreation	890,721	1,079,507	978,190	961,495	1,011,516	954,890
Home And Community Services	201,676	203,520	223,127	259,920	581,292	526,592
Employee Benefits	3,498,155	3,772,499	3,721,313	4,027,781	4,343,732	4,695,912
Debt Service	656,448	671,044	586,916	655,559	654,990	689,654
Total Expenditures	12,399,191	13,498,704	15,398,046	14,814,913	14,809,571	15,648,346
Excess of Revenues Over Expenditures	1,507,650	616,175	38,740	368,826	978,803	929,344
OTHER FINANCING SOURCES (USES):						
Sale of Real Property	25,200	22,500	1,542,340	24,979	23,740	0
Insurance Recoveries	0	0	0	101,749	100,775	0
Operating Transfers - In	200,002	223,391	123,405	61,325	115,000	108,500
Operating Transfers - Out	(37,500)	(191,025)	(765,097)	(37,500)	(132,429)	0
Total Other Financing Sources (Uses)	187,702	54,866	900,648	150,553	107,086	108,500
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,695,352	671,041	939,388	519,379	1,085,889	1,037,844
Fund Equity - Beginning of Year	3,048,242	4,743,594	5,414,635	6,354,023	6,873,402	7,959,291
Prior Period Adjustments	0	0	0	0	0	170
Residual Equity Transfer	0	0	0	0	0	0
Fund Equity - End of Year	\$ 4,743,594	\$ 5,414,635	\$ 6,354,023	\$ 6,873,402	\$ 7,959,291	\$ 8,997,305

(1) Unaudited.

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Such presentation however has not been audited.

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

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

AS OF DECEMBER 31:

	2013	2014	2015	2016	2017
ASSETS					
Cash and Cash Equivalents	\$ 13,393,239	\$ 7,302,975	\$ 10,823,835	\$ 11,361,876	\$ 12,064,604
Accounts Receivables	86,493	429,317	37,093	30,110	34,561
Water and Sewer Rents	1,534,438.00	1,995,430	1,801,502	1,695,174	1,879,242
Due From Other Funds	827,569	6,356,402	5,229,631	2,019,584	2,107,978
Due From Other Governments	0	258,974	30,343	28,629	45,890
Total Assets	<u>\$ 15,841,739</u>	<u>\$ 16,343,098</u>	<u>\$ 17,922,404</u>	<u>\$ 15,135,373</u>	<u>\$ 16,132,275</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 419,576	\$ 363,395	\$ 345,438	\$ 242,702	\$ 493,911
Accrued Liabilities	85,651	94,838	15,790	116,652	122,518
Due to Retirement System	341,335	348,673	313,998	270,550	295,996
Due To Other Funds	606,685	299,263	443,981	147,707	233,319
Due To Other Governments	0	0	0	0	0
Deferred Revenues	0	0	0	0	0
Total Liabilities	<u>\$ 1,453,247</u>	<u>\$ 1,106,169</u>	<u>\$ 1,119,207</u>	<u>\$ 777,611</u>	<u>\$ 1,145,744</u>
Fund Equity:					
Committed	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000
Restricted	379,737	1,523,058	1,207,310	539,676	807,320
Assigned	14,008,755	13,713,871	15,595,887	13,518,086	13,879,211
Unassigned	0	0	0	0	0
Total Fund Equity	<u>\$ 14,388,492</u>	<u>\$ 15,236,929</u>	<u>\$ 16,803,197</u>	<u>\$ 14,357,762</u>	<u>\$ 14,986,531</u>
Total Liabilities and Fund Equity	<u>\$ 15,841,739</u>	<u>\$ 16,343,098</u>	<u>\$ 17,922,404</u>	<u>\$ 15,135,373</u>	<u>\$ 16,132,275</u>

(1) Other Major Governmental Funds Include: Highway, Sewer, Water, Lighting, Roads and Drainage

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

FOR YEARS ENDED DECEMBER 31:

	2013	2014	2015	2016	2017
REVENUES:					
Real Property Taxes	\$ 6,868,479	\$ 6,852,385	\$ 7,051,418	\$ 7,149,773	\$ 7,593,170
Other Tax Items	478,453	484,443	486,162	503,015	82,235
Intergovernmental Charges	343,920	353,873	279,608	207,496	245,776
Departmental Income	4,302,199	4,465,198	4,620,652	4,657,293	4,622,736
Use Of Money And Property	38,710	28,394	40,023	22,242	16,201
Sale Of Property And					
Compensation For Loss	63,484	71,439	94,869	61,198	79,219
Interfund Revenues	331,660	250,690	154,911	175,615	121,474
State Aid	345,274	440,671	394,767	423,959	497,426
Federal Aid	84,546	167,655	182,942	0	0
Miscellaneous	39,384	126,066	262,667	192,498	125,646
Total Revenues	12,896,109	13,240,814	13,568,019	13,393,089	13,383,883
EXPENDITURES:					
Current:					
General Government Support	4,358	37,456	3,726	3,414	3,239
Transportation	4,022,588	4,201,174	4,000,149	4,047,593	4,309,713
Home And Community Services	4,356,034	4,633,934	4,114,789	4,514,210	4,864,573
Employee Benefits	1,932,899	1,932,676	2,112,329	2,051,234	2,191,771
Debt Service	875,783	520,896	581,474	725,244	1,216,025
Total Expenditures	11,191,662	11,326,136	10,812,467	11,341,695	12,585,321
Excess of Revenues					
Over (Under) Expenditures	1,704,447	1,914,678	2,755,552	2,051,394	798,562
OTHER FINANCING SOURCES (USES):					
Proceeds From Installment Debt	0	0	0	0	0
Proceeds From Serial Bonds	0	0	0	0	0
BAN's Redeemed From Appropriations	0	0	0	0	0
Operating Transfers - In	0	0	22,513	864	139,753
Operating Transfers - Out	(130,000)	(1,066,241)	(1,211,797)	(4,497,693)	(309,546)
Total Other Financing Sources (Uses)	(130,000)	(1,066,241)	(1,189,284)	(4,496,829)	(169,793)
Excess (Deficiency) of Revenues					
and Other Sources Over					
Expenditures and Other Uses	1,574,447	848,437	1,566,268	(2,445,435)	628,769
Fund Balances - Beginning of Year	12,814,045	14,388,492	15,236,929	16,803,197	14,357,762
Adjustments (2)	0	0	0	0	0
Fund Balances - End of Year	\$ 14,388,492	\$ 15,236,929	\$ 16,803,197	\$ 14,357,762	\$ 14,986,531

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

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

The financial data presented on this page has been excerpted from the audited financial statements of the Town.

Such presentation however has not been audited.

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

**TOWN OF WALLKILL
2018 OPERATING BUDGET**

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

**TOWN OF WALLKILL
2019 OPERATING BUDGET**

	General Fund	Highway Fund	Consolidated Water Dist Fund	Consolidated Sewer Dist Fund	Combined Totals
ESTIMATED REVENUES:					
Real Property Taxes	\$ 6,432,354	5,097,856	1,275,410	1,553,602	\$ 14,359,222
Chargeback from Agencies	0	0	0	0	0
Other Payments in Lieu of Taxes	192,180	100,617	0	0	292,797
Real Property Tax Items	39,000	0	0	0	39,000
Non-Property Taxes	4,756,960	0	0	0	4,756,960
Departmental Income	723,447	1,000	2,043,277	2,124,911	4,892,635
Intergovernmental Charges	439,814 x	197,670	0	0	637,484
Use Of Money And Property	180,226 x	0	4,000	5,000	189,226
Licenses And Permits	534,300 x	0	0	0	534,300
Fines And Forfeitures	1,550,000 x	0	0	0	1,550,000
Sale Of Property And Compensation For Loss	1,000 x	6,000	0	0	7,000
Interfund Revenue	0	264,200	4,770	0	268,970
State Aid	905,881 x	423,000	0	0	1,328,881
Federal Aid	250,000 x	0	0	0	250,000
Water/Sewer Mgt Charge	0	0	0	0	0
Miscellaneous	69,000 x	28,020	9,400	11,500	117,920
	<u>16,074,162</u>	<u>6,118,363</u>	<u>3,336,857</u>	<u>3,695,013</u>	<u>29,224,395</u>
APPROPRIATIONS:					
Current:					
General Government Support	2,643,693	0	0	70,000	2,713,693
Public Safety	6,189,530	0	0	0	6,189,530
Health	2,500	0	0	0	2,500
Transportation	896,193	4,260,968	0	0	5,157,161
Economic Assistance And Opportunity	11,300	0	0	0	11,300
Culture And Recreation	1,032,013	0	0	0	1,032,013
Home And Community Services	642,015	0	1,812,152	2,376,370	4,830,537
Interfund Transfers	0	0	375,000	126,563	0
Employee Benefits	4,922,200	1,640,244	457,535	455,006	7,474,985
Debt Service	667,641	357,151	692,170	667,074	2,384,036
	<u>17,007,085</u>	<u>6,258,363</u>	<u>3,336,857</u>	<u>3,695,013</u>	<u>30,297,318</u>
Excess Of Estimated Revenues Over Appropriations	(932,923)	(140,000)	0	0	(1,072,923)
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	535,000	0	0	0	0
Operating Transfers - Out	0	0	0	0	0
	<u>535,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>535,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
APPROPRIATED FUND BALANCE	<u>\$ 397,923</u>	<u>\$ 140,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 537,923</u>

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

**CAN BE ACCESSED ON THE ELECTRONIC MUNICIPAL MARKET ACCESS
("EMMA") WEBSITE
OF THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB")
AT THE FOLLOWING LINK:**

<https://emma.msrb.org/ER1319132.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. PKF O'Connor Davies, LLP has not been requested by the Town to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

November 5, 2019

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

Re Town of Walkill, Orange County, New York
\$_____ Public Improvement Refunding (Serial) Bonds, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$_____ Public Improvement Refunding (Serial) Bonds, 2019 (the "Obligation"), of the Town of Walkill, State of New York (the "Obligor"), dated November 5, 2019.

We have examined:

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

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

the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion in certain 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) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

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

that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKING

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

On the date hereof, the Town of Walkill, Orange County, New York (the "Issuer") is issuing its Bonds (as defined herein). To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the Issuer hereby undertakes for the benefit of the record and beneficial owners from time to time of the Bonds (the "Holders") to provide:

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

"*Bonds*" means the Issuer's \$4,490,000* Public Improvement Refunding (Serial) Bonds, 2019, dated November 5, 2019.

"*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); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*MSRB*" means the Municipal Securities Rulemaking Board.

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

"*SEC*" means the United States Securities and Exchange Commission.

"*Undertaking*" means this Annual and Continuing Disclosure Undertaking.

B. Annual Reports. With respect to the Bonds, the Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer's final Official Statement, dated October 22, 2019 under Appendix A, under the headings "THE TOWN", "FINANCIAL FACTORS", "TAX COLLECTION" and "TOWN INDEBTEDNESS", and in Appendix B and C, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Town will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

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

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

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

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

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

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

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

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

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IN WITNESS WHEREOF, I have hereunto set my hand to this Disclosure Undertaking this
November 5, 2019.

Supervisor