

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 28, 2023

RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

*The Town will **NOT** designate the Notes as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986.*

TOWN OF WALLKILL ORANGE COUNTY, NEW YORK

\$24,145,100 BOND ANTICIPATION NOTES, 2023 (the "Notes")

Date of Issue: July 27, 2023

Maturity Date: July 25, 2024

The Notes are general obligations of the Town of Wallkill, Orange County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal of and interest on the Notes. All the taxable real property within the Town will be subject to the levy of ad valorem taxes to pay principal of and interest on the Notes, without limitation as to rate or amount, for such purposes. (See "*Nature of Obligation*" and "*The Tax Levy Limit Law*," herein.)

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

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

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

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that delivery of the Notes will be made on or about July 27, 2023.

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

Dated: July __, 2023

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

TOWN BOARD

George Serrano
Supervisor

Mark Coyne Council Member

Eric Valentin Council Member

Neil Meyer Council Member

Eric Johnson..... Council Member

Louisa Ingrassia Town Clerk

Linda Harahan..... Receiver of Taxes

Blustein, Shapiro, Frank & Barone, LLP..... Town Attorney

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New York, New York

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Harrison, New York

MUNICIPAL ADVISOR



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No person has been authorized by the Town of Wallkill to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, 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 have been no changes in the affairs of the Town of Wallkill since the date hereof.

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OFFICIAL STATEMENT

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

relating to

**\$24,145,100
BOND ANTICIPATION NOTES, 2023
(the “Notes”)**

This Official Statement, which includes the cover page 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 \$24,145,100 Bond Anticipation Notes, 2023 (the “Notes”).

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

THE NOTES

Description

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

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

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co., as the partnership nominee for DTC. The Town will act as Paying Agent for the Notes. The Town contact information is as follows: Cheryl Gross, Town Comptroller, 99 Tower Drive, Building A, Middletown, New York 10941, (845) 692-7835, e-mail: cgross@townofwallkill.com.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law and the Local Finance Law, and other proceedings and determinations relating thereto, including bond resolutions adopted by the Town Board (the “Board”) on various dates, authorizing the issuance of bonds to finance the various objects or purposes of the Town listed on the following page.

(The remainder of this page was intentionally left blank.)

The proceeds from the sale of the Notes will be used to redeem the Town’s outstanding \$24,145,100 bond anticipation notes maturing on July 28, 2023, which provided funds to pay the cost of the projects listed below:

Purpose	Date Authorized	Amount of the Notes
Improvements to the Town’s Consolidated Water District	09/15/2021	\$ 13,354,679
Improvements to the Town’s Lorelei Water District	09/15/2021	38,421
Improvements to the Town’s Consolidated Sewer District	09/15/2021	1,500,000
Improvements to the Town’s Golf Course	09/15/2021	500,000
Acquisition of Dump Trucks	09/15/2021	752,000
Improvements to the Town’s Consolidated Sewer District	07/25/2019	<u>8,000,000</u>
		<u>\$24,145,100</u>

Book-Entry-Only System

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

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

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee

do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

Source: The Depository Trust Company.

Nature of the Obligation

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

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

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

The Tax Levy Limit Law

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

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

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

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Town may be able, without the consent and over the objection of owners of the Notes, to impair and alter the terms and provisions of the Notes, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Notes to receive interest and principal from the Town and the enforceability of the Town's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Town (including the 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 Notes.

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

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

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

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

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

RISK FACTORS

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

There can be no assurance that the State appropriation for State aid to school districts or municipalities 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 or the State's financial condition due to the COVID-19 outbreak and other circumstances, including 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 "*Impacts of COVID-19*" herein).

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

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In

addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a Note will decline, causing the noteholder to incur a potential capital loss if such Note is sold prior to its maturity.

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

The enactment of Chapter 97 of the New York Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the Town, school districts, and fire districts in the State could have an impact upon operations of the Town and as a result, the market price for the Notes. (See “*Tax Levy Limitation 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 Town has not had any cyber-attacks in recent years. For at least the last 3 years, the Town’s network, data, email and computers have not experienced any virus, malware, or ransomware incidents. The Town uses a business-class firewall and a Business Continuity Disaster Recovery Backup system.

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 Notes is subject to the opinion of Norton Rose Fulbright US LLP, Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be an item of tax

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

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

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

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 Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), corporations subject to the alternative minimum tax on adjusted financial statement income, 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 Notes 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 Notes. Prospective purchasers of the Notes 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 Notes

The initial public offering price of certain Notes (the "Discount Obligations") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under

“Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the 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, corporations subject to the alternative minimum tax on adjusted financial statement income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income. Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations.

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

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

LEGAL MATTERS

The legality of the authorization and issuance of the Notes 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 Notes, an executed Disclosure Undertaking in substantially the form attached hereto in “Appendix E.”

Compliance History

The Town failed to timely file a notice of the incurrence of a Financial Obligation pursuant to the Rule. Such filing, which has since been made, relates to the Town’s issuance of its \$897,242 Drinking Water Statutory Installment Bond - 2021 issued and sold to the New York State Environmental Facility Corporation (“EFC”) on June 10, 2021. Such bond has a final maturity of January 8, 2051.

MUNICIPAL ADVISOR

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

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

RATING

On June 27, 2023, Standard & Poor’s Ratings Services (“S&P”) assigned its “SP-1+” credit rating to the Notes and at the same time affirmed its “AA” long-term rating on the Town’s underlying debt.

Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from S&P at the following address: Standard & Poor’s Rating Services, 55 Water Street, New York, New York 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 the Notes or the availability of a secondary market for the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Cheryl Gross, Town Comptroller, 99 Tower Drive, Building A, Middletown, New York 10941, (845) 692-7835, e-mail: cgross@townofwallkill.com or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, New York, 11021, (516) 570-0340.

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

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

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

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

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 Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF WALLKILL,
ORANGE COUNTY, NEW YORK

By: _____
George Serrano
Supervisor and Chief Fiscal Officer

DATED: July __, 2023

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, State of 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. The Town 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 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 (Council Members) are also elected to two-year terms. Council Members are elected in accordance with the ward system – four wards, one Council Member 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 Comptroller 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 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 provides various social and health services.

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Employees

The Town employs approximately 187 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>Expiration Date</u>
71	C.S.E.A. – Local #836 (Public Works)	12-31-27
63	C.S.E.A. – Local #836 (Police)	12-31-23
48	C.S.E.A. – Local #836 (Clerical)	12-31-27
5	C.S.E.A. – Local #836 (Supervisors)	12-31-22 ⁽¹⁾

(1) Contracts are in Negotiations.

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 which 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 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. As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit.

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, in which 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%.

A voluntary defined contribution plan option is available to all unrepresented employees of State public employers hired on or after July 1, 2013, and who earn \$75,000 or more on an annual basis.

The 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 December.

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 August 25, 2021, the State Comptroller announced for Fiscal Year 2022-23, the average contribution rates for ERS would decrease from 16.2% to 11.6%, and the average contribution rate for PFRS would decrease from 28.3% to 27.0%. Projections of required contributions 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 current and most recent fiscal years are shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2017	\$839,703	\$711,671
2018	793,923	658,101
2019	798,539	669,167
2020	804,670	678,466
2021	845,390	902,409
2022 (Budgeted)	893,810	996,074
2023 (Budgeted)	862,885	1,200,000

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

Other Postemployment Benefits

The Town implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of the fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”).

GASB 75 generally requires that employers account for and report the annual cost of 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 OPEB liability be included in OPEB expense in the period of the changes.

The Town’s total OPEB liability as of December 31, 2021 was \$76,854,307 using a discount rate of 2.05% and actuarial assumptions and other inputs as described in the Town’s actuarial report dated December 31, 2021 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, the 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 OPEB. Such legislation would generally authorize the creation of an irrevocable OPEB trust 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. In addition, there would be no limits on how much a local government can deposit into the trust. The Town cannot predict whether such legislation will be enacted into law in the foreseeable future.

FINANCIAL FACTORS

Impacts of COVID-19

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments were made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, the end of calendar year 2026.

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

The Town was eligible to receive funds from the Coronavirus Aid, Relief and Security Act (CARES Act) and the American Rescue Plan Act (ARPA) in the amounts of \$1,486,508 and \$1,486,508 and received such funds on July 22, 2021 and July 28, 2022, respectively. The Town will utilize the funds for premium pay and the Communication Center HVAC.

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 2022 and 2023 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, 2021. 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.

At the request of the Town, on April 30, 2021, PKF O'Connor Davies, LLP provided a report on its organizational and operational review of select Payroll, Accounts Payable and General Ledger processes within the Town's Human Resources and Accounting Departments. The report detailed observations and recommendations for the period reviewed from July 1, 2018 to June 30, 2019. Generally, the report recommended that the Town work on documenting its policies and procedures, hiring an additional resource such as a Deputy Comptroller or Senior Accountant, and implementing internal controls. The Town has been working on implementing the changes recommended in the report and on July 18, 2022 the Town hired a Deputy Comptroller.

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 letters 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 Comptroller. 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 Comptroller. 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.

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 34.2% of total general fund and other governmental funds revenues for the fiscal year ended December 31, 2021.

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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 and the amounts budgeted for the current and most recent fiscal years.

Fund Revenues & Real Property Taxes⁽¹⁾

<u>Fiscal Year Ended</u> <u>December 31:</u>	<u>Total</u> <u>Revenues</u>	<u>Real</u> <u>Property Taxes</u>	<u>Taxes to</u> <u>Revenues</u>
2017	\$15,788,374	\$6,112,853	38.7%
2018	16,417,847	6,330,369	38.6
2019	17,064,917	6,432,354	37.7
2020	16,847,292	6,432,354	38.2
2021	20,656,205	7,056,431	34.2
2022 (Budget)	19,442,567	6,683,338	34.4
2023 (Budget)	19,526,925	6,122,851	31.4

(1) General Fund.

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

State Aid. The Town receives financial assistance from the State. In its budget for the 2023 fiscal year, approximately 7.9% of the total general fund revenues of the Town are estimated to be received in the form of State aid.

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, 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.

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 current or future fiscal years. In view of the State's continuing budget problems, State Aid reductions are likely. 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 "*Risk Factors*" and "*Impacts of COVID-19*" herein.)

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The State's 2022-22 Enacted Budget provides \$10.8 billion in State funding to local governments. This funding available for use over multiple years, is designed to support essential workers and government employees, assist COVID-19 vaccination efforts, boost local economies, and support local government services. The Town was notified on July 1, 2021 by the NYS Division of the Budget that the Town would be eligible for \$2,973,016 in American Rescue Plan Act payments from the Coronavirus Local Fiscal Recovery Fund. The Town received the first tranche in the latter part of July 2021 and the second tranche in the later part of July 2022. The Town will spend the funds on premium pay for first responders, and will spend the rest on capital projects (see "*Impacts of COVID-19*" herein).

The amount of State Aid to municipalities, including the Town, and school districts in the State is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19, the Governor initially declared a state of emergency and has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have negatively impacted the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Town.

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

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

Fund Revenues & State Aid Revenues⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	State <u>Aid ⁽²⁾</u>	State Aid to <u>Revenues</u>
2017	\$15,788,374	\$1,360,060	8.6%
2018	16,417,847	1,250,831	7.6
2019	17,064,917	1,438,846	8.4
2020	16,847,282	1,569,000	9.3
2021	20,656,205	2,245,960	10.9
2022 (Budget)	19,442,567	1,496,191	7.7
2023 (Budget)	19,526,925	1,542,310	7.9

(1) General Fund.

(2) Inclusive of Federal Aid

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

Sales Tax. The Town receives a share of the County sales tax. The County presently imposes a sales and use tax of 3 3/4%, in addition to the 4% tax imposed by the State and a 3/8% levy by the Metropolitan Transportation Authority, for a total countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement (the “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 years and the amounts budgeted for the two most recent fiscal years.

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>
2017	\$15,788,374	\$4,447,036	28.1%
2018	16,417,847	4,605,748	28.1
2019	17,064,917	4,769,538	27.9
2020	17,461,002	4,537,895	26.0
2021	20,656,205	6,198,542	30.0
2022 (Budget)	20,132,567	5,400,000	26.8
2023 (Budget)	19,526,925	5,650,000	28.9

(1) General Fund.

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

REAL PROPERTY TAXES

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxable Value	\$596,465,862	\$604,265,147	\$610,514,475	\$614,097,189	\$621,591,421
Equalization Rate	19.75%	18.00%	18.00%	16.02%	14.50%
Full Value (1)	3,020,080,314	3,357,028,594	3,391,747,083	3,833,315,787	4,285,183,420
Town Tax Levy:					
General	6,432,354	6,432,354	7,059,457	6,683,338	6,122,851
Highway	5,097,856	5,097,856	5,097,856	6,088,251	6,711,029
Special Dist. (1)	2,998,918	3,105,488	3,148,149	3,216,837	3,445,092
Tax Rate:					
General	\$10.78	\$10.64	\$11.51	\$10.87	\$9.85
Highway	8.55	8.44	8.31	9.90	10.71
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 of Equalization and Assessment.

Tax Collection Procedures

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

Ten of the Largest Taxpayers

The following presents the taxable assessments of the ten largest taxpayers for the 2022 assessment roll.

<u>2022 Tax Roll</u>			
<u>Taxpayer</u>	<u>Classification</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation ⁽¹⁾</u>
Crystal Run NewCo	Retail	\$21,605,989	3.48%
Middletown I Resources LP	Retail	15,686,000	2.52
Orange & Rockland Utilities Co Inc.	Utilities	14,027,220	2.26
SPT Ivey	Commercial/Medical	8,072,800	1.30
East Coast Imperial Gardens	Apartments	7,700,100	1.24
SP Realty Assoc II LLC	Warehouse	6,386,600	1.03
Deerfield Commons	Apartments	6,126,000	0.99
Dunning Farms LLC	Shopping Mall	5,543,700	0.89
Wal-Mart Stores Inc.	Retail	4,510,700	0.73
FRC Mt Devco Co	Apartments	<u>3,662,200</u>	<u>0.59</u>
Total		<u>\$93,354,309</u>	<u>15.02%</u>

(1) 2023 assessed value is \$621,591,421.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

The New York State Comptroller has reported that the 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 recent Comptroller's report for 2021 indicates that the Town received a prior two year fiscal score 0.0% and is in the "Not Filed" category.

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. OSC has not released a formal report on the Town in the past five years nor is one presently in progress. Additional information regarding State audits can be obtained by visiting the State website for Local Governments and School Accountability.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein, nor inclusion herein by reference. References to websites and/or website addresses presented herein are for information 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.

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

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

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

**Computation of Debt Contracting Limitation
As of June 28, 2023**

For Fiscal Year Ended <u>December 31:</u>	Assessed <u>Valuations</u>	Equalization <u>Rate⁽¹⁾</u>	Full <u>Valuations</u>
2019	\$596,465,862	19.75%	\$3,020,080,314
2020	604,265,147	18.00	3,357,028,594
2021	610,514,475	18.00	3,391,747,083
2022	614,097,189	16.02	3,833,515,787
2023	621,591,421	14.50	<u>4,285,183,420</u>
Total Five-Year Full Valuation			\$17,887,555,198
Five-Year Average Full Valuation			\$ 3,577,511,040
Debt Contracting Limitations: 7% of Five-Year Avg. Full Valuation			\$ 250,425,773

(1) ORPTS.

Statutory Debt Limit and Net Indebtedness

**Statement of Debt Contracting Power
As of June 28, 2023**

	Amount	Percentage
Debt Contracting Limitation:	\$250,425,773	100.00%
Gross Indebtedness:		
Serial Bonds	19,145,000	7.64
Bond Anticipation Notes	<u>24,145,100</u>	9.64
Total Gross Indebtedness	43,290,100	17.29
Less Exclusions:		
Water Bonds and Notes	19,657,630	7.85
Appropriation for Debt	<u>270,000</u>	0.11
Total Exclusions	19,927,630	7.96
Total Net Indebtedness	<u>23,362,470</u>	9.33
Net Debt Contracting Margin	\$227,063,303	90.67%

Tax Anticipation Notes

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

Bond Anticipation Notes

The Town’s \$24,145,100 Bond Anticipation Notes – 2022 are coming due on July 27, 2023. The proceeds of the Notes will be used to redeem this issue. (Please see, “*Authority for and Purpose of the Notes*”, herein.)

Environmental Facilities Corporation

On June 10, 2021, the Town issued and sold \$897,242 Drinking Water Statutory Installment Bond - 2021 to EFC. The Town has made annual payments of \$29,910 beginning January 8, 2022, with a final maturity of January 8, 2051. As of June 30, 2023, \$837,600 of principal remains outstanding.

On March 8, 2018, the Town issued and sold \$2,120,209 Drinking Water Statutory Installment Bond - 2018 to EFC. The Town has made annual payments of \$71,000 beginning September 1, 2018, with a final maturity of September 1, 2047. As of June 30, 2023, \$1,767,000 of principal remains outstanding.

Trend of Capital Debt

Debt History

	Fiscal Year Ending December 31:				
	2017	2018	2019	2020	2021
Debt Outstanding End of Year					
Bonds	\$18,410,000	\$22,295,000	\$23,641,800	\$22,236,800	\$20,960,000
Bond Anticipation Notes	2,652,000	3,492,200	3,300,900	0	0
Total Debt Outstanding	<u>\$21,062,000</u>	<u>\$25,787,200</u>	<u>\$26,942,700</u>	<u>\$22,236,800</u>	<u>\$20,960,000</u>

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the 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 unit's total value. Authorized but unissued debt has not been included.

**Statement of Direct and Overlapping Indebtedness
As of June 28, 2023**

Gross Direct Indebtedness	\$43,290,100
Exclusions and Deductions	<u>19,927,630</u>
Net Direct Indebtedness	\$23,362,470

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Indebtedness</u>	<u>Percentage Applicable</u>	<u>Applicable Net Overlapping Debt</u>
County	10-17-22	\$226,669,000	8.91%	21,196,208
School District:				
Middletown City SD	11-11-22	93,650,000	50.46	47,255,790
Goshen CSD	12-20-22	24,980,000	17.39	4,344,022
Minisink Valley CSD	12-26-22	62,790,030	5.17	3,246,245
Pine Bush CSD	12-15-22	20,035,572	33.28	6,667,838
Valley CSD	06-13-22	25,580,000	4.00	1,023,200
Total				<u>\$82,733,303</u>

Source: Data provided by MSRB.

Debt Ratios

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

**Direct and Overlapping Debt Ratios
As of June 28, 2023**

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Ratio To Full Value ⁽²⁾</u>
Net Direct Debt	\$ 23,362,470	\$ 748	0.55%
Net Direct and Overlapping Debt	106,095,773	3,396	2.48

(1) The population of the Town is 31,244 according to 5-year American Community Survey Estimates.

(2) The Town's full valuation for year ending 2023 is \$4,285,183,420.

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>

(The remainder of this page was intentionally left blank.)

Debt Service Schedule

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

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	
	2023 ⁽²⁾	\$1,055,000	\$640,706	
2024	1,085,000	599,631	1,684,631	10.74
2025	1,125,000	558,031	1,683,031	16.38
2026	1,170,000	515,381	1,685,381	22.25
2027	1,190,000	470,731	1,660,731	28.22
2028	1,245,000	424,307	1,669,307	34.47
2029	1,290,000	379,806	1,669,806	40.94
2030	1,330,000	342,181	1,672,181	47.62
2031	1,360,000	308,144	1,668,144	54.44
2032	900,000	278,150	1,178,150	58.96
2033	920,000	251,888	1,171,888	63.57
2034	950,000	224,678	1,174,678	68.34
2035	980,000	196,156	1,176,156	73.26
2036	1,010,000	166,231	1,176,231	78.32
2037	1,045,000	135,091	1,180,091	83.57
2038	1,065,000	101,641	1,166,641	88.91
2039	780,000	72,159	852,159	92.82
2040	800,000	46,063	846,063	96.84
2041	630,000	21,294	651,294	100.00
	<u>\$19,930,000</u>	<u>\$5,732,269</u>	<u>\$25,662,269</u>	

(1) Does not include EFC loans.

(2) For entire fiscal year.

ECONOMIC AND DEMOGRAPHIC DATA

Population

	Population Trend				
	2010	2020	2022	% Change	
				2010-20	2020-22
Town	27,426	30,486	31,244	11.2%	2.49%
County	372,813	401,310	405,941	7.6	1.15
State	19,378,102	20,201,249	19,677,151	4.2	(2.59)

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

Income

Per Capita Money Income

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
Town	\$28,625	\$37,427	30.7%
County	28,944	35,616	23.1
State	30,948	40,898	32.2

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 and County residents are employed, unemployment trends and major employers situated in the Town.

**Average Employed Civilian Labor Force
2010 - 2022**

	<u>2010</u>	<u>2020</u>	<u>2022</u>	<u>% Change</u>	
				<u>2010-2020</u>	<u>2020-2022</u>
Town	13,100	15,200	15,500	16.0%	2.0%
County	166,800	186,600	190,500	11.9	2.1
State	8,769,700	9,575,000	9,617,000	9.2	0.4

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2014	5.6%	5.5%	6.3%
2015	4.6	4.7	5.2
2016	4.2	4.4	4.9
2017	4.4	4.5	4.6
2018	3.7	3.9	4.1
2019	3.5	3.6	3.9
2020	8.3	8.0	9.8
2021	4.7	4.7	7.0
2022	3.3	3.2	4.3
2023			
Jan	3.7	3.7	4.6
Feb	3.5	3.4	4.5
Mar	3.1	3.0	4.0
Apr	2.4	2.4	3.7

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	Colleges & Technical Institutes	4,000
Orange Regional Medical Center	Healthcare	2,524
Crystal Run Health	Healthcare	2,050
Orange County Government	Government	1,904
Access: Supports for Living	Non-Profit Organizations	1,400
St Luke's Cornwall Hospital	Healthcare	1,247
Elant, Inc.	Healthcare	1,200
Amscan, Inc.	Manufacturing & Distribution	800
C & S Wholesale Grocers, Inc.	Distribution	800
Empire Blue Cross/Blue Shield	Service	795
Spectrum Enterprise	Communications	750
Bon Secours Community Hospital	Healthcare	598
Cornerstone Family Healthcare	Healthcare	550
Amscan, Inc.	Distribution	525
The ARC of Orange County	Non-Profit Organizations	525
Here's Help Staffing & Recruiting	Staffing Services	500
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500
Mirabito Energy Products	Distribution	500
Staples, Inc.	Distribution	460
Verla International LTD	Manufacturing	445
YRC Worldwide	Cargo & freight	435
SUNY Orange	Education	418
Adecco	Service	400
United Natural Foods, Inc (UNFI)	National Distributor of Natural, Organic and Specialty Foods	400

Source: 2022 official statement for Orange County dated November 10, 2022.

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.

END OF APPENDIX A

APPENDIX B

**UNAUDITED SUMMARY OF
FINANCIAL STATEMENTS AND BUDGETS**

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

AS OF DECEMBER 31:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,531,673	\$ 7,626,057	\$ 7,167,953	\$ 10,881,788
Accounts Receivables	247,490	380,779	684,140	236,192
Accounts Taxes	0	0	0	67,614
State and Federal Aid Receivable	1,391,459	308,858	363,606	304,781
Due From Other Governments	1,306,351	1,867,451	2,107,567	2,390,602
Due From Other Funds	551,263	541,017	711,017	1,044,290
Restricted Assets	0	0	0	0
Advances To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 <u>\$ 11,028,236</u>	 <u>\$ 10,724,162</u>	 <u>\$ 11,034,283</u>	 <u>\$ 14,925,267</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 991,726	\$ 182,594	\$ 278,545	\$ 465,176
Accrued Liabilities	635,909	549,357	454,159	123,216
Employee Payroll Deductions	0	0	0	139,650
Deposits Payable	0	0	0	2,793,084
Due to Other Governments	0	0	0	0
Due to Retirement System	861,237	783,862	90,780	1,006,509
Due To Other Funds	580,073	211,043	822,671	550,741
Deferred Revenues	0	0	132,634	0
Other Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>\$ 3,068,945</u>	 <u>\$ 1,726,856</u>	 <u>\$ 1,778,789</u>	 <u>\$ 5,078,376</u>
Fund Equity:				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	587,950	585,125	585,497	586,026
Committed	750,000	750,000	750,000	750,000
Assigned	92,486	486,954	199,652	1,095,417
Unassigned	<u>6,528,855</u>	<u>7,175,227</u>	<u>7,720,345</u>	<u>7,415,448</u>
 Total Fund Equity	 <u>\$ 7,959,291</u>	 <u>\$ 8,997,306</u>	 <u>\$ 9,255,494</u>	 <u>\$ 9,846,891</u>
 Total Liabilities and Fund Equity	 <u>\$ 11,028,236</u>	 <u>\$ 10,724,162</u>	 <u>\$ 11,034,283</u>	 <u>\$ 14,925,267</u>

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

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

YEARS ENDED DECEMBER 31:

	2017	2018	2019	2020
REVENUES:				
Real Property Taxes	\$ 6,112,853	\$ 6,330,369	\$ 6,432,354	\$ 6,432,354
Other Tax Items	471,796	499,753	626,555	675,967
Non Property Tax Items	4,447,036	4,605,748	4,769,538	4,537,895
Departmental Income	811,862	874,624	834,560	786,081
Intergovernmental Charges	0	241,537	438,610	380,285
Use Of Money And Property	246,619	234,800	263,421	222,463
Sale Of Property And Compensation For Loss	6,166	2,131	20,986	513,301
Licenses and Permits	693,407	749,827	706,690	586,084
Fines and Forfeitures	1,552,308	1,529,052	1,339,998	887,760
Interfund Revenue	0	0	0	0
State And Federal Aid	1,360,060	1,250,831	1,438,846	1,569,000
Miscellaneous	86,267	99,175	193,359	256,102
Total Revenues	15,788,374	16,417,847	17,064,917	16,847,292
EXPENDITURES:				
Current:				
General Government Support	2,557,944	2,423,827	2,706,773	2,556,382
Public Safety	5,008,567	5,526,876	6,682,471	5,938,076
Health	1,204	1,039	1,608	1,191
Transportation	642,426	837,036	912,173	780,270
Economic Assistance And Opportunity	7,900	5,818	8,732	3,300
Culture And Recreation	1,011,516	954,891	1,188,444	1,135,414
Home And Community Services	581,292	526,593	734,702	667,491
Employee Benefits	4,343,732	4,682,442	4,904,288	5,080,603
Debt Service	654,990	654,654	750,867	576,186
Total Expenditures	14,809,571	15,613,176	17,890,058	16,738,913
Excess of Revenues Over Expenditures	978,803	804,671	(825,141)	108,379
OTHER FINANCING SOURCES (USES):				
Issuance Premium	0	0	597,050	0
Refunding Bonds Issued	0	0	4,455,000	0
Payment to Refunding Bonds Escrow Agent	0	0	(4,953,419)	0
Sale of Real Property	23,740	13,920	3,000	0
Insurance Recoveries	100,775	145,924	273,204	113,155
Operating Transfers - In	115,000	108,500	743,494	500,553
Operating Transfers - Out	(132,429)	(35,000)	(35,000)	(130,690)
Total Other Financing Sources (Uses)	107,086	233,344	1,083,329	483,018
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,085,889	1,038,015	258,188	591,397
Fund Equity - Beginning of Year	6,873,402	7,959,291	8,997,306	9,255,494
Prior Period Adjustments	0	0	0	0
Residual Equity Transfer	0	0	0	0
Fund Equity - End of Year	\$ 7,959,291	\$ 8,997,306	\$ 9,255,494	\$ 9,846,891

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

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

AS OF DECEMBER 31:

	2017	2018	2019	2020
ASSETS				
Cash and Cash Equivalents	\$ 12,064,604	\$ 14,283,894	\$ 15,383,133	\$ 14,580,852
Accounts Receivables	34,561	11,514	29,610	31,941
Water and Sewer Rents	1,879,242	1,985,615	2,345,649	2,565,206
Due From Other Funds	2,107,978	1,040,378	668,584	2,594,149
Due From Other Governments	45,890	36,124	49,120	32,748
 Total Assets	 \$ 16,132,275	 \$ 17,357,525	 \$ 18,476,096	 \$ 19,804,896
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 493,911	\$ 315,109	\$ 410,846	\$ 535,075
Accrued Liabilities	122,518	146,545	179,684	78,160
Due to Retirement System	295,996	274,479	283,646	304,340
Due To Other Funds	233,319	342,707	327,707	966,680
Due To Other Governments	0	0	46,223	0
Deferred Revenues	0	0	0	0
 Total Liabilities	 \$ 1,145,744	 \$ 1,078,840	 \$ 1,248,106	 \$ 1,884,255
 Fund Equity:				
Committed	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Restricted	807,320	699,617	826,181	1,370,994
Assigned	13,879,211	15,279,068	16,101,809	16,249,647
Unassigned	0	0	0	0
 Total Fund Equity	 \$ 14,986,531	 \$ 16,278,685	 \$ 17,227,990	 \$ 17,920,641
 Total Liabilities and Fund Equity	 \$ 16,132,275	 \$ 17,357,525	 \$ 18,476,096	 \$ 19,804,896

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

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

Such presentation however has not been audited.

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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:

	2017	2018	2019	2020
REVENUES:				
Real Property Taxes	\$ 7,593,170	\$ 7,622,665	\$ 8,096,774	\$ 8,203,344
Other Tax Items	82,235	91,778	70,344	42,473
Intergovernmental Charges	245,776	273,556	266,811	200,750
Departmental Income	4,622,736	4,886,262	5,375,997	5,309,551
Use Of Money And Property	16,201	47,677	240,279	146,679
Sale Of Property And Compensation For Loss	79,219	30,289	34,191	33,237
Interfund Revenues	121,474	196,573	213,712	132,576
State Aid	497,426	488,622	488,760	390,979
Federal Aid	0	0	0	0
Miscellaneous	125,646	219,598	120,441	240,615
	13,383,883	13,857,020	14,907,309	14,700,204
EXPENDITURES:				
Current:				
General Government Support	3,239	3,091	3,259	0
Health	0	0	0	266
Transportation	4,309,713	3,862,900	4,562,602	4,197,879
Home And Community Services	4,864,573	4,384,948	4,915,842	4,508,831
Employee Benefits	2,191,771	2,281,882	2,328,212	2,476,218
Debt Service	1,216,025	1,396,483	1,616,789	1,620,574
	12,585,321	11,929,304	13,426,704	12,803,768
Excess of Revenues Over (Under) Expenditures	798,562	1,927,716	1,480,605	1,896,436
OTHER FINANCING SOURCES (USES):				
Proceeds From Installment Debt	0	0	0	0
Proceeds From Serial Bonds	0	0	0	0
BANs Redeemed From Appropriations	0	0	0	0
Operating Transfers - In	139,753	93,119	36,480	236,602
Operating Transfers - Out	(309,546)	(728,681)	(567,780)	(1,440,387)
	(169,793)	(635,562)	(531,300)	(1,203,785)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	628,769	1,292,154	949,305	692,651
Fund Balances - Beginning of Year	14,357,762	14,986,531	16,278,685	17,227,990
Adjustments (2)	0	0	0	0
Fund Balances - End of Year	\$ 14,986,531	\$ 16,278,685	\$ 17,227,990	\$ 17,920,641

(1) Other Major Governmental Funds Include: Highway, Sewer, Water, 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
2022 OPERATING BUDGET**

	General Fund	Highway Fund	Consolidated Water Dist Fund	Consolidated Sewer Dist Fund	Combined Totals
ESTIMATED REVENUES:					
Real Property Taxes	\$ 6,683,338	\$ 6,088,251	\$ 0	\$ 0	\$ 12,771,589
Chargeback from Agencies	0	0	0	0	0
Other Payments in Lieu of Taxes	185,054	49,411	0	0	234,465
Real Property Tax Items	39,000	0	1,402,241	1,675,786	3,117,027
Non-Property Taxes	7,120,000	0	0	0	7,120,000
Departmental Income	859,234	78,998	2,940,086	2,707,530	6,585,848
Intergovernmental Charges	465,900	238,228	0	0	704,128
Use Of Money And Property	120,000	7,500	20,200	20,000	167,700
Licenses And Permits	809,100	0	0	0	809,100
Fines And Forfeitures	950,000	0	0	0	950,000
Sale Of Property And Compensation For Loss	0	0	0	0	0
Interfund Revenue	639,750	435,614	4,770	0	1,080,134
State Aid	1,236,191	407,400	0	0	1,643,591
Federal Aid	260,000	0	0	0	260,000
Water/Sewer Mgt Charge	75,000	0	0	0	75,000
Miscellaneous	0	0	0	0	0
Total Estimated Revenues	19,442,567	7,305,402	4,367,297	4,403,316	35,518,582
APPROPRIATIONS:					
Current:					
General Government Support	3,062,866	32,000	100,000	100,000	3,294,866
Public Safety	7,322,182	0	0	0	7,322,182
Health	0	0	0	0	0
Transportation	694,771	5,335,540	0	0	6,030,311
Economic Assistance And Opportunity	11,500	0	0	0	11,500
Culture And Recreation	1,326,512	0	0	0	1,326,512
Home And Community Services	716,792	0	2,765,550	2,414,380	5,896,722
Interfund Transfers	244,934	0	372,400	769,889	0
Employee Benefits	6,175,890	1,821,597	578,247	578,247	9,153,981
Debt Service	577,120	116,265	577,295	540,800	1,811,480
Total Appropriations	20,132,567	7,305,402	4,393,492	4,403,316	36,234,777
Excess Of Estimated Revenues Over Appropriations	(690,000)	0	(26,195)	0	(716,195)
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
APPROPRIATED FUND BALANCE	\$ 690,000	\$ 0	\$ 26,195	\$ 0	\$ 716,195

**TOWN OF WALLKILL
2023 OPERATING BUDGET**

	General Fund	Highway Fund	Consolidated Water Dist Fund	Consolidated Sewer Dist Fund	Combined Totals
ESTIMATED REVENUES:					
Real Property Taxes	\$ 6,122,851	\$ 6,711,029	\$ 1,500,832	\$ 1,805,450	\$ 16,140,161
Chargeback from Agencies	0	0	0	0	0
Other Payments in Lieu of Taxes	183,174	58,027	0	0	241,201
Real Property Tax Items	30,000	0	0	0	30,000
Non-Property Taxes	7,470,000	1,900	0	0	7,471,900
Departmental Income	1,072,053	0	3,053,986	2,707,500	6,833,539
Intergovernmental Charges	465,000	337,000	0	0	802,000
Use Of Money And Property	175,500	7,500	20,200	20,000	223,200
Licenses And Permits	908,900	0	0	0	908,900
Fines And Forfeitures	800,000	0	0	0	800,000
Sale Of Property And Compensation For Loss	0	55,500	0	0	55,500
Interfund Revenue	275,000	325,680	266,804	202,200	1,069,684
State Aid	1,542,310	660,000	0	0	2,202,310
Federal Aid	482,136	0	0	0	482,136
Water/Sewer Mgt Charge	0	0	0	0	0
Miscellaneous	0	0	20,770	0	20,770
Total Estimated Revenues	19,526,925	8,156,636	4,862,591	4,735,150	37,281,302
APPROPRIATIONS:					
Current:					
General Government Support	4,090,940	36,000	104,000	104,000	4,334,940
Public Safety	7,385,890	0	0	0	7,385,890
Health	0	0	0	0	0
Transportation	570,363	6,070,877	0	0	6,641,240
Economic Assistance And Opportunity	0	0	0	0	0
Culture And Recreation	1,404,454	0	0	0	1,404,454
Home And Community Services	895,556	0	3,036,871	2,665,719	6,598,146
Interfund Transfers	0	0	0	409,966	0
Employee Benefits	6,239,708	1,917,348	644,870	644,871	9,446,797
Debt Service	598,814	147,150	1,076,850	910,594	2,733,408
Total Appropriations	21,185,725	8,171,375	4,862,591	4,735,150	38,954,841
Excess Of Estimated Revenues Over Appropriations	(1,658,800)	(14,739)	0	0	(1,673,539)
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
APPROPRIATED FUND BALANCE	\$ 1,658,800	\$ 14,739	\$ 0	\$ 0	\$ 1,673,539

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

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/P21732683.pdf>

The audited financial statements referenced above are hereby incorporated into this 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. In addition, PKF O’Connor Davies, LLP has not been requested to reviewed information included in the Official Statement.**

APPENDIX D

FORM OF LEGAL OPINION

July 27, 2023

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

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Town of Wallkill, Orange County, New York
\$24,145,100 Bond Anticipation Notes, 2023

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$24,145,100 Bond Anticipation Notes, 2023 (the "Obligation"), of the Town of Wallkill, Orange County, New York (the "Obligor"), dated July 27, 2023 and payable July 25, 2024, at maturity.

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

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Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals. 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, corporations subject to the alternative minimum tax on adjusted financial statement income, 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 hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

APPENDIX E

FORM OF DISCLOSURE UNDERTAKING

**EVENT NOTICES CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

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

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

“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.

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Notes” means the Issuer’s \$24,145,100 Bond Anticipation Notes, 2023, dated July 27, 2023.

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

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

“Undertaking” means this Disclosure Undertaking.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Notes, if material;
- (8) Bond or Note calls, if material, and tender offers;

- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (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 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 notify the MSRB, in a timely manner, of any failure by the Issuer to provide a notice described in “B”, above, by the time required by this Undertaking.

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

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

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Notes, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer

undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this July 27, 2023

Supervisor