

MAY 22, 2018

ADDENDUM TO THE PRELIMINARY OFFICIAL STATEMENT
DATED MAY 10, 2018 RELATING TO:

TOWN OF CHESTER
ORANGE COUNTY, NEW YORK
(the "Town")

\$3,650,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2018
(the "Bonds")

Please be advised that the amount of the Bonds has been reduced to \$3,650,000.

The following represents the revised maturity schedule.

BOND MATURITY SCHEDULE

Dated: June 5, 2018

Principal Due: June 1, 2019-2038, inclusive
Interest Due: Semiannually on June 1 and
December 1 in each year to maturity,
commencing June 1, 2019

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>CUSIP #</u>
2019	\$ 70,000			
2020	135,000			
2021	140,000			
2122	145,000			
2023	150,000			
2024	155,000			
2025	160,000			
2026	165,000			
2027	170,000**			
2028	180,000**			
2029	185,000**			
2030	190,000**			
2031	200,000**			
2032	205,000**			
2033	215,000**			
2034	220,000**			
2035	230,000**			
2036	235,000**			
2037	245,000**			
2038	255,000**			

* Amounts are subject to adjustment by the Town following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 (c)(2) of the Local Finance Law.

**Subject to prior redemption.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 10, 2018

NEW ISSUE – SERIAL BONDS

RATING - MOODY'S INVESTORS SERVICE: " "

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivision, including The City of New York. See "TAX MATTERS" herein.

The Town will designate the Bonds as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

\$4,075,000

**TOWN OF CHESTER
ORANGE COUNTY, NEW YORK
(the "Town")**

PUBLIC IMPROVEMENT SERIAL BONDS – 2018

Dated: June 5, 2018

**Principal Due: June 1, 2019-2038, inclusive
Interest Due: Semiannually on June 1 and
December 1 in each year to maturity,
commencing June 1, 2019**

SEE BOND MATURITY SCHEDULE HEREIN

The Bonds are general obligations of the Town of Chester, Orange County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "*Tax Levy Limit Law*" herein).

The Bonds maturing on June 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Town, as a whole or in part, on any date on or after June 1, 2026. (See "*Optional Redemption*" under "*THE BONDS*," herein.)

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

If registered in the name of the purchaser, a single bond certificate shall be issued for each maturity of the Bonds registered in the name of the purchaser. Principal of and interest on such Bonds will be payable in Federal Funds by the Town, at such bank or trust company located and authorized to do business in the State of New York as selected by the purchaser.

If issued in book-entry form, the Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds 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 (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) 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 Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See "*Description of Book-Entry System*" under "*THE BONDS*," herein).

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on May 23, 2018, in accordance with the Notice of Sale dated May 10, 2018.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Town, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC in Jersey City, New Jersey, or as otherwise agreed to by the Town and the Purchaser on or about June 5, 2018 in New York, New York.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

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

\$4,075,000 PUBLIC IMPROVEMENT SERIAL BONDS - 2018

BOND MATURITY SCHEDULE

Dated: June 5, 2018

Principal Due: June 1, 2019-2038, inclusive
Interest Due: Semiannually on June 1 and
December 1 in each year to maturity,
commencing June 1, 2019

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2019	\$80,000			
2020	150,000			
2021	155,000			
2122	160,000			
2023	165,000			
2024	175,000			
2025	180,000			
2026	185,000			
2027	190,000**			
2028	200,000**			
2029	205,000**			
2030	215,000**			
2031	225,000**			
2032	230,000**			
2033	235,000**			
2034	245,000**			
2035	255,000**			
2036	265,000**			
2037	275,000**			
2038	285,000**			

* Amounts are subject to adjustment by the Town following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 (c)(2) of the Local Finance Law.

**Subject to prior redemption

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

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TOWN BOARD

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* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

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No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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OFFICIAL STATEMENT

\$4,075,000

TOWN OF CHESTER ORANGE COUNTY, NEW YORK

PUBLIC IMPROVEMENT SERIAL BONDS – 2018

This Official Statement and the appendices hereto present certain information relating to the Town of Chester, in the County of Orange, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$4,075,000 Public Improvement Serial Bonds – 2018 (the “Bonds”) of the Town.

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 Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description of the Bonds

The Bonds will be dated June 5, 2018, and will mature on June 1, in each of the years 2019 to 2038, inclusive, in the principal amounts as set forth on the inside cover page hereof.

At the option of the purchaser, the Bonds may be either (i) registered to the purchaser or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds.

If registered in the name of the purchaser, a single bond certificate shall be issued for each maturity of the Bonds registered in the name of the purchaser. Principal of and interest on such Bonds will be payable in Federal Funds by the Town, at such bank or trust company located and authorized to do business in the State of New York as selected by the purchaser.

If issued in book-entry form, the Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds 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 (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) 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 Direct Participants (as hereinafter defined) 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*” under “*THE BONDS*,” herein).

The Record Date of the Bonds will be the fifteenth day of the month preceding each interest payment date.

The Town will act as Fiscal Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The Town’s contact information is as follows: Alex Jamieson, Supervisor, Town of Chester, 1786 Kings Highway, Chester, New York 10918, telephone number 845/469-7000, email: ajamieson@thetownofchester.org.

Optional Redemption

The Bonds maturing on or before June 1, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on June 1, 2027 and thereafter will be subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after June 1, 2026, at par plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Description of Book-Entry System

DTC will act as Securities Depository for the Bonds, if issued as book-entry bonds. Such Bonds will be issued as fully registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds and deposited with DTC.

DTC is 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 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") and together with Direct Participant, the ("Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Certificated Bonds

Principal of and interest on Bonds that are registered in the name of the purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

If the Bonds are issued as book-entry bonds registered in the name of Cede & Co., DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: The Bonds will be in registered form in denominations of \$5,000, or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Town as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and various bond resolutions duly adopted by the Town Board, authorizing the issuance of serial bonds for the following purposes. The proceeds of the Bonds, along with available funds in the amount of \$10,000, will be used to redeem outstanding bond anticipation notes in the amount of \$4,085,000 as follows:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Amount to be Paid</u>	<u>Amount to be Issued</u>
08/26/2015	Increase and Improvement of Facilities of the Walton Lake Water District	\$ 335,000	\$10,000	\$ 325,000
06/14/2017	Construction of a Senior Center	1,900,000	-	1,900,000
03/22/2017	Conversion of the Former Ambulance Building to the Police Department Building	1,850,000	-	1,850,000
		<u>\$4,085,000</u>	<u>\$10,000</u>	<u>\$4,075,000</u>

For further information regarding bond authorizations of the Town for capital purposes and other matters relating thereto see "Indebtedness of the Town".

Nature of Obligation

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

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. (See "*Tax Levy Limit Law*", herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. However, Chapter 97 of the New York Laws of 2011, as amended (the "*Tax Levy Limit Law*"), imposes a limitation upon the Town's power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

The Town's credit rating could be affected by circumstances beyond the Town's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town's credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of the holder to potentially incur a capital loss if such Bond is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The Town’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially 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 “*State Aid*” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see “*Tax Matters*” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Bonds. (See “*Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town, to pay debt service on the Bonds.

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the Town default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. Each Bond is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town’s contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder’s remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State’s highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State.

Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a financial control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

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

THE TOWN

There follows in this Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

Description

The Town, which encompasses about 25 square miles and has a current population of 11,901 according to the 2016 U.S. Census, is located in the south-eastern portion of Orange County. It is bounded on the east by the Towns of Monroe and Blooming Grove; on the north and west by the Town of Goshen; and on the south by the Town of Warwick. The Town includes the Village of Chester and other communities, such as Sugar Loaf and Walton Lake Estates.

The Town is primarily residential and agricultural in character with some commercial and industrial enterprises. Commercial activity is centered in the business district of the Village of Chester and in shopping centers. Residential development consists of single-family homes, a condominium complex and an apartment complex. In addition to employment opportunities in the Town, residents commute to New York City, Newburgh, Middletown, and Goshen (the County Seat).

Rail transportation is provided by the Southern Norfolk Railroad. Commuter bus service is available to New York City. Highways include New York State Route 17 (the Quickway), with an interchange in the Town, as well as a network of Town and County roads.

Utilities and Other Services

Electricity and natural gas is supplied to the Town by Orange & Rockland Utilities, Inc., and Central Hudson Gas & Electric Corp. The Town is the supplier of water and, through a number of special assessment water districts, is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such districts. Sanitary sewer services are provided to about 60% of the Town residents through private sewer systems. The balance of the Town uses septic systems. Police protection is provided by the Town Police Department and fire protection is provided by the Chester Fire District.

Government

The Town was established in 1845. Four independently governed school districts are located partially within the Town which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

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

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive officer of the Town, elected for a term of four years. The four other members of the Town Board are elected to four-year terms. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

The Town Clerk and the Tax Collector are elected to four-year terms. The Highway Superintendent is elected to a four-year term. The Town Board appoints the assessor, the Town Attorney and the Town Engineer.

Summary of Building Activity
(Number of Building Permits Issued)

<u>Year</u>	<u>Residential</u>	<u>Commercial & Industrial</u>	<u>Total</u>
2013	9	-	9
2014	21	-	21
2015	8	-	8
2016	29	-	29
2017	21	-	21

Financial Organization

The Supervisor is the chief fiscal officer of the Town; his duties include administration, direction and control of budget and insurance, accounts payable and receivable and payroll. The Supervisor is also responsible for drafting and preparing the budget and securing and administering State and Federal grants.

Employees

The Town provides services through approximately 42 full-time and 24 part-time employees. Eleven Highway Department employees are represented by Teamsters Local 445 under a contract which expired on May 31, 2017 and 13 Town police officers are represented by the Town of Chester PBA under a contract which expires December 31, 2019.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

<u>Year</u>	<u>Town of Chester</u>	<u>Orange County</u>	<u>State of New York</u>
1990	9,138	307,647	17,990,455
2000	12,140	341,367	18,976,457
2010	12,135	370,201	19,378,102
2016	11,901	376,242	19,697,457

Source: U.S. Bureau of the Census.

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Chester	\$18,684	\$25,900	\$38,236	\$34,867
County of Orange	15,198	21,597	28,944	31,272
State of New York	16,501	23,389	30,791	34,212

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Chester	\$51,447	\$69,280	\$90,915	\$91,879
County of Orange	39,198	52,058	69,523	71,910
State of New York	32,965	43,393	55,603	60,741

Source: United States Department of Commerce, Bureau of the Census.

a. Based on American Community Survey 5-Year Estimate (2012-2016)

Unemployment Rate Statistics

Unemployment statistics are not available for the Town as such. The smallest areas for which such statistics are available (which include the Town) is the County of Orange. The information set forth below with respect to such County and the State is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County and the State is necessarily representative of the Town or vice versa.

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>
2013	6.8	7.7
2014	5.5	6.3
2015	4.7	5.3
2016	4.3	4.8
2017	4.6	4.7
2018 (2 Month Average)	5.2	5.1

Source: Department of Labor, State of New York

Selected Listing of Larger Employees

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
C&S Grocery Wholesalers	Food Distribution	1,000
AMSCAN	Warehouse/Distribution	425
Pep Boys	Warehouse/ Distribution	200
United Parcel Service	Parcel Delivery	200
Nexan	Manufacturing	187
Palmer/LP Transport	Trucking & Delivery	100

Source: Town Officials.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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 periods of probable usefulness of the objects or purposes as determined by statute or in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the fiscal year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, except in the event that the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such requirement with respect to the bond resolutions authorizing the issuance of the Bonds.

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, bonds 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 bonds were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*" herein).

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of May 10, 2018)

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2014	\$790,452,431	67.00	\$1,179,779,748
2015	803,044,946	65.25	1,230,720,224
2016	805,457,742	63.00	1,278,504,352
2017	805,489,605	63.00	1,278,554,929
2018	834,135,724	62.50	<u>1,334,617,158</u>
Total Five Year Full Valuation			\$6,302,176,411
Average Five Year Full Valuation			1,260,435,282
Debt Limit - 7% of Average Full Valuation			88,230,470
Inclusions:			
General Purposes Bonds			957,000
Water Purpose Bonds			1,210,000
General Purpose Bond Anticipation Notes			3,750,000
Water Purpose Notes			335,000
Total Indebtedness			<u>6,252,000</u>
Exclusions:			
Appropriations for General Purpose Bonds			85,000
Water Purpose Bonds			1,210,000
Water Purpose Notes			<u>335,000</u>
Total Exclusions			1,630,000
Total Net Indebtedness Before the Issuance of the Bonds			<u>4,622,000</u>
The Bonds			4,075,000
Less BANs to be Paid from the Proceeds			<u>4,075,000</u>
Net Effect of Issuing the Bonds			0
Total Net Indebtedness After the Issuance of the Bonds			4,622,000
Net Debt Contracting Margin			<u><u>\$83,608,470</u></u>
Per Cent of Debt Contracting Margin Exhausted			5.24%

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending Dec. 31	Principal	Interest	Total
2018	\$488,000	\$49,974	\$537,974
2019	438,500	38,814	477,314
2020	369,000	29,800	398,800
2021	374,500	22,015	396,515
2022	325,000	14,100	339,100
2023	100,000	7,500	107,500
2024	100,000	5,250	105,250
2025	100,000	2,750	102,750
	<u>\$2,295,000</u>	<u>\$170,203</u>	<u>\$2,465,203</u>

- a. Does not include refunded bonds and payments made to date.
b. Rounded to the nearest dollar.

Details of Short-Term Indebtedness Outstanding (As of May 10, 2018)

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the aggregate amount of \$4,085,000 for the following purposes: (i) \$2,235,000 for improvements to the Walton Lake Water District and construction of a senior center and (ii) \$1,850,000 for the conversion of the former ambulance building to the police building, both of which mature on June 6, 2018. Such \$4,085,000 will be redeemed with available funds of \$10,000 and the proceeds of the Bonds.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has no authorized but unissued indebtedness.

Trend of Town Indebtedness

The following table represents the trend of outstanding indebtedness not including refunded bonds of the Town at the end of the last five preceding fiscal years.

	Fiscal Year Ending December 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Outstanding End of Year:					
Bonds	\$4,384,100	\$3,787,400	\$3,290,300	\$3,019,905	\$2,295,000
Bond Anticipation Notes	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>380,000</u>	<u>4,085,000</u>
Total	<u>\$4,384,100</u>	<u>\$3,787,400</u>	<u>\$3,690,300</u>	<u>\$3,399,905</u>	<u>\$6,380,000</u>

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	11/10/2017	4.09	\$10,204,030	\$10,204,030
Chester UFSD	06/30/2016	84.45	17,945,625	17,945,625
Goshen UFSD	03/13/2017	0.03	4,569	4,569
Monroe- Woodbury CSD	06/30/2016	8.40	3,831,526	3,831,526
Warwick Valley CSD	06/12/2017	11.31	3,539,238	3,539,238
Village of Chester	01/16/2017	100.00	830,000	830,000
Chester Fire District	12/31/2016	100.00	0	0
Totals			<u>\$36,354,990</u>	<u>\$36,354,990</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Statements.

Debt Ratios (As of May 10, 2018)

	<u>Amount^a</u>	<u>Per Capita^b</u>	<u>Percentage Of Full Value (%)^c</u>
Total Direct Debt	\$ 6,252,000	\$ 525	0.468
Net Direct Debt	4,622,000	388	0.346
Total Direct & Applicable Total Overlapping Debt	42,606,990	3,580	3.192
Net Direct & Applicable Net Overlapping Debt	40,976,990	3,443	3.070

a. Inclusive of the Notes.

b. The estimated population of the Town is 11,901.

c. The full valuation of taxable real property in the Town for 2017 is \$1,334,617,158.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2016. The Town also prepares an Annual Financial Report Update Document (AUD) each year and can be found for fiscal year ending December 31, 2017 in Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

The Statements of Revenues, Expenditures and Changes in Fund Equity presented in Appendix A of this Statement are based on the Audited Financial Statements of the Town for the fiscal years of the Town through and including 2017.

Fund Structure and Accounts

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

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

The Town presently maintains the following governmental funds: General Fund, Highway Fund, Special Districts Funds, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sanitary landfill post closure costs, installment purchases, judgments and claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

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

The Town maintains a list of financial institutions and dealers approved for investment purposes and establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Town conducts business must be credit worthy. Banks are required to provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town. Security dealers not affiliated with a bank are required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The chief fiscal officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

The Town Supervisor is authorized to contract for the purpose of investments: (1) directly, including through a repurchase agreement, from an authorized trading partner, (2) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (3) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

Repurchase agreements are authorized subject to the following restrictions: (1) all repurchase agreements must be entered into subject to a Master Repurchase Agreement; (2) trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (3) obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America; (4) no substitution of securities will be allowed; and (5) the custodian shall be a party other than the trading partner.

Budgetary Procedures

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 August 15th. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. 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 October 5th. 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, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his or her 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 November 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 Supervisor. 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.

Budget Summaries for the 2017 and 2018 fiscal years may be found in Appendix A, herein.

Financial Operations

The Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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

Town finances are operated primarily through the General and Special Revenue Funds. The General Fund receives most of its revenue from real property tax and State aid. Current operating expenditures are paid from these funds subject to available appropriations. The Special Revenue Funds are made up of the Town outside Village, Highway, Sewer, Sanitation, Lighting, Ambulance and Water Funds. The primary source of income for these districts comes 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.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 15.8%).

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. Reference to this website implies no warranty of accuracy of information therein. The most recent audit was released on March 2, 2018. The purpose of the audit was to determine whether Town Officials implemented adequate policies and procedures over employee time and attendance and leave records for the period January 1, 2016 - October 2, 2017. The complete report may be found on the State Comptroller's website.

Revenues

The Town receives most of its revenues from a real property tax on all non-exempt property situated within the Town and from State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A. (See "*Real Property Tax Information*" herein).

State Aid

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

Based on the audited financial statements of the Town, the Town received approximately 5.73% of its total General Fund operating revenue from State aid in 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Town cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years, the Town may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2013 through 2017, inclusive, and the amount budgeted for 2018.

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2013	\$6,577,845	\$351,407	5.34
2014	6,684,186	216,186	3.23
2015	6,833,848	294,298	4.31
2016	7,038,382	326,416	4.64
2017 (Unaudited)	7,147,897	409,896	5.73
2018 (Budgeted)	7,857,409	443,200	5.64

Expenditures

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

Employee Pension System

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). 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 System 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 "Tier 6" employees, as discussed below, 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 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

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

Due to significant capital market declines in the past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. Although investment returns have improved recently, the employer contribution rate for the State's Retirement System may continue to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. To mitigate increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

Although the pension contribution rates under such legislative programs would reduce near-term payments, it will require higher than normal contributions in later years. This Town has not participated in any of the amortization programs and does not intend to do so in the foreseeable future.

Required Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	<u>ERS</u>	<u>PFRS</u>
2013	\$369,918	\$383,643
2014	360,558	464,587
2015	260,332	383,666
2016	322,553	346,512
2017	363,863	352,087
2018 (Budgeted)	560,381	420,000

Other Post Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Town, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") described below requires such accounting.

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

GASB 45 requires municipalities to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities to report a net OPEB obligation at the start.

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

The Town has not conducted the actuarial valuation. The Town provides health insurance coverage for retired employees. Substantially all of the Town's full time employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

REAL PROPERTY TAX INFORMATION

Real 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, herein.) Property taxes accounted for approximately 67.24% of total budgeted general fund revenues, for the fiscal year ended 2017. On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. (See "*Tax Levy Limit Law*" herein).

The following table presents the tax levies for each of the last five fiscal years.

	Tax Levies				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Tax Levies:					
County	\$4,554,571	\$4,703,578	\$4,834,900	\$4,934,083	\$5,116,575
Town and Highway	6,035,427	6,258,393	6,473,681	6,501,864	6,680,969
Sewer	761,698	625,326	651,535	687,480	667,664
Water	121,266	44,023	132,759	189,605	90,302
Fire	1,221,957	1,233,581	1,242,466	1,285,345	1,313,675
Refuse	539,664	569,283	571,303	571,303	545,000
Relevy	72,304	68,866	45,365	67,960	63,086
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Tax Levy	<u>\$13,306,887</u>	<u>\$13,503,050</u>	<u>\$13,952,009</u>	<u>\$14,237,640</u>	<u>\$14,477,271</u>
Assessed Valuation	\$790,452,431	\$803,044,946	\$805,457,752	\$805,489,605	\$834,135,724

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2013 through 2017, and the budgeted amount for 2018.

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2013	\$6,577,845	\$4,505,958	68.50
2014	6,684,186	4,685,474	67.41
2015	6,833,848	4,764,885	68.56
2016	7,038,382	4,931,027	70.06
2017 (Unaudited)	7,147,897	4,806,410	67.24
2018 (Budgeted)	7,857,409	5,198,508	66.16

Tax Collection Procedure

The Town levies and collects all ad valorem and special assessment taxes and charges for general Town, highway, special district and fire district purposes. The Town also collects County and School District property taxes.

Town tax bills, which include the County levy, are mailed on or about January 1 of each year, and may be paid without penalty or interest charge on or before January 31. Penalties for delinquent payment are imposed at the rate of 1% for bills paid in February, 1-1/2% for bills paid in March, and 2% for bills paid in April. Thereafter, all unpaid taxes and the penalties thereon must be paid to the County Commissioner of Finance, and an additional penalty of 5% is added thereto.

The Town permits the payment of its taxes on an installment basis, with equal installments due on or before January 15 and July 15, respectively. A 3% service charge is added to the tax bills of those taxpayers selecting the installment plan. In addition, a 1% interest charge is imposed for the first installment if paid after January 15 and on or before January 20; the installment option may not be exercised thereafter. After January 20, the tax bill is payable in full without interest or penalty if paid on or before January 31.

Pursuant to the Real Property Tax Law, the Town retains from the first tax collections an amount sufficient to satisfy the amounts levied for all Town purposes. The balance is then paid to the County Commissioner of Finance. In April, the Town files a report of uncollected taxes with the County Commissioner of Finance. In the event the Town does not collect sufficient amounts to satisfy all Town purposes, the County is permitted under the Local Finance Law to issue tax anticipation notes to provide funds to pay delinquent Town items to the Town.

School District taxes are billed in September and payable without penalty to September 30th. If paid during October a penalty of 3% is imposed thereon. After October 31st, unpaid School District taxes are returned to the County Treasurer and relieved on the County Tax Roll with a 7% penalty added.

The full amount of the Town tax levies are guaranteed by the County.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after May 31, 2012, continuing through May 31, 2020 as extended, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

Large Taxable Properties 2017 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Orange County Industrial	Warehouse	\$21,773,000
Chester Mall Partners.	Retail	12,298,000
Hudson Transit Lines	Bus	10,147,000
Pep Boys.	Warehouse	9,223,000
Chester Logistics	Warehouse	8,501,700
Meadow Hill Apts LLC	Apartments	7,290,500
Isomedix	Industrial	5,946,800
Chester Logistics LLC	Warehouse	5,727,800
Orange and Rockland	Utility	5,460,000
Chester Investment	Warehouse	5,168,000
Pa Leone LLC	Psychologists	5,072,650
Nexan	Manufacturing	4,675,000
Spirit Lo Chester NY, LLC	Retail	4,607,000
Church Communities NY	Transportation	4,242,500
Orange & Rockland	Utility	3,847,255
Total ^b		<u>\$113,980,205</u>

a. Assessment Roll established in 2017 for levy and collection of taxes in 2018.

b. Represents 14.15% of the 2018 Taxable Assessed Valuation of the Town.

LITIGATION

In common with other towns, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial conditions of the Town.

There is one matter worthy of special mention

Steven M. Sherman vs. Town of Chester, et al – In a case that originated in May, 2008, and filed again on January 12, 2012, this action arises from a residential site plan and subdivision application before the Town of Chester Planning Board, which sought the approval of a multi-unit residential development, as well as a community golf course, equestrian facility, clubhouse and onsite restaurant. Plaintiff/Petitioner alleges that the Town and its various agencies, has systematically delayed and sought to defeat the approval of the application. In this action, Plaintiff/Petitioner asserts ten claims, seeking declaratory relief compelling the approval of the application, as well as compensatory relief in the amount of \$31 million as a result of the alleged federal constitutional violations. The Town has denied all wrong doing and intends vigorously to defend this action and to contest all asserted claims.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2108. The Tax Certificate of the Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Bonds and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds and the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bond under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

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

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the Town will provide an executed copy of its Undertaking to Provide Continuing Disclosure substantially as set forth in Appendix D.

Compliance History

Fiscal Year Ending <u>December 31:</u>	Financial & Operating <u>Information</u>	Audited Financial <u>Statements</u>
2014	06/05/2015	12/09/2015
2015	05/31/2016	11/28/2016
2016	06/29/2017	10/02/2017

BOND RATING

The Town has applied to Moody's for a rating on the Bonds and such rating is pending at this time. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Town's bonds or the availability of a secondary market for such bonds.

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Alex Jamieson, Supervisor, Town of Chester, 1786 Kings Highway, Chester, New York 10918, telephone number 845/469-7000, email: ajamieson@thetownofchester.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

The preparation and distribution of this Official Statement has been authorized by various resolutions of the Town which delegates to the Town Supervisor the power to sell and issue the Bonds.

By: s/s ALEX JAMIESON
Supervisor and Chief Fiscal Officer
Town of Chester
Chester, New York

May , 2018

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Funds (Town-Wide and Town Outside of Village)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 4,505,958	\$ 4,685,474	\$ 4,764,885	\$ 4,931,027	\$ 4,806,410
Real Property Tax Items	156,363	150,749	168,927	178,649	213,818
Non-Property Taxes	1,047,249	1,000,818	1,039,214	1,011,753	1,064,534
Departmental Income	240,543	330,197	293,608	314,398	297,273
Mortgage Tax	309,077	180,634	240,965	275,570	0
Licenses & Permits	11,288	11,051	10,119	10,832	10,213
Use of Money and Property	9,173	9,727	7,135	8,552	6,244
Sale of Property	18,668	5,963	18,371	5,288	14,679
Fines & Forfeitures	170,888	181,401	198,446	212,651	289,664
Miscellaneous	22,908	14,960	18,696	24,024	24,199
Intergovernmental Charges		16,039		14,429	10,967
Interfund Revenues	14,127		19,159		
Federal Aid	29,273	61,621	990	363	
State Aid	42,330	35,552	53,333	50,846	409,896
Total Revenues	<u>\$ 6,577,845</u>	<u>\$ 6,684,186</u>	<u>\$ 6,833,848</u>	<u>\$ 7,038,382</u>	<u>\$ 7,147,897</u>
Expenditures:					
General Government Support	\$ 1,407,037	\$ 1,634,672	\$ 1,493,923	\$ 1,669,368	\$ 1,698,572
Public Safety	1,911,579	1,825,958	1,801,844	1,944,063	2,143,340
Health	34,934	5,370	1,380	1,820	1,376
Transportation	315,944	273,825	261,787	288,279	275,191
Economic Assistance & Opportunity	26,021	25,295	25,978	27,870	28,516
Culture and Recreation	624,098	713,186	622,487	669,567	764,741
Home and Community Services	117,803	102,593	103,896	120,104	129,033
Employee Benefits	1,647,298	1,624,856	1,565,753	1,781,538	1,957,432
Debt Service	628,366	625,996	438,944	437,928	414,503
Total Expenditures	<u>\$ 6,713,080</u>	<u>\$ 6,831,751</u>	<u>\$ 6,315,992</u>	<u>\$ 6,940,537</u>	<u>\$ 7,412,704</u>
Other Financing Sources (Uses):					
Proceeds of Bonds					
Operating Transfers In	3,580				
Operating Transfers Out					
Total Other Financing Sources and Uses	<u>3,580</u>	<u>0</u>	<u>0</u>		
Excess (Deficiency) of Revenues over Expenditures	(131,655)	(147,565)	517,856	97,845	(264,807)
Adjustments					
Fund Balance Beginning of Year	<u>902,181</u>	<u>770,526</u>	<u>622,961</u>	<u>1,140,817</u>	<u>1,238,662</u>
Fund Balance End of Year	<u>\$ 770,526</u>	<u>\$ 622,961</u>	<u>\$ 1,140,817</u>	<u>\$ 1,238,662</u>	<u>\$ 973,855</u>

Sources: Audited Annual Financial Reports of the Town (2013-2016) and Annual Financial Report Update Document (2017)

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 2,598,420	\$ 2,774,597	\$ 2,735,250	\$ 2,834,289	\$ 3,147,000
Non Property Taxes	288,418	299,317	284,158	325,590	325,097
Departmental Income	412,542	421,919	413,742	426,544	401,363
Licenses and Permits	450	450	850	1,000	600
Use of Money and Property	7,528	6,595	5,672	4,298	4,055
Sale of Property	10,749	7,681	3,078	1,330	30,875
Miscellaneous		7,876	10,682	546	234
Intergovernmental Charges	55,836	55,836	55,836	56,430	56,430
Federal Aid	231,179				0
State Aid	83,893	92,985	95,265	102,982	117,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ <u>3,689,015</u>	\$ <u>3,667,256</u>	\$ <u>3,604,533</u>	\$ <u>3,753,009</u>	\$ <u>4,083,471</u>
Expenditures:					
General Governmental Support		14,833	5,953	12,600	5,700
Transportation	1,580,058	1,465,636	1,460,336	1,519,971	1,709,913
Home and Community Service	1,412,061	1,584,108	1,649,798	1,481,497	1,622,852
Employee Benefits	462,601	524,528	535,796	543,744	600,406
Debt Service	174,149	173,764	143,270	152,356	197,719
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ <u>3,628,869</u>	\$ <u>3,762,869</u>	\$ <u>3,795,153</u>	\$ <u>3,710,168</u>	\$ <u>4,136,590</u>
Other Financing Sources (Uses):					
Proceeds of BANs					
Operating Transfers In	258,787				28,433
Operating Transfers Out				(20,000)	
Total Other Financing Sources and Uses	<u>258,787</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>	<u>28,433</u>
Excess (Deficiency) of Revenues over Expenditures	318,933	(95,613)	(190,620)	22,841	(24,686)
Adjustments					
Fund Balance Beginning of Year	<u>1,557,245</u>	<u>1,876,178</u>	<u>1,780,565</u>	<u>1,589,945</u>	<u>1,612,786</u>
Fund Balance End of Year	\$ <u>1,876,178</u>	\$ <u>1,780,565</u>	\$ <u>1,589,945</u>	\$ <u>1,612,786</u>	\$ <u>1,588,100</u>

* Includes Highway, Sewer, Water and Garbage Districts.

Sources: Audited Annual Financial Reports of the Town (2013-2016) and Annual Financial Report Update Document (2017)

Balance Sheets
Fiscal Year Ending December 31, 2017

	General <u>Funds</u>	Special Revenue <u>Funds*</u>
ASSETS:		
Cash	\$ 1,070,495	\$ 1,258,877
Water Rents		46,566
Due from Other Funds	449	63,087
Due from Other Governments	63,087	0
Restricted Assets	<u>3,620</u>	<u>285,909</u>
 Total Assets	 <u><u>\$ 1,137,651</u></u>	 <u><u>\$ 1,654,439</u></u>
LIABILITIES:		
Accounts Payable	74,335	66,339
Due to Other Funds	63,087	
Due to Other Governments	<u>26,374</u>	
 Total Liabilities	 <u><u>\$ 163,796</u></u>	 <u><u>\$ 66,339</u></u>
FUND BALANCES:		
Restricted	3,620	285,909
Assigned	827,174	1,302,191
Unassigned	<u>143,061</u>	
 Total Fund Balances	 <u><u>973,855</u></u>	 <u><u>1,588,100</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$ 1,137,651</u></u>	 <u><u>\$ 1,654,439</u></u>

* Includes Highway, Sewer, Water and Garbage Districts.

Source: 2017 Annual Financial Report Update Document

This table NOT audited.

Budget Summaries - Fiscal Year Ending December 31, 2018

<u>Fund</u>	<u>Appropriations</u>	Less: <u>Estimated Revenue</u>	Less: <u>Unexpended Balance</u>	<u>Amount of Tax Levy</u>
General	\$ 4,284,113	\$ 886,486	\$ 70,000	\$ 3,327,627
General Outside Village	3,573,296	1,302,415	400,000	1,870,881
Highway Townwide	1,118,501	71,846	155,000	891,655
Highway- Outside Village	1,252,216	481,420	180,000	590,796
Water Funds	857,506	428,704	338,500	90,302
Sewer Funds	<u>685,062</u>	<u>17,398</u>	<u></u>	<u>667,664</u>
	<u>\$ 11,770,694</u>	<u>\$ 3,188,269</u>	<u>\$ 1,143,500</u>	<u>\$ 7,438,925</u>

Source: 2018 Adopted Budget

Budget Summaries - Fiscal Year Ending December 31, 2017

<u>Fund</u>	<u>Appropriations</u>	Less: <u>Estimated Revenue</u>	Less: <u>Unexpended Balance</u>	<u>Amount of Tax Levy</u>
General	\$ 4,087,499	\$ 1,004,325	\$ 200,000	\$ 2,883,174
General Outside Village	3,356,802	1,078,566	355,000	1,923,236
Highway Townwide	1,111,576	59,336	50,000	1,002,240
Highway- Outside Village	1,140,274	327,060	120,000	693,214
Water Funds	831,625	429,020	213,000	189,605
Sewer Funds	705,292	17,703		687,589
Garbage District	<u>591,682</u>	<u>3,100</u>	<u></u>	<u>588,582</u>
	<u>\$ 11,824,750</u>	<u>\$ 2,919,110</u>	<u>\$ 938,000</u>	<u>\$ 7,967,640</u>

Source: 2017 Adopted Budget

TOWN OF CHESTER

APPENDIX B

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

TOWN of Chester

County of Orange

For the Fiscal Year Ended 12/31/2017

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

TOWN OF Chester

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2016 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2017:

- (A) GENERAL
- (B) GENERAL TOWN-OUTSIDE VG
- (DA) HIGHWAY-TOWN-WIDE
- (DB) HIGHWAY-PART-TOWN
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (SD) DRAINAGE
- (SR) REFUSE AND GARBAGE
- (SS) SEWER
- (SW) WATER
- (TA) AGENCY
- (V) DEBT SERVICE
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2016 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption
- 7) Schedule of Other Post Employment Benefits (OPEB)

All numbers in this report will be rounded to the nearest dollar.

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	60,388	A200	293,250
Cash In Time Deposits	447,677	A201	136,034
Petty Cash	50	A210	50
TOTAL Cash	508,115		429,334
Due From Other Funds	161	A391	449
TOTAL Due From Other Funds	161		449
Due From Other Governments	68,961	A440	63,087
TOTAL Due From Other Governments	68,961		63,087
Cash Special Reserves	3,614	A230	3,620
TOTAL Restricted Assets	3,614		3,620
TOTAL Assets and Deferred Outflows of Resources	580,851		496,490

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	Edo Code	2017
Accounts Payable	39,823	A600	60,348
TOTAL Accounts Payable	39,823		60,348
Due To Other Funds	68,961	A630	63,087
TOTAL Due To Other Funds	68,961		63,087
Due To Other Governments		A631	26,374
TOTAL Due To Other Governments	0		26,374
TOTAL Liabilities	108,784		149,809
Fund Balance			
Capital Reserve	3,614	A878	3,620
TOTAL Restricted Fund Balance	3,614		3,620
Assigned Appropriated Fund Balance	200,000	A914	200,000
TOTAL Assigned Fund Balance	200,000		200,000
Unassigned Fund Balance	268,453	A917	143,061
TOTAL Unassigned Fund Balance	268,453		143,061
TOTAL Fund Balance	472,067		346,681
TOTAL Liabilities, Deferred Inflows And Fund Balance	580,851		496,490

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	2,912,608	A1001	2,883,174
TOTAL Real Property Taxes	2,912,608		2,883,174
Other Payments In Lieu of Taxes	174,759	A1081	196,246
Interest & Penalties On Real Prop Taxes	3,890	A1090	17,572
TOTAL Real Property Tax Items	178,649		213,818
Tax Collector Fees	19,560	A1232	
Clerk Fees	2,151	A1255	2,838
Park And Recreational Charges	67,230	A2001	71,810
Other Culture & Recreation Income	7,835	A2089	11,485
TOTAL Departmental Income	96,776		86,133
Interest And Earnings	5,379	A2401	3,354
TOTAL Use of Money And Property	5,379		3,354
Dog Licenses	10,682	A2544	9,898
TOTAL Licenses And Permits	10,682		9,898
Fines And Forfeited Bail	211,901	A2610	281,164
Fines & Pen-Dog Cases	750	A2611	850
TOTAL Fines And Forfeitures	212,651		282,014
Sales of Equipment		A2665	321
Insurance Recoveries		A2680	1,861
Other Compensation For Loss	3,139	A2690	66
TOTAL Sale of Property And Compensation For Loss	3,139		2,248
Refunds of Prior Year's Expenditures	3,242	A2701	1,693
Gifts And Donations	13,000	A2705	16,500
Unclassified (specify)	1,750	A2770	1,282
TOTAL Miscellaneous Local Sources	17,992		18,475
St Aid, Revenue Sharing	32,894	A3001	27,894
St Aid, Mortgage Tax	275,570	A3005	356,868
St Aid, Other Public Safety	11,916	A3389	
TOTAL State Aid	320,380		384,562
TOTAL Revenues	3,758,256		3,883,676
TOTAL Detail Revenues And Other Sources	3,758,256		3,883,676

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	Edp Code	2017
Expenditures			
Legislative Board, Pers Serv	59,820	A10101	63,096
Legislative Board, Contr Expend	6,593	A10104	16,235
TOTAL Legislative Board	66,413		79,331
Municipal Court, Pers Serv	211,281	A11101	239,571
Municipal Court, Contr Expend	10,892	A11104	15,764
TOTAL Municipal Court	222,173		255,335
Supervisor, pers Serv	186,030	A12201	212,133
Supervisor, equip & Cap Outlay	231	A12202	
Supervisor, contr Expend	11,122	A12204	10,920
TOTAL Supervisor	197,383		223,053
Auditor, Contr Expend	11,525	A13204	11,700
TOTAL Auditor	11,525		11,700
Tax Collection, pers Serv	16,723	A13301	17,559
Tax Collection, contr Expend	12,033	A13304	7,287
TOTAL Tax Collection	28,756		24,846
Budget, Pers Serv	12,000	A13401	
TOTAL Budget	12,000		0
Assessment, Pers Serv	46,167	A13551	46,594
Assessment, Equip & Cap Outlay	20,694	A13552	2,195
Assessment, Contr Expend	155,556	A13554	155,638
TOTAL Assessment	222,417		204,427
Tax Arrears Board, Pers Serv	2,902	A13601	2,989
Tax Arrears Board, Contr Expend		A13604	190
TOTAL Tax Arrears Board	2,902		3,179
Clerk, pers Serv	191,975	A14101	176,812
Clerk, contr Expend	12,563	A14104	15,686
TOTAL Clerk	204,538		192,498
Law, Contr Expend	120,010	A14204	121,926
TOTAL Law	120,010		121,926
Engineer, Contr Expend		A14404	13,212
TOTAL Engineer	0		13,212
Elections, Contr Expend	12,857	A14504	
TOTAL Elections	12,857		0
Records Mgmt, PerS. Serv.	8,631	A14601	
Records Mgmt, Contr Expend	4,561	A14604	6,517
TOTAL Records Mgmt	13,192		6,517
Buildings, Pers Serv	29,572	A16201	30,438
Buildings, Equip & Cap Outlay	7,850	A16202	16,750
Buildings, Contr Expend	120,528	A16204	121,976
TOTAL Buildings	157,950		169,164
Unallocated Insurance, Contr Expend	175,235	A19104	220,807
TOTAL Unallocated Insurance	175,235		220,807
Municipal Assn Dues, Contr Expend	2,200	A19204	1,500
TOTAL Municipal Assn Dues	2,200		1,500

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(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Judgements And Claims, Contr Expend	1,893	A19304	13,698
TOTAL Judgements And Claims	1,893		13,698
Payment of Mta Payroll Tax, contr Expend	4,837	A19804	5,070
TOTAL Payment of Mta Payroll Tax	4,837		5,070
TOTAL General Government Support	1,456,281		1,546,263
Control of Animals, Contr Expend	35,467	A35104	38,536
TOTAL Control of Animals	35,467		38,536
Civil Defense, Pers Serv	100	A36401	100
TOTAL Civil Defense	100		100
TOTAL Public Safety	35,567		38,636
Street Admin, Pers Serv	157,801	A50101	158,509
Street Admin, Contr Expend	23,896	A50104	17,898
TOTAL Street Admin	181,697		176,407
Garage, Pers Serv	8,585	A51321	11,660
Garage, Contr Expend	47,824	A51324	44,745
TOTAL Garage	56,409		56,405
Bus Operations, Contr Expend	40,972	A56304	33,333
TOTAL Bus Operations	40,972		33,333
TOTAL Transportation	279,078		266,145
Publicity, Contr Expend	500	A64104	500
TOTAL Publicity	500		500
Veterans Service, Contr Expend		A65104	450
TOTAL Veterans Service	0		450
Programs For Aging, Contr Expend	27,370	A67724	27,566
TOTAL Programs For Aging	27,370		27,566
TOTAL Economic Assistance And Opportunity	27,870		28,516
Parks, Pers Serv	21,999	A71101	26,951
Parks, Equip & Cap Outlay		A71102	10,820
Parks, Contr Expend	35,171	A71104	40,166
TOTAL Parks	57,170		76,937
Playgr & Rec Centers, Pers Serv	148,359	A71401	137,535
Playgr & Rec Centers, Contr Expend	42,825	A71404	43,693
TOTAL Playgr & Rec Centers	191,184		181,228
Joint Youth Prog, Pers Serv	54,691	A73201	64,708
Joint Youth Prog, Contr Expend	24,637	A73204	30,035
TOTAL Joint Youth Prog	79,328		94,743
Library, Pers Serv	265,284	A74101	302,251
Library, Contr Expend	72,000	A74104	105,642
TOTAL Library	337,284		407,893
Historian, Pers Serv	1,344	A75101	1,384
Historian, Contr Expend	3,257	A75104	2,556
TOTAL Historian	4,601		3,940
TOTAL Culture And Recreation	669,567		764,741
State Retirement System	163,245	A90108	174,085

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(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Social Security, Employer Cont	107,284	A90308	112,259
Worker's Compensation, Empl Bnfts	83,991	A90408	78,327
Unemployment Insurance, Empl Bnfts	1,188	A90508	10,190
Disability Insurance, Empl Bnfts	2,397	A90558	2,437
Hospital & Medical (dental) Ins, Empl Bnft	520,113	A90608	572,960
TOTAL Employee Benefits	878,213		950,258
Debt Principal, Serial Bonds	375,000	A97106	360,000
TOTAL Debt Principal	375,000		360,000
Debt Interest, Serial Bonds	62,928	A97107	54,503
TOTAL Debt Interest	62,928		54,503
TOTAL Expenditures	3,784,509		4,009,062
TOTAL Detail Expenditures And Other Uses	3,784,509		4,009,062

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(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2016	ExpCode	2017
Analysis of Changes In Fund Balance			
Fund Balance - Beginning of Year	498,320	A8021	472,067
Restated Fund Balance - Beg of Year	498,320	A8022	472,067
ADD - REVENUES AND OTHER SOURCES	3,758,256		3,883,676
DEDUCT - EXPENDITURES AND OTHER USES	3,784,509		4,009,062
Fund Balance - End of Year	472,067	A8029	346,681

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(A) GENERAL

Budget Summary

Code Description	2017	Edp Code	2018
Estimated Revenues			
Est Rev - Real Property Taxes	2,883,174	A1049N	3,327,627
Est Rev - Real Property Tax Items	177,000	A1099N	229,500
Est Rev - Departmental Income	87,700	A1299N	94,400
Est Rev - Use of Money And Property	5,000	A2499N	3,000
Est Rev - Licenses And Permits	11,000	A2599N	9,000
Est Rev - Fines And Forfeitures	101,000	A2649N	115,400
Est Rev - Miscellaneous Local Sources	12,425	A2799N	19,986
Est Rev - State Aid	610,200	A3099N	415,200
TOTAL Estimated Revenues	3,887,499		4,214,113
Appropriated Fund Balance	200,000	A599N	70,000
TOTAL Estimated Other Sources	200,000		70,000
TOTAL Estimated Revenues And Other Sources	4,087,499		4,284,113

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(A) GENERAL

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	1,432,039	A1999N	1,530,911
App - Public Safety	41,205	A3999N	42,723
App - Transportation	271,806	A5999N	277,878
App - Economic Assistance And Opportunity	29,537	A6999N	30,363
App - Culture And Recreation	804,228	A7999N	881,011
App - Employee Benefits	1,009,099	A9199N	1,067,017
App - Debt Service	499,585	A9899N	454,210
TOTAL Appropriations	4,087,499		4,284,113
TOTAL Appropriations And Other Uses	4,087,499		4,284,113

TOWN OF Chester
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(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	154,871	B200	258,870
Cash In Time Deposits	635,969	B201	382,191
Petty Cash	100	B210	100
TOTAL Cash	790,940		641,161
Due From Other Funds	1,000	B391	
TOTAL Due From Other Funds	1,000		0
TOTAL Assets and Deferred Outflows of Resources	791,940		641,161

TOWN OF Chester
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(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Line Description	2016	EdpCode	2017
Accounts Payable	25,345	B600	13,987
TOTAL Accounts Payable	25,345		13,987
TOTAL Liabilities	25,345		13,987
Fund Balance			
Assigned Appropriated Fund Balance	355,000	B914	355,000
Assigned Unappropriated Fund Balance	411,595	B915	272,174
TOTAL Assigned Fund Balance	766,595		627,174
TOTAL Fund Balance	766,595		627,174
TOTAL Liabilities, Deferred Inflows And Fund Balance	791,940		641,161

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(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	2,018,419	B1001	1,923,236
TOTAL Real Property Taxes	2,018,419		1,923,236
Sales Tax (from County)	904,156	B1120	954,798
Franchises	107,597	B1170	109,736
TOTAL Non Property Tax Items	1,011,753		1,064,534
Police Department Fees	752	B1520	573
Safety Inspection Fees	203,818	B1560	202,056
Vital Statistics Fees	1,820	B1603	1,276
Zoning Fees	703	B2110	2,796
Planning Board Fees	10,529	B2115	4,439
TOTAL Departmental Income	217,622		211,140
Public Safety Services For Other Govts	14,429	B2260	10,967
TOTAL Intergovernmental Charges	14,429		10,967
Interest And Earnings	3,173	B2401	2,890
TOTAL Use of Money And Property	3,173		2,890
Permits, Other	150	B2590	315
TOTAL Licenses And Permits	150		315
Fines And Forfeited Bail		B2610	7,650
TOTAL Fines And Forfeitures	0		7,650
Sales of Equipment	123	B2665	1,196
Insurance Recoveries	2,026	B2680	11,235
TOTAL Sale of Property And Compensation For Loss	2,149		12,431
Refunds of Prior Year's Expenditures		B2701	1,322
Unclassified (specify)	6,032	B2770	4,402
TOTAL Miscellaneous Local Sources	6,032		5,724
St Aid, Other Aid For Public Safety	6,036	B3389	25,334
TOTAL State Aid	6,036		25,334
Federal Aid - Other	363	B4089	
TOTAL Federal Aid	363		0
TOTAL Revenues	3,280,126		3,264,221
TOTAL Detail Revenues And Other Sources	3,280,126		3,264,221

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(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2016	EdoCode	2017
Expenditures			
Dir of Finance, Contr Expend		B13104	
TOTAL Dir of Finance	0		0
Engineer, Contr Expend	150,335	B14404	141,228
TOTAL Engineer	150,335		141,228
Buildings, Contr Expend	3,075	B16204	
TOTAL Buildings	3,075		0
Unallocated Insurance, Contr Expend	51,808	B19104	
TOTAL Unallocated Insurance	51,808		0
Judgements And Claims, Contr Expend	1,473	B19304	4,703
TOTAL Judgements And Claims	1,473		4,703
Payment of Mta Payroll Tax, Contr Expend	6,396	B19804	6,378
TOTAL Payment of Mta Payroll Tax	6,396		6,378
TOTAL General Government Support	213,087		152,309
Police, Pers Serv	1,646,396	B31201	1,710,153
Police, Equip & Cap Outlay		B31202	62,775
Police, Contr Expend	123,915	B31204	151,957
TOTAL Police	1,770,311		1,924,885
Safety Inspection, Pers Serv	132,067	B36201	128,457
Safety Inspection, Contr Expend	6,118	B36204	51,362
TOTAL Safety Inspection	138,185		179,819
TOTAL Public Safety	1,908,496		2,104,704
Registrar of Vital Stat Contr Expend	1,820	B40204	1,376
TOTAL Registrar of Vital Stat Contr Expend	1,820		1,376
TOTAL Health	1,820		1,376
Street Lighting, Contr Expend	9,201	B51824	9,046
TOTAL Street Lighting	9,201		9,046
TOTAL Transportation	9,201		9,046
Zoning, Pers Serv	10,646	B80101	14,652
Zoning, Contr Expend	1,497	B80104	6,093
TOTAL Zoning	12,143		20,745
Planning, Pers Serv	92,431	B80201	91,825
Planning, Contr Expend	16,530	B80204	16,463
TOTAL Planning	107,961		108,288
TOTAL Home And Community Services	120,104		129,033
State Retirement, Empl Bnfts	31,713	B90108	32,206
Police & Firemen Retirement, Empl Bnfts	322,558	B90158	352,087
Social Security , Empl Bnfts	138,395	B90308	140,475
Worker's Compensation, Empl Bnfts	53,440	B90408	57,067
Life Insurance, Empl Bnfts	896	B90458	766
Unemployment Insurance, Empl Bnfts		B90508	275
Disability Insurance, Empl Bnfts	1,485	B90558	1,446

TOWN OF Chester
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(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2016	ExpCode	2017
Expenditures			
Hospital & Medical (dental) Ins, Empl Bnft	354,833	B90608	422,852
TOTAL Employee Benefits	903,320		1,007,174
TOTAL Expenditures	3,156,028		3,403,642
TOTAL Detail Expenditures And Other Uses	3,156,028		3,403,642

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(B) GENERAL TOWN-OUTSIDE VG

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	642,497	B8021	766,595
Restated Fund Balance - Beg of Year	642,497	B8022	766,595
ADD - REVENUES AND OTHER SOURCES	3,280,126		3,264,221
DEDUCT - EXPENDITURES AND OTHER USES	3,156,028		3,403,642
Fund Balance - End of Year	766,595	B8029	627,174

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(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	1,923,236	B1049N	1,870,881
Est Rev - Non Property Tax Items	920,000	B1199N	1,020,000
Est Rev - Departmental Income	114,829	B1299N	229,900
Est Rev - Intergovernmental Charges	11,000	B2399N	11,000
Est Rev - Use of Money And Property	3,000	B2499N	3,000
Est Rev - Sale of Prop And Comp For Loss	5,000	B2699N	6,000
Est Rev - Miscellaneous Local Sources	1,097	B2799N	3,015
Est Rev - State Aid	22,140	B3099N	28,000
Est Rev - Federal Aid	1,501	B4099N	1,500
TOTAL Estimated Revenues	3,001,803		3,173,296
Appropriated Fund Balance	355,000	B599N	400,000
TOTAL Estimated Other Sources	355,000		400,000
TOTAL Estimated Revenues And Other Sources	3,356,803		3,573,296

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(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	95,750	B1999N	105,000
App - Public Safety	2,067,241	B3999N	2,167,672
App - Health	1,571	B4999N	1,618
App - Transportation	3,500	B5999N	3,500
App - Home And Community Services	123,761	B8999N	181,763
App - Employee Benefits	1,064,980	B9199N	1,091,743
App - Debt Service		B9899N	22,000
TOTAL Appropriations	3,356,803		3,573,296
TOTAL Appropriations And Other Uses	3,356,803		3,573,296

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(DA) HIGHWAY-TOWN-WIDE

Balance Sheet

Code Description	2016	EdgCode	2017
Assets			
Cash	100,493	DA200	252,817
Cash In Time Deposits	171,518	DA201	47,515
Petty Cash	200	DA210	200
TOTAL Cash	272,211		300,532
Cash Special Reserves	36,955	DA230	11,790
TOTAL Restricted Assets	36,955		11,790
TOTAL Assets and Deferred Outflows of Resources	309,166		312,322

TOWN OF Chester
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(DA) HIGHWAY-TOWN-WIDE

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	53,702	DA600	45,099
TOTAL Accounts Payable	53,702		45,099
TOTAL Liabilities	53,702		45,099
Fund Balance			
Capital Reserve	901	DA878	903
Reserve For Repairs	36,053	DA882	10,887
Other Restricted Fund Balance		DA899	
TOTAL Restricted Fund Balance	36,955		11,790
Assigned Appropriated Fund Balance	50,000	DA914	155,000
Assigned Unappropriated Fund Balance	168,510	DA915	100,433
TOTAL Assigned Fund Balance	218,510		255,433
TOTAL Fund Balance	255,464		267,223
TOTAL Liabilities, Deferred Inflows And Fund Balance	309,166		312,322

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(DA) HIGHWAY-TOWN-WIDE

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	945,693	DA1001	1,002,240
TOTAL Real Property Taxes	945,693		1,002,240
Snow Removal Services-Other Govts	56,430	DA2302	56,430
TOTAL Intergovernmental Charges	56,430		56,430
Interest And Earnings	1,265	DA2401	975
TOTAL Use of Money And Property	1,265		975
Sales of Equipment		DA2665	30,060
TOTAL Sale of Property And Compensation For Loss	0		30,060
Refunds of Prior Year's Expenditures	383	DA2701	234
TOTAL Miscellaneous Local Sources	383		234
St Aid, Consolidated Highway Aid		DA3501	33,270
TOTAL State Aid	0		33,270
TOTAL Revenues	1,003,771		1,123,209
TOTAL Detail Revenues And Other Sources	1,003,771		1,123,209

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(DA) HIGHWAY-TOWN-WIDE

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Payment of Mta Payroll Tax, Contr Expend	989	DA19804	1,104
TOTAL Payment of Mta Payroll Tax	989		1,104
TOTAL General Government Support	989		1,104
Machinery, Pers Serv	134,574	DA51301	137,394
Machinery, Equip & Cap Outlay	124,619	DA51302	185,078
Machinery, Contr Expend	120,703	DA51304	139,165
TOTAL Machinery	379,896		461,637
Brush And Weeds, Pers Serv	93,579	DA51401	99,404
Brush And Weeds, Contr Expend	12,346	DA51404	25,401
TOTAL Brush And Weeds	105,925		124,805
Snow Removal, Pers Serv	61,295	DA51421	87,918
Snow Removal, Contr Expend	169,783	DA51424	188,646
TOTAL Snow Removal	231,078		276,564
TOTAL Transportation	716,899		863,006
State Retirement, Empl Bnfts	62,158	DA90108	65,365
Social Security , Empl Bnfts	22,129	DA90308	24,678
Worker's Compensation, Empl Bnfts	20,485	DA90408	21,876
Disability Insurance, Empl Bnfts	360	DA90558	376
Hospital & Medical (dental) Ins, Empl Bnft	114,391	DA90608	135,045
TOTAL Employee Benefits	219,523		247,340
TOTAL Expenditures	937,411		1,111,450
TOTAL Detail Expenditures And Other Uses	937,411		1,111,450

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(DA) HIGHWAY-TOWN-WIDE

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	189,104	DA8021	255,464
Restated Fund Balance - Beg of Year	189,104	DA8022	255,464
ADD - REVENUES AND OTHER SOURCES	1,003,771		1,123,209
DEDUCT - EXPENDITURES AND OTHER USES	937,411		1,111,450
Fund Balance - End of Year	255,464	DA8029	267,223

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(DA) HIGHWAY-TOWN-WIDE

Budget Summary

Code Description	2017	Edp Code	2018
Estimated Revenues			
Est Rev - Real Property Taxes	1,002,240	DA1049N	891,655
Est Rev - Intergovernmental Charges	55,836	DA2399N	55,846
Est Rev - Use of Money And Property	1,000	DA2499N	1,000
Est Rev - Sale of Prop And Comp For Loss	2,500	DA2699N	15,000
TOTAL Estimated Revenues	1,061,576		963,501
Appropriated Fund Balance	50,000	DA599N	155,000
TOTAL Estimated Other Sources	50,000		155,000
TOTAL Estimated Revenues And Other Sources	1,111,576		1,118,501

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(DA) HIGHWAY-TOWN-WIDE

Budget Summary

Code Description	2017	Edp Code	2018
Appropriations			
App - Transportation	854,051	DA5999N	854,495
App - Employee Benefits	257,525	DA9199N	264,006
TOTAL Appropriations	1,111,576		1,118,501
TOTAL Appropriations And Other Uses	1,111,576		1,118,501

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(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	182,896	DB200	223,656
Cash In Time Deposits	105,467	DB201	64,367
TOTAL Cash	288,363		288,023
TOTAL Assets and Deferred Outflows of Resources	288,363		288,023

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(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	7,168	DB600	10,503
TOTAL Accounts Payable	7,168		10,503
TOTAL Liabilities	7,168		10,503
Fund Balance			
Assigned Appropriated Fund Balance	120,000	DB914	180,000
Assigned Unappropriated Fund Balance	161,195	DB915	97,520
TOTAL Assigned Fund Balance	281,195		277,520
TOTAL Fund Balance	281,195		277,520
TOTAL Liabilities, Deferred Inflows And Fund Balance	288,363		288,023

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(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	599,398	DB1001	693,214
TOTAL Real Property Taxes	599,398		693,214
Sales Tax (from County)	325,590	DB1120	325,097
TOTAL Non Property Tax Items	325,590		325,097
Interest And Earnings	885	DB2401	897
TOTAL Use of Money And Property	885		897
Street Opening Permits	1,000	DB2560	600
TOTAL Licenses And Permits	1,000		600
Sales of Scrap & Excess Materials	1,330	DB2650	815
TOTAL Sale of Property And Compensation For Loss	1,330		815
Unclassified (specify)	30	DB2770	
TOTAL Miscellaneous Local Sources	30		0
St Aid, Consolidated Highway Aid	102,982	DB3501	84,547
TOTAL State Aid	102,982		84,547
TOTAL Revenues	1,031,215		1,105,170
TOTAL Detail Revenues And Other Sources	1,031,215		1,105,170

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(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Judgements And Claims, Contr Expend	481	DB19304	1,452
TOTAL Judgements And Claims	481		1,452
Payment of Mta Payroll Tax, Contr Expend	1,732	DB19804	1,881
TOTAL Payment of Mta Payroll Tax	1,732		1,881
TOTAL General Government Support	2,213		3,333
Maint of Streets, Pers Serv	510,596	DB51101	553,117
Maint of Streets, Contr Expend	257,053	DB51104	258,821
TOTAL Maint of Streets	767,649		811,938
Brush And Weeds, Contr Expend	35,423	DB51404	34,969
TOTAL Brush And Weeds	35,423		34,969
TOTAL Transportation	803,072		846,907
State Retirement, Empl Bnfts	62,158	DB90108	65,365
Social Security, Empl Bnfts	38,591	DB90308	41,879
Worker's Compensation, Empl Bnfts	20,485	DB90408	21,876
Disability Insurance, Empl Bnfts	360	DB90558	392
Hospital & Medical (dental) Ins, Empl Bnft	111,707	DB90608	129,093
TOTAL Employee Benefits	233,301		258,605
TOTAL Expenditures	1,038,586		1,108,845
TOTAL Detail Expenditures And Other Uses	1,038,586		1,108,845

TOWN OF Chester
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(DB) HIGHWAY-PART-TOWN

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	288,566	DB8021	281,195
Restated Fund Balance - Beg of Year	288,568	DB8022	281,195
ADD - REVENUES AND OTHER SOURCES	1,031,215		1,105,170
DEDUCT - EXPENDITURES AND OTHER USES	1,038,586		1,108,845
Fund Balance - End of Year	281,195	DB8029	277,520

TOWN OF Chester
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(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2017	Edp Code	2018
Estimated Revenues			
Est Rev - Real Property Taxes	693,214	DB1049N	590,796
Est Rev - Non Property Tax Items	325,000	DB1199N	400,000
Est Rev - Use of Money And Property	640	DB2499N	500
Est Rev - Licenses And Permits	800	DB2599N	300
Est Rev - Sale of Prop And Comp For Loss	620	DB2699N	620
Est Rev - State Aid		DB3099N	80,000
TOTAL Estimated Revenues	1,020,274		1,072,216
Appropriated Fund Balance	120,000	DB599N	180,000
TOTAL Estimated Other Sources	120,000		180,000
TOTAL Estimated Revenues And Other Sources	1,140,274		1,252,216

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(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2017	Edp Code	2018
Appropriations			
App - Transportation	884,649	DB5999N	988,210
App - Employee Benefits	255,625	DB9199N	264,006
TOTAL Appropriations	1,140,274		1,252,216
TOTAL Appropriations And Other Uses	1,140,274		1,252,216

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(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash		H200	614,944
Cash In Time Deposits	28,381	H201	1,198,501
TOTAL Cash	28,381		1,813,445
TOTAL Assets and Deferred Outflows of Resources	28,381		1,813,445

TOWN OF Chester
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(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Bond Anticipation Notes Payable	380,000	H626	4,085,000
TOTAL Notes Payable	380,000		4,085,000
TOTAL Liabilities	380,000		4,085,000
Fund Balance			
Capital Reserve		H878	
TOTAL Restricted Fund Balance			0
Assigned Unappropriated Fund Balance		H910	
TOTAL Assigned Fund Balance	0		0
Unassigned Fund Balance	-351,619	H917	-2,271,555
TOTAL Unassigned Fund Balance	-351,619		-2,271,555
TOTAL Fund Balance	-351,619		-2,271,555
TOTAL Liabilities, Deferred Inflows And Fund Balance	28,381		1,813,445

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(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Interest And Earnings	336	H2401	2,894
TOTAL Use of Money And Property	336		2,894
Premium & Accrued Interest On Obligations	2,021	H2710	
TOTAL Miscellaneous Local Sources	2,021		0
TOTAL Revenues	2,357		2,894
Interfund Transfers		H5031	
TOTAL Interfund Transfers	0		0
Bans Redeemed From Appropriations	20,000	H5731	45,000
TOTAL Proceeds of Obligations	20,000		45,000
TOTAL Other Sources	20,000		45,000
TOTAL Detail Revenues And Other Sources	22,357		47,894

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(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	Edp Code	2017
Expenditures			
Other Public Safety, Equip & Cap Outlay		H39972	1,236,902
TOTAL Other Public Safety	0		1,236,902
TOTAL Public Safety	0		1,236,902
Other Culture And Recreation		H79972	702,495
TOTAL Other Culture And Recreation	0		702,495
TOTAL Culture And Recreation	0		702,495
Water Capital Projects, Equip & Cap Outlay	376,730	H83972	
TOTAL Water Capital Projects	376,730		0
TOTAL Home And Community Services	376,730		0
Debt Principal, Bond Anticipation Notes		H97306	
TOTAL Debt Principal	0		0
TOTAL Expenditures	376,730		1,939,397
Transfers, Other Funds		H99019	28,433
TOTAL Operating Transfers	0		28,433
TOTAL Other Uses	0		28,433
TOTAL Detail Expenditures And Other Uses	376,730		1,967,830

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(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	2,754	H8021	-351,619
Restated Fund Balance - Beg of Year	2,754	H8022	-351,619
ADD - REVENUES AND OTHER SOURCES	22,357		47,884
DEDUCT - EXPENDITURES AND OTHER USES	376,730		1,967,830
Fund Balance - End of Year	-351,619	H8029	-2,271,555

TOWN OF Chester
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(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Land	6,212,616	K101	6,212,616
Buildings	4,089,127	K102	4,089,127
Improvements Other Than Buildings	6,807,513	K103	6,807,513
Machinery And Equipment	4,752,103	K104	4,910,823
TOTAL Fixed Assets (net)	21,861,359		22,020,079
TOTAL Assets and Deferred Outflows of Resources	21,861,359		22,020,079

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(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	21,861,359	K159	22,020,079
TOTAL Investments in Non-Current Government Assets	21,861,359		22,020,079
TOTAL Fund Balance	21,861,359		22,020,079
TOTAL	21,861,359		22,020,079

TOWN OF Chester
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(SD) DRAINAGE

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash In Time Deposits		SD201	17,305
TOTAL Cash	0		17,305
TOTAL Assets and Deferred Outflows of Resources	0		17,305

TOWN OF Chester
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(SD) DRAINAGE

Balance Sheet

Code Description	2016	EdpCode	2017
Fund Balance			
Assigned Unappropriated Fund Balance		SD915	17,306
TOTAL Assigned Fund Balance	0		17,306
TOTAL Fund Balance	0		17,306
TOTAL Liabilities, Deferred Inflows And Fund Balance	0		17,306

TOWN OF Chester
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(SD) DRAINAGE

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes		SD1001	17,279
TOTAL Real Property Taxes	0		17,279
Interest And Earnings		SD2401	27
TOTAL Use of Money And Property	0		27
TOTAL Revenues	0		17,306
TOTAL Detail Revenues And Other Sources	0		17,306

TOWN OF Chester
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Results of Operation

Code Description	2016	FdpCode	2017
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(SD) DRAINAGE

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year		SD8021	
Restated Fund Balance - Beg of Year		SD8022	
ADD - REVENUES AND OTHER SOURCES			17,306
Fund Balance - End of Year		SD8029	17,306

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(SR) REFUSE AND GARBAGE

Balance Sheet

Code Description	2016	Edp Code	2017
Assets			
Cash	9,380	SR200	17,164
Cash In Time Deposits	46,424	SR201	36,693
TOTAL Cash	55,804		53,857
TOTAL Assets and Deferred Outflows of Resources	55,804		53,857

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(SR) REFUSE AND GARBAGE

Balance Sheet

Line Description	2016	EdpCode	2017
Accounts Payable	47,421	SR600	
TOTAL Accounts Payable	47,421		0
TOTAL Liabilities	47,421		0
Fund Balance			
Assigned Unappropriated Fund Balance	8,383	SR915	53,857
TOTAL Assigned Fund Balance	8,383		53,857
TOTAL Fund Balance	8,383		53,857
TOTAL Liabilities, Deferred Inflows And Fund Balance	55,804		53,857

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(SR) REFUSE AND GARBAGE

Results of Operation

Code Description	2016	EdgCode	2017
Revenues			
Real Property Taxes	573,109	SR1001	574,352
TOTAL Real Property Taxes	573,109		574,352
Interest And Earnings	536	SR2401	440
TOTAL Use of Money And Property	536		440
TOTAL Revenues	573,645		574,792
TOTAL Detail Revenues And Other Sources	573,645		574,792

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(SR) REFUSE AND GARBAGE

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Judgements And Claims, Cont Exp		SR19304	6
TOTAL Judgements And Claims	0		6
Payment of Mta Payroll Tax, contr Expend	12	SR19804	14
TOTAL Payment of Mta Payroll Tax	12		14
TOTAL General Government Support	12		20
Refuse & Garbage, Pers Serv	3,457	SR81601	4,132
Refuse & Garbage, Contr Expend	570,189	SR81604	524,858
TOTAL Refuse & Garbage	573,646		528,991
TOTAL Home And Community Services	573,646		528,991
Social Security, Empl Bnfts	255	SR90308	307
TOTAL Employee Benefits	255		307
TOTAL Expenditures	573,913		529,318
TOTAL Detail Expenditures And Other Uses	573,913		529,318

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(SR) REFUSE AND GARBAGE

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	8,651	SR8021	8,383
Restated Fund Balance - Beg of Year	8,651	SR8022	8,383
ADD - REVENUES AND OTHER SOURCES	573,645		574,792
DEDUCT - EXPENDITURES AND OTHER USES	573,913		529,318
Fund Balance - End of Year	8,383	SR8029	53,857

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(SS) SEWER

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	61,739	SS200	48,836
Cash In Time Deposits	138,540	SS201	151,472
TOTAL Cash	200,279		200,308
Cash In Time Deposits Special Reserves	183,616	SS231	183,953
TOTAL Restricted Assets	183,616		183,953
TOTAL Assets and Deferred Outflows of Resources	383,895		384,261

TOWN OF Chester
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(SS) SEWER

Balance Sheet

Code Description	2016	FdpCode	2017
Fund Balance			
Capital Reserve	183,616	SS878	183,953
TOTAL Restricted Fund Balance	183,616		183,953
Assigned Unappropriated Fund Balance	200,279	SS915	200,308
TOTAL Assigned Fund Balance	200,279		200,308
TOTAL Fund Balance	383,895		384,261
TOTAL Liabilities, Deferred Inflows And Fund Balance	383,895		384,261

TOWN OF Chester
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(SS) SEWER

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Special Assessments Ad Valorem	651,535	SS1028	667,589
TOTAL Real Property Taxes	651,535		667,589
Sewer Charges	15,201	SS2122	16,848
TOTAL Departmental Income	15,201		16,848
Interest And Earnings	705	SS2401	720
TOTAL Use of Money And Property	705		720
TOTAL Revenues	667,441		705,157
TOTAL Detail Revenues And Other Sources	667,441		705,157

TOWN OF Chester
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For the Fiscal Year Ending 2017

(SS) SEWER

Results of Operation

Code Description	2016	Edp Code	2017
Expenditures			
Judgements And Claims, Contr Expend	8,774	SS19304	518
TOTAL Judgements And Claims	8,774		518
TOTAL General Government Support	8,774		518
Sanitary Sewers, Contr Expend	572,063	SS81204	635,504
TOTAL Sanitary Sewers	572,063		635,504
TOTAL Home And Community Services	572,063		635,504
Debt Principal, Serial Bonds	62,421	SS97106	62,800
TOTAL Debt Principal	62,421		62,800
Debt Interest, Serial Bonds	8,370	SS97107	5,969
TOTAL Debt Interest	8,370		5,969
TOTAL Expenditures	651,628		704,791
TOTAL Detail Expenditures And Other Uses	651,628		704,791

TOWN OF Chester
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(SS) SEWER

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	368,082	SS8021	383,895
Restated Fund Balance - Beg of Year	368,082	SS8022	383,895
ADD - REVENUES AND OTHER SOURCES	667,441		705,157
DEDUCT - EXPENDITURES AND OTHER USES	651,628		704,791
Fund Balance - End of Year	383,895	SS8029	384,261

TOWN OF Chester
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For the Fiscal Year Ending 2017

(SS) SEWER

Budget Summary

	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	687,589	SS1049N	667,664
Est Rev - Departmental Income	16,800	SS1289N	16,393
Est Rev - Use of Money And Property	903	SS2499N	1,005
TOTAL Estimated Revenues	705,292		685,062
TOTAL Estimated Revenues And Other Sources	705,292		685,062

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(SS) SEWER

Budget Summary

Code Description	2017	ExpCode	2018
Appropriations			
App - Home And Community Services	635,506	SS8999N	624,160
App - Debt Service	69,786	SS9899N	60,902
TOTAL Appropriations	705,292		685,062
TOTAL Appropriations And Other Uses	705,292		685,062

TOWN OF Chester
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For the Fiscal Year Ending 2017

(SW) WATER

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	158,803	SW200	95,716
Cash In Time Deposits	321,930	SW201	320,441
TOTAL Cash	480,733		416,157
Water Rents Receivable	51,188	SW350	46,566
TOTAL Other Receivables (net)	51,188		46,566
Due From Other Funds	67,961	SW391	63,087
TOTAL Due From Other Funds	67,961		63,087
Cash Special Reserves	29,415	SW230	29,469
Cash In Time Deposits Special Reserves	60,586	SW231	60,697
TOTAL Restricted Assets	90,001		90,166
TOTAL Assets and Deferred Outflows of Resources	689,883		615,976

TOWN OF Chester
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(SW) WATER

Balance Sheet

Code Description	2016		2017
Accounts Payable	6,034	SW600	10,737
TOTAL Accounts Payable	6,034		10,737
TOTAL Liabilities	6,034		10,737
Fund Balance			
Capital Reserve	29,415	SW878	29,469
Reserve For Repairs	60,554	SW882	60,697
TOTAL Restricted Fund Balance	89,969		90,166
Assigned Appropriated Fund Balance	213,000	SW914	338,500
Assigned Unappropriated Fund Balance	380,880	SW915	176,573
TOTAL Assigned Fund Balance	593,880		515,073
TOTAL Fund Balance	683,849		605,239
TOTAL Liabilities, Deferred Inflows And Fund Balance	689,883		615,976

TOWN OF Chester
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(SW) WATER

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	64,554	SW1001	189,605
TOTAL Real Property Taxes	64,554		189,605
Metered Water Sales	399,159	SW2140	372,185
Water Service Charges	110	SW2144	
Interest & Penalties On Water Rents	12,074	SW2148	12,330
TOTAL Departmental Income	411,343		384,515
Interest And Earnings	907	SW2401	1,023
TOTAL Use of Money And Property	907		1,023
Refunds of Prior Year's Expenditures	133	SW2701	
TOTAL Miscellaneous Local Sources	133		0
TOTAL Revenues	476,937		575,143
Interfund Transfers		SW5031	28,433
TOTAL Interfund Transfers	0		28,433
TOTAL Other Sources	0		28,433
TOTAL Detail Revenues And Other Sources	476,937		603,576

TOWN OF Chester
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(SW) WATER

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Payment of Mta Payroll Tax, Contr Expend	612	SW19804	725
TOTAL Payment of Mta Payroll Tax	612		725
TOTAL General Government Support	612		725
Water Administration, Pers Serv	180,286	SW83101	213,053
Water Administration, Equip & Cap Outlay		SW83102	29,859
Water Administration, Contr Expend	21,735	SW83104	27,384
TOTAL Water Administration	202,021		270,296
Source Supply Pwr & Pump, Contr Expend	71,335	SW83204	66,231
TOTAL Source Supply Pwr & Pump	71,335		66,231
Water Purification, Contr Expend	17,982	SW83304	18,598
TOTAL Water Purification	17,982		18,598
Water Trans & Distrib, Equip & Cap Outlay	985	SW83402	
Water Trans & Distrib, Contr Expend	43,465	SW83404	103,232
TOTAL Water Trans & Distrib	44,450		103,232
TOTAL Home And Community Services	335,788		458,357
State Retirement, Empl Bnfts	27,239	SW90108	26,843
Social Security , Empl Bnfts	13,632	SW90308	16,071
Worker's Compensation, Empl Bnfts	8,907	SW90408	9,511
Disability Insurance, Empl Bnfts	131	SW90558	131
Hospital & Medical (dental) Ins, Empl Bnft	40,756	SW90608	41,598
TOTAL Employee Benefits	90,665		94,154
Debt Principal, Serial Bonds	65,000	SW97106	70,000
Debt Principal, Bond Anticipation Notes	20,000	SW97306	45,000
TOTAL Debt Principal	85,000		115,000
Debt Interest, Serial Bonds	8,587	SW97107	6,350
Debt Interest, Bond Anticipation Notes	7,978	SW97307	7,600
TOTAL Debt Interest	16,565		13,950
TOTAL Expenditures	528,630		682,186
Transfers, Other Funds		SW99019	
TOTAL Operating Transfers	0		0
TOTAL Other Uses	0		0
TOTAL Detail Expenditures And Other Uses	528,630		682,186

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(SW) WATER

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	735,542	SW8021	683,849
Restated Fund Balance - Beg of Year	735,542	SW8022	683,849
ADD - REVENUES AND OTHER SOURCES	476,937		603,576
DEDUCT - EXPENDITURES AND OTHER USES	528,630		682,186
Fund Balance - End of Year	683,849	SW8029	605,239

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(SW) WATER

Budget Summary

Category Description	2017	FdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	189,605	SW1049N	90,302
Est Rev - Departmental Income	428,089	SW1299N	428,089
Est Rev - Use of Money And Property	931	SW2499N	615
TOTAL Estimated Revenues	618,625		519,006
Appropriated Fund Balance	213,000	SW599N	338,500
TOTAL Estimated Other Sources	213,000		338,500
TOTAL Estimated Revenues And Other Sources	831,625		857,506

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(SW) WATER

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - Home And Community Services	623,882	SW8999N	642,910
App - Employee Benefits	108,343	SW9199N	130,651
App - Debt Service	99,400	SW9899N	83,945
TOTAL Appropriations	831,625		857,506
TOTAL Appropriations And Other Uses	831,625		857,506

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	238,062	TA200	276,363
Cash In Time Deposits	529,963	TA201	861,944
TOTAL Cash	768,025		1,138,307
TOTAL Assets and Deferred Outflows of Resources	768,025		1,138,307

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Due To Other Funds	161	TA630	449
TOTAL Due To Other Funds	161		449
Group Insurance	3,237	TA20	883
Guaranty & Bld Deposits	764,627	TA30	1,136,975
Other Funds (specify)		TA85	
TOTAL Agency Liabilities	767,864		1,137,858
TOTAL Liabilities	768,025		1,138,307
TOTAL Liabilities, Deferred Inflows And Fund Balance	768,025		1,138,307

TOWN OF Chester
Annual Update Document
For the Fiscal Year Ending 2017

Balance Sheet

Code Description	2016	EdpCode	2017
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For the Fiscal Year Ending 2017

Balance Sheet

Code Description	2016	EdpCode	2017
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Results of Operation

Code Description	2016	EdpCode	2017
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For the Fiscal Year Ending 2017

Results of Operation

Code Description	2016	EdpCode	2017
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TOWN OF Chester
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For the Fiscal Year Ending 2017

(V) DEBT SERVICE

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year		V8021	
Restated Fund Balance - Beg of Year		V8022	
Fund Balance - End of Year		V8029	

TOWN OF Chester
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(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Total Non-Current Govt Liabilities	3,217,854	W129	2,754,336
TOTAL Provision To Be Made In Future Budgets	3,217,854		2,754,336
TOTAL Assets and Deferred Outflows of Resources	3,217,854		2,754,336

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(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	2017
Compensated Absences	430,054	459,336
TOTAL Other Liabilities	430,054	459,336
Bonds Payable	2,787,800	2,295,000
TOTAL Bond And Long Term Liabilities	2,787,800	2,295,000
TOTAL Liabilities	3,217,854	2,754,336
TOTAL Liabilities	3,217,854	2,754,336

TOWN OF Chester
Statement of Indebtedness
For the Fiscal Year Ending 2017

2/15/2018

County of: Orange

Municipal Code: 330315700000

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Am't. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accrued Interest	O/S End of Year
2015	BAN E	WATER DIST IMPROVEMENTS			10/29/2015	06/06/2018	1.32%		\$335,000	\$380,000	\$380,000	\$335,000	\$0		\$335,000
2017	BAN E	Police Building			06/06/2017	06/06/2018	1.20%		\$1,850,000	\$0			\$0		\$1,850,000
2017	BAN E	Senior Building			10/26/2017	06/06/2018	1.32%		\$1,900,000	\$0			\$0		\$1,900,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year															
2009	BOND E	Water			07/15/2009	06/15/2019	3.375%	Y	\$600,000	\$215,000	\$70,000	\$0	\$0		\$145,000
2014	BOND N	REFUNDING SERIAL BONDS			09/17/2014	08/01/2025	2.00%	Y	\$2,565,000	\$2,085,000	\$280,000	\$0	\$0		\$1,805,000
2011	BOND N	Ambulance Vehicles			02/17/2011	02/15/2017	2.68%		\$137,100	\$25,000	\$25,000	\$0	\$0		\$0
2011	BOND N	Sewer			05/01/2008	05/01/2018	3.00%			\$115,000	\$55,000	\$0	\$0		\$40,000
2011	BOND N	Ambulance Building			04/28/2004	04/15/2021	4.10%			\$295,000	\$55,000	\$0	\$0		\$240,000
2011	BOND N	Sewer			03/15/2002	03/15/2022	6.00%			\$52,800	\$7,800	\$0	\$0		\$45,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year															
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year									\$3,750,000	\$3,167,800	\$872,800	\$335,000	\$0	\$0	\$6,380,000

TOWN OF Chester
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2017

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$350.00
Demand Deposits	9Z2011	\$1,496,140.00
Time Deposits	9Z2021	\$4,091,468.00
Total		<u>\$5,587,958.00</u>
COLLATERAL:		
- FDIC Insurance	9Z2014	\$500,000.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$5,485,275.00
Total		<u>\$5,985,275.00</u>
INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
- Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

TOWN OF Chester
Bank Reconciliation
For the Fiscal Year Ending 2017

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
*****-0263	\$290,671	\$0	\$19,737	\$270,934
*****-0533	\$16,615	\$0	\$344	\$16,271
*****-0565	\$945	\$0	\$0	\$945
*****-0579	\$7,233	\$0	\$0	\$7,233
*****-0871	\$2,510,578	\$0	\$0	\$2,510,578
*****-1058	\$1,318	\$0	\$0	\$1,318
*****-1289	\$279,532	\$0	\$3,170	\$276,362
*****-1387	\$59,862	\$0	\$0	\$59,862
*****-1724	\$38,784	\$0	\$0	\$38,784
*****-1804	\$84,244	\$344	\$62,323	\$22,265
*****-2754	\$556	\$0	\$0	\$556
*****-2817	\$258,212	\$0	\$75	\$258,137
*****-2820	\$221,391	\$0	\$0	\$221,391
*****-2848	\$13,543	\$0	\$0	\$13,543
*****-2851	\$9,498	\$0	\$0	\$9,498
*****-2865	\$7,350	\$0	\$0	\$7,350
*****-2879	\$24,297	\$0	\$0	\$24,297
*****-2896	\$15,724	\$0	\$0	\$15,724
*****-4762	\$252,817	\$0	\$0	\$252,817
*****-5685	\$13,813	\$0	\$0	\$13,813
*****-9498	\$1,536,684	\$0	\$0	\$1,536,684
*****-8392	\$51	\$0	\$0	\$51
*****-8402	\$733	\$0	\$0	\$733
*****-8415	\$2,265	\$0	\$0	\$2,265
*****-8431	\$5,230	\$0	\$0	\$5,230
*****-8444	\$4,195	\$0	\$0	\$4,195
*****-8457	\$6,805	\$0	\$0	\$6,805
*****-8460	\$2,320	\$0	\$0	\$2,320
*****-8473	\$6,207	\$0	\$0	\$6,207

TOWN OF Chester
Bank Reconciliation
For the Fiscal Year Ending 2017

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
*****-8538	\$1,440	\$0	\$0	\$1,440
Total Adjusted Bank Balance				\$5,587,608
Petty Cash				\$350.00
Adjustments				\$.00
Total Cash			9ZCASH *	\$5,587,958
Total Cash Balance All Funds			9ZCASHB *	\$5,587,958
* Must be equal				

TOWN OF Chester
Local Government Questionnaire
For the Fiscal Year Ending 2017

	<u>Response</u>
1) Does your municipality have a written procurement policy?	<u>Yes</u>
2) Have the financial statements for your municipality been independently audited? If not, are you planning on having an audit conducted?	<u>Yes</u>
3) Does your local government participate in an insurance pool with other local governments?	<u>Yes</u>
4) Does your local government participate in an investment pool with other local governments?	<u>No</u>
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>No</u>
6) Does your municipality have a Capital Plan?	<u>Yes</u>
7) Has your municipality prepared and documented a risk assessment plan? If yes, has your municipality used the results to design the system of internal controls?	<u>No</u>
8) Have you had a change in chief executive or chief fiscal officer during the last year?	<u>No</u>
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	<u>Yes</u>

TOWN OF Chester
Employee and Retiree Benefits
For the Fiscal Year Ending 2017

Total Full Time Employees:		50			
Total Part Time Employees:		29			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$363,863.00	35	16	
90158	Police and Fire Retirement	\$352,087.00	15	2	
90258	Local Pension Fund				
90308	Social Security	\$335,669.00	50	29	
90408	Worker's Compensation Insurance	\$188,657.00	50	29	
90458	Life Insurance	\$796.00	5		
90508	Unemployment Insurance	\$10,465.00	1		
90558	Disability Insurance	\$4,782.00	50	29	
90608	Hospital and Medical (Dental) Insurance	\$1,301,549.00	47		274
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$2,557,868.00			
Computed Total From Financial Section (comparative purposes only)		\$2,557,838.00			

TOWN OF Chester
Energy Costs and Consumption
For the Fiscal Year Ending 2017

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$36,811	20,818	gallons	
Diesel Fuel	\$23,441	12,181	gallons	
Fuel Oil			gallons	
Natural Gas	\$22,290	20,482	cubic feet	
Electricity	\$91,286	561,360	kilowatt-hours	
Coal			tons	
Propane			gallons	

TOWN OF Chester
Schedule of Other Post Employment Benefits (OPEB)
For the Fiscal Year Ending 2017

CERTIFICATION OF CHIEF FISCAL OFFICER

I, Alexander Jamieson, hereby certify that I am the Chief Fiscal Officer of
the Town of Chester, and that the information provided in the annual
financial report of the Town of Chester, for the fiscal year ended 12/31/2017
, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as
the Chief Fiscal Officer of the Town of Chester, and adopted by me as
my signature for use in conjunction with the filing of the Town of Chester's
annual financial report, I am evidencing my express intent to authenticate my certification of the
Town of Chester's annual financial report for the fiscal year ended 12/31/2017
and filed by means of electronic data transmission.

Philip G Mynio CPA
Name of Report Preparer if different
than Chief Fiscal Officer

(845) 469-7000
Telephone Number

02/15/2018
Date of Certification

Alexander Jamieson
Name

Supervisor
Title

1786 Kings Hwy, Chester, NY 10918
Official Address

(845) 469-7000
Official Telephone Number

APPENDIX C

FORM OF BOND COUNSEL OPINION

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

June 5, 2018

The Town Board of the
Town of Chester, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Chester (the “Town”), in the County of Orange, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$4,075,000 Public Improvement Serial Bonds-2018 (the “Bonds”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of

the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the Town will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Town of Chester**, in the County of Orange, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of May 10, 2018.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$4,075,000 PUBLIC IMPROVEMENT SERIAL BONDS-2018**, dated June 5, 2018, maturing in various principal amounts on June 1 in each of the years 2019 to 2038, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York, to the EMMA System:

- (i) (A) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2018, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2017, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial

statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (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 of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for

the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the 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;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE TOWN," "ECONOMIC AND DEMOGRAPHIC INFORMATION," "INDEBTEDNESS OF THE TOWN," "FINANCIAL MATTERS," "REAL PROPERTY TAX INFORMATION" AND "LITIGATION" AND APPENDIX A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of June 5, 2018.

TOWN OF CHESTER

By _____
Supervisor and Chief Fiscal Officer