PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 8, 2018

NEW ISSUE/RENEWALS **BOND ANTICIPATION NOTES**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York.) Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters". The Notes will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

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

$11,250,000

BOND ANTICIPATION NOTES, 2018

Dated Date: March 8, 2018 Maturity Date: March 8, 2019

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

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

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

Form and Denomination: The Notes to be issued in book-entry form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee, which will act as the securities depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Individual purchases of the Notes to be issued in book-entry form may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Noteholders will not receive certificates representing their ownership interest in the Notes to be issued in book-entry form purchased. See "Book-Entry System" herein.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or such other place as may be agreed upon with the purchaser(s) on or about March 8, 2018.

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

TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK

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TOWN BOARD

Jon J. Baisley, Town Supervisor

Jeff Renihan – First Ward
Bill Carlos – Second Ward
Jessica Lopez – Third Ward
Michael Cifone – Fourth Ward
Matthew Woolever – Fifth Ward
Ann Shershin –Sixth Ward

Charles Emberger, Town Comptroller
Felicia Salvatore, Town Clerk
James Nelson, Esq., Town Attorney

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

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MUNISTAT SERVICES, INC.

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

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OFFICIAL STATEMENT

Relating to

TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK

$11,250,000

BOND ANTICIPATION NOTES, 2018

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town of Poughkeepsie, Dutchess County, New York (the "Town") and presents certain information relating to the Town's $11,250,000 Bond Anticipation Notes, 2018 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes will be dated March 8, 2018 and will mature, without right of redemption prior to maturity, on March 8, 2019, with interest payable at maturity.

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

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

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their respective interests in the Notes. Individual purchases of such registered Notes may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry System" herein.

The Town will act as Paying Agent for the Notes. The Town's contact information is as follows: Charles Emberger, Town Comptroller, Town of Poughkeepsie, 1 Overocker Road, Poughkeepsie, NY 12603, Phone (845) 485-3600, Fax (845) 485-3701 and email: cemberger@townofpoughkeepsie-ny.gov.

Optional Redemption

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

Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Disclosure Undertaking

This Official Statement is in a form "deemed final" by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Town will provide an executed copy of its "Material Event Notices Certificate" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the of the occurrence of any of the following events with respect to the Notes:

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

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

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

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

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

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

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

Compliance History

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

The Town's 2010 through 2012 audits and accompanying annual financial information and operating data were filed late due to a misunderstanding in the required filing date which was thought to be not later than the last business day of each such succeeding fiscal year but should have been the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement was not available at that time, within sixty days following receipt by the Town of its audited financial statement. A Notice of Failure to Provide Annual Financial Information as Required was filed.

On January 25, 2018, the Town filed a material event notice for the late filing of the 2015 unaudited financial statements. The unaudited Annual Financial Report Update Document ("AUD") was filed on August 2, 2016.

Authorization and Purpose for the Notes

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and various bond resolutions duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds for various capital projects in and for the Town.

The proceeds of the Notes in the amount of $8,750,000, along with $170,000 in available funds, will be used to redeem $8,920,000 outstanding bond anticipation notes for certain projects. An additional amount of $2,500,000 will be issued for road improvements.

Such projects, and the respective principal amounts of Notes to be issued for each, are as follows:

Date Authorized	Purpose	Amount Outstanding	Amount to be Paid	Additional Amount to be Issued	Total Amount to be Issued
01/03/08	Arlington Sewer	$ 1,470,000	$ 15,000	$ 0	$ 1,455,000
09/17/14	Country Club Estates Sewer	1,450,000	15,000	0	1,435,000
04/20/16	Road Improvements	6,000,000	140,000	2,500,000	8,360,000
TOTALS		$ 8,920,000	$ 170,000	$ 2,500,000	$ 11,250,000

Nature of Obligation

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

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

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

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

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

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

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

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

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

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

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

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

Tax Levy Limitation Law

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

The Tax Levy Limitations Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Each municipality, prior to adoption of each fiscal year budget, must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

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

Execution/Attachment of Municipal Property

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

Authority to File For Municipal Bankruptcy

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

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

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

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

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

State Debt Moratorium Law

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

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

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

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

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

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

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

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

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

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

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The

specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict , subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

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

Constitutional Non-Appropriation Provision

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

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

Default Litigation

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

No Past Due Debt

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

THE TOWN

General Information

The Town encompasses approximately 30 square miles within the central western part of the County of Dutchess, New York. The Town includes a small portion of the Village of Wappingers Falls and the unincorporated communities of Arlington, New Hamburg, Fairview, Red Oaks Mill and Rochdale. The Town is primarily residential in nature. The Town also enjoys substantial retail and commercial activity some light industry and offices of the New York State Department of Transportation.

Government

The Town was established in 1788. The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders are portions of four independent school districts. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

The legislative power of the Town is vested in the Town Board, with consists of seven members, including the Town Supervisor, who is the presiding member and chief fiscal officer of the Town, elected for a term of two years. The six other members of the Town Board are also elected to two-year terms. The Town Supervisor is elected at large while the six additional members of the Board are elected from their respective wards, a ward system of representation having been established by local option pursuant to applicable State Law. There are no limitations as to the number of terms which may be served.

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

Services

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

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

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

Education

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

Financial Institutions

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

Transportation

The Town maintains its own interior road network. Several U.S. and State Highways serve the Town including U.S. Routes 9, 9D, 9G, 44 and 55, N.Y.S. Routes 113, 115 and 376 and the Taconic State Parkway. Frequent bus service is available by the Dutchess County Loop System which provides intra-county service. Metro North Railroad provides a commuter service to New York City via the Hudson Line, with County stopes at Poughkeepsie, New Hamburg and Beacon. Amtrak also provides service from the Poughkeepsie station. Commercial air transportation is available at nearby Stewart Airport located in Orange County.

Utilities

Electricity and natural gas are supplied throughout the Town by Central Hudson Gas & Electric Corp. Telephone service is provided by Paetec Communications.

Water and sewer facilities are furnished and maintained by the Town. Water distribution facilities serve approximately 95% of the population of the Town. Water is supplied from a plant that is jointly owned with the City of Poughkeepsie. Approximately 65% of the population of the Town is provided sanitary sewage collection and treatment services from existing facilities. About 70% of this sewage is treated at the treatment plant of the Arlington Sewer District of the Town; the balance is treated at the plant of the Fourth Ward Sewer Improvement Area of the Town (a joint project of the Town and the City of Poughkeepsie) and by contractual agreement through the Tri-Municipal treatment plant jointly owned with the Village of Wappingers Falls and the Town of Wappinger.

Employees

The Town provides services through approximately 196 full-time. The two collective bargaining organizations representing a portion of town employees as follows:

Name of Union	Approximate Membership	Contract Expiration Date
Civil Service Employees Association	45	12/31/2016[a]
P.B.A	79	12/31/2018

a. Expired, currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town has had a population trend, as compared to the County, the State and the United States, as indicated below:

	2000	2010	2016[a]
Town of Poughkeepsie	$ 42,777	$ 43,341	$ 44,572
County of Dutchess	280,150	297,488	295,905
State of New York	18,976,457	19,378,102	19,697,457

Source: U.S. Bureau of the Census.
a. Note: Based on American Community Survey 5-Year Estimates (2012-2016)

Income Data

	Per Capita Money Income			
	1990	2000	2010	2016[a]
Town of Poughkeepsie	$18,472	$23,589	$29,442	$31,703
County of Dutchess	17,420	23,940	31,642	35,101
State of New York	16,501	23,389	30,791	34,212
	Median Household Income			
	1990	2000	2010	2016[a]
Town of Poughkeepsie	$45,886	$43,393	$66,793	$71,584
County of Dutchess	42,250	53,086	69,838	72,706
State of New York	32,965	43,393	55,217	60,741

Source: United States Bureau of the Census
a. Note: Based on American Community Survey 5-Year Estimates (2012-2016)

Unemployment Rate Statistics

Annual Averages:	Town of Poughkeepsie (%)	County of Dutchess (%)	State of New York (%)
2012	7.7	7.8	8.6
2013	6.7	6.6	7.7
2014	5.5	5.3	6.4
2015	4.5	4.6	5.3
2016	4.2	4.2	4.8
2017	4.2	4.3	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average period of probable usefulness thereof; and no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

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

Statutory Procedure

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

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

The Local Finance Law also provides 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. Except on rare occasions, the Town complies with this estoppel procedure. The Town is in compliance with such requirements with respect to the other bond ordinances authorizing the issuance of the Notes.

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of February 8, 2018)

Fiscal Year Ending December 31:	Assessed Valuation	State Equalization Rate (%)	Full Valuation
2013	3,869,256,221	100	3,869,256,221
2014	3,713,145,837	100	3,713,145,837
2015	3,564,290,230	100	3,564,290,230
2016	3,548,231,568	100	3,548,231,568
2017	3,571,096,391	100	3,571,096,391

Total Five Year Full Valuation	$18,266,020,247
Average Five Year Full Valuation	3,653,204,049
Debt Limit - 7% of Average Full Valuation	255,724,283
Inclusions:	
Outstanding Bonds:	
General Purpose Bonds	16,275,000
Water Purpose Bonds	21,064,429
Bond Anticipation Notes	8,920,000
Total Inclusions	46,259,429
Exclusions:	
Water Debt	21,064,429
Bond Appropriations	2,040,000
Note Appropriations	170,000
Total Exclusions	23,274,429
Total Net Indebtedness Before Issuing the Notes	22,985,000
The Notes	11,250,000
Less: BANs To Be Redeemed By The Issuance of the Notes	8,750,000
Net Effect of the Notes	2,500,000
Total Net Indebtedness After Issuing the Notes	25,485,000
Net Debt Contracting Margin	$230,239,283

Trend of Town Indebtedness

	Fiscal Year Ending December 31:				
	2013	2014	2015	2016	2017
Debt Outstanding End of Year:					
Bonds	$25,535,000	$33,805,000	$29,755,000	$25,620,000	$37,474,429
BANs	12,024,978	2,090,000	20,766,236	25,201,236	8,920,000
Total Debt Outstanding	$37,559,978	$35,895,000	$50,521,236	$50,821,236	$46,394,429

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending December 31:	Principal	Interest	Total
2018	$3,545,000	$1,154,298	$4,699,298
2019	2,689,429	1,168,392	3,857,821
2020	2,435,000	1,078,298	3,513,298
2021	2,525,000	989,191	3,514,191
2022	2,580,000	901,426	3,481,426
2023	2,220,000	820,059	3,040,059
2024	1,560,000	742,584	2,302,584
2025	1,600,000	694,806	2,294,806
2026	1,655,000	645,049	2,300,049
2027	1,650,000	593,363	2,243,363
2028	1,075,000	550,233	1,625,233
2029	1,115,000	513,442	1,628,442
2030	1,155,000	473,925	1,628,925
2031	1,195,000	432,101	1,627,101
2032	665,000	387,635	1,052,635
2033	680,000	365,418	1,045,418
2034	700,000	341,977	1,041,977
2035	715,000	316,835	1,031,835
2036	740,000	290,818	1,030,818
2037	760,000	263,575	1,023,575
2038	555,000	235,107	790,107
2039	565,000	214,619	779,619
2040	580,000	193,521	773,521
2041	595,000	171,658	766,658
2042	610,000	148,943	758,943
2043	625,000	125,592	750,592
2044	645,000	100,987	745,987
2045	660,000	75,704	735,704
2046	680,000	49,741	729,741
2047	700,000	23,004	723,004
Totals	$37,474,429	$14,062,301	$51,536,730

Bond Anticipation Notes

The Town currently has the following bond anticipation notes outstanding. Proceeds of the Notes and $170,000 of cash on hand will be used to renew these bond anticipation notes at maturity. The Notes also include $2,500,000 of new money for additional road improvements.

Original Issue Date	Amount	Purpose	Maturity Date
05/28/2014	$1,470,000	Arlington Sewer	03/09/2018
03/10/2016	1,450,000	Country Club Sewer	03/09/2018
12/21/2016	3,000,000	Roads	03/09/2018
03/09/2016	3,000,000	Roads	03/09/2018
Totals	$8,920,000		

New York State Environmental Facilities Authority Financings

In 2015, the Town closed on two short term loans with the New York State Environmental Facilities Authority (EFC) including $11,817,781 for the Arlington Sewer Improvement Area No. 1, which was converted to long term EFC financing by the issuance of $10,904,973 of Town serial bonds dated October 25, 2017 to EFC with maturities form 2018 through 2047 at rates from 1.0610% to 3.976%., and $7,448,455 for the Town's share of the Poughkeepsie Joint Water Board project. The Poughkeepsie Joint Water Board project also converted to long term financing though EFC in with the Town's issuance of $4,349,456 of Town serial bonds dated October 25, 2017 to EFC with maturities form 2018 through 2047 at rates from 1.5030% to 3.7540%. .

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Dutchess	09/16/2016	12.11	$14,483,560	$12,427,888
Village of Wappinger Falls	05/31/2015	21.05	4,218,893	4,218,893
School District:				
Arlington CSD	10/18/2016	19.69	23,014,515	7,686,848
Hyde Park CSD	11/14/2016	19.94	5,395,734	5,395,734
Wappingers CSD	11/18/2016	14.29	9,475,965	9,475,965
Spackenhill UFSD	12/02/2016	100.00	10,920,000	10,920,000
Totals			$67,508,667	$50,125,328

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

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$46,259,429	$1,038	1.30
Net Direct Debt	22,985,000	516	0.64
Total Direct & Applicable Total Overlapping Debt	113,768,096	2,552	3.19
Net Direct & Applicable Net Overlapping Debt	73,110,328	1,640	2.05

a. Estimated population of the Town is 44,572.

b. The full valuation of taxable property is $3,571,096,391.

Authorized but Unissued Indebtedness

As of the date of this Official Statement the Town has authorized but unissued indebtedness in the amount of $4.1 million for road improvements. The issuance of the Notes will finance &2.5 million of such authorized amount.

FINANCIAL MATTERS

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 Audited Financial Statement made available for public inspection covers the fiscal year ended December 31, 2016. 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 last audit conducted by Office of the State Comptroller was released on September 6, 2012. The purpose of the audit was to examine internal controls over the Town's financial operations for the period January 1, 2010, through July 31, 2011. The complete report can be obtained from Office of the State Comptroller's website.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2012-2016 fiscal years.

Fund Structure and Accounts

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

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) 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, Special Revenue Funds (Highway; Water Districts; Sewer Districts; Drainage District; Lighting Districts; and Debt Service), 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 Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting that is when the related fund liability is incurred. An exception to this general rule is unmatured interest on general long-term debt which is recognized when due.

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 (Supervisor) on or before September 20th. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date. 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 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 who is assisted in this area by the Town Accountant. 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.

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Town Accountant. In addition, the Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Monitoring of the budget during the year is the responsibility of the Town Accountant. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which than becomes a matter of public record. During the absence of the Supervisor, the Deputy Supervisor may generally exercise the Supervisor's powers.

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

Town finances are operated primarily through the General and Highway Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid form these funds subject to available appropriations. The Town also has water and sewer districts, which are accounted for within separate funds. The primary sources of income for these districts are user fees and 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: 14.2%).

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. The most recent audit performed was released in June, 2013. The purpose of such audit was to evaluate the financial condition and budgeting practices for the period January 1, 2010 to December 31, 2012. The complete report may be found on the State Comptroller's official website.

Investment Policy

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

Authorized Investments

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

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

Collateral Requirements

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

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

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

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

Revenues

The Town receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financing sources for the five most recently completed fiscal years may be found in Appendix A hereto. See also "Real Property Taxes" or "Sales Tax Revenue" herein.

Real Property Taxes

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 of 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 Statement of the Town, the Town received approximately 4.43% of its total General Fund operating revenue from State aid in 2016. 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 or whether there will be additional Federal Stimulus Act monies made available to pay State aid in future 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 (including transfers) comprised of State aid for each of the fiscal years 2012 through 2016.

Fiscal Year Ended December 31:	General Fund Total Revenue	State Aid	State Aid To Revenues (%)
2012	$24,108,524	$1,407,706	5.84
2013	23,292,159	1,018,019	4.37
2014	23,908,324	1,144,455	4.79
2015	25,078,502	1,413,762	5.64
2016	25,122,787	1,114,050	4.43

Sales Tax Revenue

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

The current 3.75% sales tax is a result of a 0.75% tax rate increase which become effective on June 1, 2003. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County's sales tax rate. The County Legislature amended the 1975 resolution enacting the County's sales tax by resolution 207259 which was signed by the County Executive on September 20, 2007. The additional 0.75% sales tax rate continues and has been extended through November 2019.

The County's 2013 budget capped the amount of sales tax distributed to municipalities in the County to $25 million for the 2013 and future fiscal years. This resulted in municipalities receiving approximately 85% of the sales tax previously received. To offset the impact to local municipalities, Dutchess County Government absorbed half of the 2011 and 2012 election costs due to be paid to the County and assumed full cost of elections starting in 2013.

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

Fiscal Year Ended December 31:	General Fund Total Revenue	Sales Tax	Sales Tax to Revenues (%)
2012	$24,108,524	$2,487,162	10.32
2013	23,292,159	1,803,693	7.74
2014	23,908,324	1,925,933	8.06
2015	25,078,502	2,264,249	9.03
2016	25,122,787	2,501,449	9.96

Expenditures

The major categories of expenditure for the Town are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A - Financial Statements.

Pension Systems

Substantially all employees of the Town are members of the 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"), a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees, participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than ten years' experience, must contribute 3% of gross annual salary toward the cost of retirement programs. The PFRS in non-contributory for all police and fire fighters.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% (percentage dependent on tier) of payroll for the ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. While the Town is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS and PFRS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the revised system, a contribution for a given fiscal year is based on the valuation of the pension fund on April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in the budget for the ensuing year.

On July 30, 2004, then Governor Pataki signed into law Chapter 260 of the Laws of 2004 ("Chapter 260"). Chapter 260 contains three components which alter the way municipalities and school district contribute to the state pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the state has reflected pension payments due between April 1 and March 31, consistent with the state fiscal year.

Chapter 260 provides for the following changes:

- Contribution Payment Date Change: The law changed the date on which local pension contributions are due to the State. The annual required contribution became due February 1 annually instead of December 15.

- Pension Contributions Reserve Fund: The law created special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Town's employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town, which could affect other budgetary matters. Concerned investors should contract the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than $35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates a new Tier 5 pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier 5 include:

- Raising the minimum age at which most civilian can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.

- Requiring employees to continue contribution 3% of their salaries toward pension costs so long as they accumulate additional pension credits.

- Increasing the minimum years of service required to draw a pension from five years to ten years.

- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS and PFRS 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.

Retirement System Billing Procedures

The Town's current contributions to the Retirement Systems are due on or before February 1 of each year. Such contributions are based on salaries estimated to be paid during the fiscal year ending on March 31 of the previous calendar year.

Contributions to the Retirement Systems

Fiscal Year Ending December 31:	ERS	PFRS
2012	$1,064,503	$2,040,954
2013	1,176,266	2,448,464
2014	1,241,364	2,409,668
2015	1,176,266	2,448,464
2016	1,077,137	2,349,591
2017 (Budgeted)	957,256	2,267,234

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 and school districts 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 and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 does not require that the liability actually be amortized nor that it be funded only that the municipality or school district account for its unfunded accrued liability and comply in meeting its ACR.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the Town's net OPEB obligation:

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ended December 31, 2016
Annual required contribution (ARC)	$7,773,051
Interest on net OPEB obligation	755,368
Less: Adjustments to ARC	1,685,688
Annual OPEB cost (expense)	10,214,107
Less: Contributions made	(1,512,163)
Increase in net OPEB obligation	8,701,944
Net OPEB obligation-beginning of year	18,884,211
Net OPEB obligation-end of year	$27,586,155
Percent of annual OPEB Cost Contributed	14.8%

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed (%)	Net OPEB Obligation
12/31/2016	$10,214,107	14.80	$27,586,155
12/31/2015	3,728,834	35.40	18,884,211
12/31/2014	2,855,756	42.69	16,475,555

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

REAL PROPERTY TAX INFORMATION

Real Property Taxes

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

Tables presenting the tax levy, by purpose, collection performance and tax rates can be found in Appendix A.

The following table sets forth the percentage of the Town's General Fund revenue (including transfers) for each of the fiscal years 2012 through 2016.

Fiscal Year Ended December 31:	General Fund Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2012	$24,108,524	$15,925,217	66.06
2013	23,292,159	15,383,125	66.04
2014	23,908,324	16,108,204	67.37
2015	25,078,502	16,431,567	65.52
2016	25,122,787	16,674,281	66.37

Tax Collection Procedure

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

Tax Levy and Collections Record

	Fiscal Year Ending December 31:				
	2014	2015	2016	2017	2018
County	$13,550,759	$13,108,689	$12,772,768	$12,754,669	$12,664,190
Town & Highway	22,156,548	22,665,755	22,710,277	22,789,031	22,868,607
Special Districts:					
Water Districts	1,327,105	1,323,132	1,327,335	1,200,000	1,035,701
Sewer Districts	2,515,366	2,366,970	2,431,983	2,421,427	2,798,802
Fire Districts	19,022,935	19,244,598	20,209,036	20,156,883	20,447,256
Lighting	960,539	947,934	947,644	937,000	850,000
Ambulance	30,000	36,818	33,426	36,000	36,000
Drainage	158,096	159,320	190,225	154,500	100,000
Library	3,666,589	4,592,523	3,773,309	4,073,375	4,201,272
Business Improvements	57,500	57,500	59,398	58,500	57,500
Bridge	7,150	6,950	6,740	6,530	6,315
Psych Center District	2,000	59,000	115,188	112,988	115,088
Total Tax Levy	$63,454,587	$64,569,189	$64,577,329	$64,700,903	$65,180,731
Amount Uncollected	None	None	None	None	None

Tax Rates per $1,000 of Assessed Valuation

	Fiscal Year Ending December 31:				
	2014	2015	2016	2017	2018
County	$3.65	$3.68	$3.60	$3.58	$3.54
Town & Highway (Town Outside Village)					
Homestead	4.61	4.98	4.85	4.86	4.87
Non-Homestead	8.91	9.23	9.55	9.58	9.59
Town & Highway (Townwide)					
Homestead	0.74	0.81	0.80	0.77	0.76
Non-Homestead	1.32	1.41	1.46	1.39	1.38

Selected Listing of Large Taxable Properties
2017 Assessment Roll[a]

Name	Type	Assessed Valuation
Poughkeepsie Galleria Co.	Shopping Center	$120,287,500
Central Hudson Gas & Electric	Utility	77,675,752
South Hills Mall LLC	Shopping Center	28,000,000
TFS Midhudson LLC	Shopping Center	25,138,000
Herb Redl LLC	Mobile Home Park	19,577,700
Hudson Harbor Apartments	Apartments	19,563,000
Capstone Plaza	Shopping Center	19,040,500
Verizon	Utility	15,442,778
Ridgefield Apartments	Apartments	15,000,000
MountainBrook	Apartments	14,500,000
	Total [a]	$354,225,230

a. Assessment Roll established in 2016 for levy and collection of taxes in 2017.
b. Represents 9.92% of the 2017 Taxable Assessed Valuation of the Town of $3,571,096,391.

LITIGATION

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

The Town presently has pending various tax certiorari claims (including seven of the top ten taxpayers) which have been filed under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions and, in most actions, a refund of property taxes previously paid. It is difficult to predict at this time the outcome of these cases; however, said claims, either individually or in aggregate, are not likely to have a material adverse affect on the financial condition of the Town. In any case, pursuant to State Law, the Town may issue bonds to finance the cost of tax certiorari refunds.

The Town is a party defendant in the matter of New Hamburg Terminal Corporation and Morgan Fuel v. Town of Poughkeepsie which commenced in 2016. The Town has engaged in mediation with the Plaintiff. Although the Town is hopeful that the mediation will results in a resolution of the lawsuit, no affirmed agreement has been reached. The insurance carrier retained counsel for the Town anticipates that the damages claimed on all covered causes of action will be within the limits of the Town's insurance policy.

On February 17, 2017, a Notice of Claim was received by the Town Attorney on behalf of the O'Neill Group/Dutton LLC, the owner of real property with the Town which sought a zoning amendment to allow multi-family residential construction. O'Neill Group/Dutton LLC made claim that the denial of its application violated several federal and state constitutional and statutory provisions, and the Town's laws and policies, constituted a fraud, a misrepresentation, and intentional or negligent taking, and was intentionally misleading, discriminatory, ultra fires and inequitable. The claimant alleges unquantified items of damage claimed to results from its inability to develop the property. The claim, having only recently been received is being forwarded to the Town's insurance carrier with a request for defense and indemnification. However, there has been no opportunity to examine the claim, and report as to its potential outcome is not possible at this time.

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

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

TAX MATTERS

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

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

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Other proposals have been made in the past that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

RATING

The Notes are not rated.

Moody's Investors Services, Inc. has assigned a rating of "A1" to the outstanding bonds of the Town. This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. Any such action could have an adverse effect on the market for and market price of the Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes 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 Notes 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.

OTHER MATTERS

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

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

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

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Charles Emberger, Town Comptroller, Town of Poughkeepsie, 1 Overocker Road, Poughkeepsie, NY 12603, Phone (845) 485-3600, Fax (845) 485-3701 and email: cemberger@townofpoughkeepsie-ny.gov or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: http://www.munistat.com.

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

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

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

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

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

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

TOWN OF POUGHKEEPSIE, NEW YORK

By: s/s JON J. BAISLEY
Town Comptroller and Chief Fiscal Officer

February , 2018

APPENDIX A

FINANCIAL INFORMATION

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

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 3,353,004	$ 3,372,956	$ 3,458,506	$ 3,584,576	$ 3,602,805
Real Property Tax Items	238,464	215,230	223,136	217,453	250,678
Departmental Income	152,341	353,292	137,044	141,834	458,500
Use of Money and Property	39,097	39,068	47,851	39,160	72,102
Licenses & Permits	49,239	43,780	52,515	51,967	35,190
Fines & Forfeitures	969,350	870,086	772,952	723,437	913,925
Sale of Property & Compensation for Loss	40,631	79,317	57,986	50,248	23,919
Miscellaneous	225,219	186,473	97,210	74,430	215,455
State Aid	976,547	756,803	746,232	1,136,818	1,009,814
Federal Aid	164,796	19,774			
Total Revenues	6,208,688	5,936,779	5,593,432	6,019,923	6,582,388
Expenditures:					
General Government Support	4,225,205	3,993,070	3,856,960	3,867,144	3,615,821
Transportation	374,593	363,609	394,147	371,301	369,637
Economic Assistance	76,694	76,349	75,672	78,212	79,162
Culture and Recreation	890,201	918,728	677,591	711,686	769,924
Home and Community Services	120,694	97,358	173,453	169,603	171,525
Employee Benefits	223,674	226,213	168,779	197,556	251,046
Debt Service	619,481	584,445	585,934	566,910	552,120
Total Expenditures	6,530,542	6,259,772	5,932,536	5,962,412	5,809,235
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In	500,000	400,000	400,000	400,000	
Operating Transfers Out			(3,994)		
Total Other Financing Sources (Uses)	500,000	400,000	396,006	400,000	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	178,146	77,007	56,902	457,511	773,153
Fund Balance Adjustments					
Fund Balance Beginning of Year	(700,844)	(522,698)	(445,691)	(388,789)	68,722
Fund Balance End of Year	$ (522,698)	$ (445,691)	$ (388,789)	$ 68,722	$ 841,875

Sources: Audited Annual Financial Reports of the Town of Poughkeepsie (2012-2016)

NOTE: This Schedule NOT audited.

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

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	12,572,213	12,010,169	12,649,698	12,846,991	13,071,476
Real Property Tax Items	304,019	1,067,485	1,065,922	1,069,977	1,117,965
Non Property Tax Items	3,196,894	2,517,031	2,720,871	3,037,643	2,501,449
Departmental Income	183,260	140,226	273,237	393,343	215,766
Intergovernmental Charges	28,558	57,279	37,639	57,121	65,404
Use of Money and Property	294,046	250,162	279,744	221,028	322,904
Licenses & Permits	648,097	808,846	644,005	824,895	797,740
Sale of Property & Compensation for Loss	54,604	75,055	122,627	167,965	3,920
Miscellaneous	173,809	167,008	122,926	162,672	61,606
State Aid	431,159	261,216	398,223	276,944	104,236
Federal Aid	13,177	903			277,933
Total Revenues	17,899,836	17,355,380	18,314,892	19,058,579	18,540,399
Expenditures:					
General Government Support	530,321	528,778	522,591	551,232	530,463
Public Safety	14,324,861	14,413,082	14,385,709	14,962,610	15,086,884
Home and Community Services	631,238	557,288	559,152	615,214	602,431
Employee Benefits	1,452,811	1,645,610	1,560,408	1,707,397	1,727,761
Debt Service	344,197	331,442	320,707	312,081	297,714
Total Expenditures	17,283,428	17,476,200	17,348,567	18,148,534	18,245,253
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In					12,258
Operating Transfers Out					
Total Other Financing Sources (Uses)	0	0	0	0	12,258
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	616,408	(120,820)	966,325	910,045	307,404
Fund Balance Adjustments					253,845
Fund Balance Beginning of Year	624,011	1,240,419	1,119,599	2,085,924	2,995,969
Fund Balance End of Year	$ 1,240,419	$ 1,119,599	$ 2,085,924	$ 2,995,969	$ 3,557,218

a. In 2015, the Town transferred its Section 8 Housing Choice Voucher program to the City of Poughkeepsie, which included the transfer of responsibility for 112 program units from the Town to the City, and the Town remitted $43,250 of unspent and escrow funding to the City. The Town also signed an agreement to return funding to the U.S. Department of Housing and Urban Development over five years. As a result, the Town closed the fund and transferred the remaining fund balance to the General Fund B as a residual equity transfer in the amount of $253,845

Sources: Audited Annual Financial Reports of the Town of Poughkeepsie (2012-2016)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Fund

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 6,159,032	$ 6,168,320	$ 6,092,232	$ 6,214,534	$ 5,993,441
Intergovernmental Charges				240,570	
Use of Money and Property	5,521	8,396	9,084	4,870	
Licenses & Permits	2,040	1,482	1,185	3,430	2,356
Sale of Property & Compensation for Loss	28,195	5,495	20,321	40,201	83,451
Miscellaneous	25,273	27,934	69,025	23,405	94,548
State Aid	251,292	449,398	259,461	278,287	121,268
Federal Aid	34,976				
Total Revenues	6,506,329	6,661,025	6,451,308	6,805,297	6,295,064
Expenditures:					
General Support	59,342	50,926	50,620	65,395	51,726
Transportation	4,005,976	4,326,887	4,133,942	5,128,446	4,052,297
Employee Benefits	155,185	150,109	115,648	138,063	138,680
Debt Service	1,753,950	2,152,991	1,860,020	2,204,443	1,774,868
Total Expenditures	5,974,453	6,680,913	6,160,230	7,536,347	6,017,571
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In		350,000		109,226	
Operating Transfers Out					
Total Other Financing Sources (Uses)	0	350,000	0	109,226	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	531,876	330,112	291,078	(621,824)	277,493
Fund Balance Adjustments					
Fund Balance Beginning of Year	309,758	841,634	1,171,746	1,462,824	841,000
Transfers of Fund Balance					
Residual Equity Transfer - Risk Retention					
Fund Balance End of Year	$ 841,634	$ 1,171,746	$ 1,462,824	$ 841,000	$ 1,118,493

Sources: Audited Annual Financial Reports of the Town of Poughkeepsie (2012-2016)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 2,577,516	$ 1,330,199	$ 1,326,543	$ 1,382,132	$ 1,442,523
Non-Property Tax Items		31,923	66,768	66,768	67,194
Departmental Income	2,733,763	3,391,548	3,749,840	3,686,501	3,716,433
Use of Money and Property	141,148	155,102	161,540	127,372	124,588
Licenses and Permits	7,410	7,860	8,035	10,165	9,425
Sale of Property and Comp. for Loss	4,767	564	16,648	21,064	5,762
Miscellaneous	8,776	17,283			25,119
Federal Aid	967				
Total Revenues	5,474,347	4,934,479	5,329,374	5,294,002	5,391,044
Expenditures:					
General Support	69,247	76,183	74,875	57,153	68,594
Home and Community Services	3,353,898	3,532,768	3,607,612	3,701,590	3,699,576
Employee Benefits	167,958	202,303	114,321	145,556	141,583
Debt Service	1,427,184	1,492,448	1,445,608	1,513,344	1,487,473
Total Expenditures	5,018,287	5,303,702	5,242,416	5,417,643	5,397,226
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In	40,000	112,770	40,000	45,000	
Operating Transfers Out	(500,000)	(400,000)	(919,594)	(553,729)	
Total Other Financing Sources (Uses)	(460,000)	(287,230)	(879,594)	(508,729)	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(3,940)	(656,453)	(792,636)	(632,370)	(6,182)
Fund Balance Adjustments					
Fund Balance Beginning of Year	5,408,113	5,404,173	4,747,720	3,955,084	3,322,714
Fund Balance End of Year	$ 5,404,173	$ 4,747,720	$ 3,955,084	$ 3,322,714	$ 3,316,532

Sources: Audited Annual Financial Reports of the Town of Poughkeepsie (2012-2016)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 2,618,724	$ 2,523,717	$ 2,512,366	$ 2,366,970	$ 2,430,983
Non-Property Tax Items		1,631	1,728	1,728	1,728
Departmental Income	2,354,650	2,307,140	1,923,368	2,972,024	2,800,022
Use of Money and Property	7,759	11,008	12,365	6,064	
Sale of Property & Comp. For Loss	5,217	2,800	727	10,099	9,877
Miscellaneous	214,615	(17,390)	24,646	24,254	151,957
Federal Aid	2,772				
Total Revenues	5,203,737	4,828,906	4,475,200	5,381,139	5,394,567
Expenditures:					
Governmental Support	47,121	52,866	51,603	69,146	79,416
Home and Community Services	4,287,312	3,933,614	4,143,597	4,748,727	4,663,911
Employee Benefits	221,019	229,029	172,460	186,653	205,285
Debt Service	92,299	90,248	85,563	86,352	108,260
Total Expenditures	4,647,751	4,305,757	4,453,223	5,090,878	5,056,872
Transfers In	4,130,000		3,745,000		1,263,873
Transfers Out	(4,130,000)		(3,745,000)		(1,263,873)
Total Transfers	0	0	0	0	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	555,986	523,149	21,977	290,261	337,695
Fund Balance Adjustments					
Fund Balance Beginning of Year	1,820,974	2,376,960	2,900,109	2,922,086	3,212,347
Fund Balance End of Year	$ 2,376,960	$ 2,900,109	$ 2,922,086	$ 3,212,347	$ 3,550,042

Sources: Audited Annual Financial Reports of the Town of Poughkeepsie (2012-2016)

NOTE: This Schedule NOT audited.

BALANCE SHEET - GENERAL & MAJOR TOWN FUNDS
Fiscal Year Ending December 31, 2016

Assets	General Fund Town-Wide	General Fund Part-Town	Highway Fund	Water Fund	Sewer Fund
Cash	$ 1,475,427	$ 4,476,734	1,962,291	$ 604,489	$ 3,359,849
Cash and Cash equivalents- Restricted	438,519	158,290			413,558
Other Receivables	121,289	300,840	4,929	907,197	642,321
Due from Other Funds	451,810	52,494		2,604,117	475,479
Due from Other Governments		2,281,400			
State and Federal Aid Receivables	332,380				
Total Assets	$ 2,819,425	$ 7,269,758	1,967,220	$ 4,115,803	$ 4,891,207
Liabilities					
Accounts Payable	$ 236,849	$ 105,075	141,291	$ 429,310	$ 514,320
Accrued Liabilities	66,533	480,514	109,765	57,804	37,049
Due to Other Funds	1,483,530	805,450	441,048		641,030
Due to Other Governments	177,521	1,828,145	156,625	129,809	127,506
Deferred Revenues	13,115	91,270		182,348	21,260
Compensated Absence Obligation		402,086			
Total Liabilities	1,977,548	3,712,540	848,729	799,271	1,341,165
Fund Equity					
Fund Balance:					
Nonspendable					
Restricted	438,519	158,290			413,558
Assigned	10,345	3,398,928	1,118,491	3,316,532	3,136,484
Unassigned	393,013				
Total Fund Equity	841,877	3,557,218	1,118,491	3,316,532	3,550,042
Total Liabilities and Fund Equity	$ 2,819,425	$ 7,269,758	1,967,220	$ 4,115,803	$ 4,891,207

Sources: Audited Annual Financial Report of the Town of Poughkeepsie (2016)

NOTE: This Schedule NOT audited

Budget Summaries

Fiscal Year Ending December 31, 2017

	Appropriations	Less Estimated Revenues	Less Unexpected Balance	Amount To Be Raised By Tax
General Fund - Townwide	$ 6,281,349	$ 2,776,882	$ 0	$ 3,504,467
General Fund - Town- Outside Village	18,993,307	5,708,700	0	13,284,607
Highway Fund-Townwide	6,363,985	353,000	0	6,010,985
Sewer Fund	5,553,673	3,132,246	0	2,421,427
Water Fund	4,953,673	4,953,673	0	0
Totals	$ 42,145,987	$ 16,924,501	$ 0	$ 25,221,486

Source: Adopted Budget of the Town of Poughkeepsie

Budget Summaries

Fiscal Year Ending December 31, 2018

	Appropriations	Less Estimated Revenues	Less Unexpected Balance	Amount To Be Raised By Tax
General Fund - Townwide	$ 6,256,854	$ 2,790,536	$ 0	$ 3,466,318
General Fund - Town- Outside Village	19,402,166	5,212,933	0	14,189,233
Highway Fund-Townwide	6,560,424	474,080	0	6,086,344
Sewer Fund	5,808,017	2,288,017	0	3,520,000
Water Fund	5,603,819	5,603,819	0	0
Totals	$ 43,631,280	$ 16,369,385	$ 0	$ 27,261,895

Source: Adopted Budget of the Town of Poughkeepsie

APPENDIX B

FORM OF BOND COUNSEL'S OPINION

March 8, 2018

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

Re: Town of Poughkeepsie, Dutchess County, New York
$11,250,000 Bond Anticipation Note, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an $11,250,000 Bond Anticipation Note, 2018 (the "Obligation"), of the Town of Poughkeepsie, Dutchess County, New York (the "Obligor"), dated March 8, 2018, numbered , of the denomination of $, bearing interest at the rate of % per annum, payable at maturity, and maturing March 8, 2019.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

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

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/es

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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

TOWN OF POUGHKEEPSIE, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Supervisor and
Members of the Town Board
Town of Poughkeepsie, New York
One Overocker Road
Poughkeepsie, New York 12603

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Poughkeepsie, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Poughkeepsie, New York, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Other Post Employment Benefit Plan Schedule of Funding Progress, Schedule of the Proportionate Share of the Net Pension Liability, and Schedule of Employer Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the Town of Poughkeepsie, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Poughkeepsie, New York's internal control over financial reporting and compliance.

RBT CPAs, LLP

Poughkeepsie, New York
December 11, 2017

OFFICE OF THE COMPTROLLER
Town of Poughkeepsie

Charles E. Emberger
Comptroller

(845) 485-3610
(845) 485-1130 fax
E-mail: cemberger@townofpoughkeepsie-ny.gov

ONE OVEROCKER ROAD

POUGHKEEPSIE, NY 12603

TOWN OF POUGHKEEPSIE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016
(UN-AUDITED)

As the management of the Town of Poughkeepsie, Dutchess County, New York, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016. This discussion and analysis should be read in conjunction with the financial statements and the accompanying notes to the statements that begin on page 17.

The Basic Financial Statements consist of a series of inter-related financial statements. The Statement of Net Position and Statement of Activities (on pages 10 and 11) provide information about the activities of the Town as a whole, presenting both short-term and longer-term views of the Town's finances. For governmental activities, the Town's traditional fund financial statements (beginning on page 12) tell the reader how Town provided services and programs were financed in 2016, as well as what resources is available for future spending. Fund financial statements report on the Town's operations in greater detail than the government-wide statements, and concentrate on the Town's most significant funds (identified as "major" funds), with less significant or "non-major" funds accumulated for presentation in one column. Fiduciary fund statements provide information about financial activities for which the Town acts solely as trustee or agent for the benefit of organizations or persons outside of the Town government.

Reporting on the Town as an Entity:
The Statement of Net Position and the Statement of Activities

The Statement of Net Position shows assets and liabilities of the Town as a whole, with the difference between Assets and Liabilities reported as Net Position. The Statement of Activities presents financial information as to how the Town's Net Position changed during the fiscal year, with all changes being reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Over time, increases or decreases in the Town's Net Position are one indicator of whether its "financial health" is strengthening or deteriorating. These statements are inclusive of all Town's basic services including police, public works/highway, parks and recreation.

Reporting the Town's Most Significant Funds:
Fund Financial Statements

The Fund Financial Statements provide detailed financial information about the most significant funds of the Town, not the Town as a whole. Some funds (most notably the General and Highway funds) are established as required by State law, while other funds are established at the Town's discretion to help it account for and manage money for specific purposes. All of the Town's funds are classified as the Governmental Funds which focus on near-term inflows and outflows of spend-able resources, and on balances of spend-able resources still available at the end of the fiscal year. This measurement focus is known as the modified accrual basis of accounting.

Financial information is presented separately in the Governmental Fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Town's General Fund and Highway Fund. Financial information for all other Governmental Funds is combined into a single-aggregated presentation.

Compliance with the Original and Final Operating budget for the Town's major funds is reported in the Schedules of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual.

In that the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information provided in each. The reader may then better understand the long-term impacts of the Town's near-term financing decisions. The reconciliation of the Fund Balances to the Net Position of Governmental Activities provided in the Governmental Funds Balance Sheet, and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances to the Statement of Activities facilitate the comparison between Governmental Activities.

Reporting the Town's Fiduciary Responsibilities:
The Town as Trustee

Fiduciary Funds are not reported in the government-wide financial statements in that the resources of those funds are not available to support the Town's services and programs. The Town is responsible for ensuring that the assets reported in these funds are utilized for their intended purpose. The Town's fiduciary activities are reported in the Statement of Fiduciary Net Position (on page 16), and are prepared using the full accrual basis of accounting.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements (beginning on page 17) provide additional information essential to a clear understanding of the financial information provided in the government-wide and fund financial statements.

Financial Analysis of The Town as a Whole - Governmental Activities

Statement of Net Position – Summary

	2016	2015	Change
Assets			
Non-Capital	$ 31,230,414	$ 29,397,666	$ 1,832,748
Capital	74,893,799	68,301,219	6,592,580
Deferred Outflows of Resources	12,018,701	606,136	11,412,565
Total Assets and Deferred Outflows of Resources	$ 118,142,914	$ 98,305,021	$19,837,893
Liabilities			
Current	$ 17,636,995	$ 8,770,189	$ 8,866,806
Non-Current	67,615,972	51,643,822	15,972,150
Total Liabilities	85,252,967	60,414,011	24,838,956
Deferred Inflows of Resources	2,106,165	310,424	1,795,741
Total Liabilities and Deferred Inflows of Resources	87,359,132	60,724,435	26,634,697
Net Position			
Capital	53,910,448	48,946,219	4,964,229
Restricted for:			
Debt Service	590,692	788,023	(197,331)
Recreation and Other	438,006	177,470	260,536
Unrestricted	(24,155,364)	(12,331,126)	(11,824,238)
Total Net Position	30,783,782	37,580,586	(6,796,804)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 118,142,914	$ 98,305,021	$19,837,893

Financial Analysis of The Town as a Whole - Governmental Activities

Statement of Activities and Changes in Net Position – Summary

	2016	2015	Change
Revenues			
Program			
Charges for Service	$ 6,877,502	$ 7,311,222	$ (433,720)
Operating Grants	128,934	40,378	88,556
Capital Grants	145,992	1,752,349	(1,606,357)
General			
Property Tax	29,255,543	28,996,133	259,410
Mortgage Tax	1,009,814	1,136,818	(127,004)
Sales Tax	1,759,215	2,264,249	(505,034)
Franchise taxes	742,234	773,394	(31,160)
Fees, Fines and Licenses	2,083,975	1,603,729	480,246
Grants and contributions not restricted to specific programs	252,679	252,679	-
Other	2,101,952	1,503,407	598,545
Total Revenues	44,357,840	45,634,358	(1,276,518)
Expenses			
General Government Support	5,747,405	4,516,732	1,230,673
Public Safety	24,215,300	17,785,737	6,429,563
Health	-	36,785	(36,785)
Transportation	7,562,951	7,505,935	57,016
Economic Assistance	172,894	78,212	94,682
Culture & Recreation	1,294,355	766,197	528,158
Home & Community Service	10,760,991	9,985,495	775,496
Interest Long term Debt	1,400,748	1,215,865	184,883
Total Expenses	51,154,644	41,890,958	9,263,686
Change in Net Position	(6,796,804)	3,743,400	
Net Position, January 1	37,580,586	32,796,523	
Prior period adjustments	-	1,040,663	
Net Position, January 1, restated	37,580,586	33,837,186	
Net Position, December 31	$ 30,783,782	$ 37,580,586	

Net Position of $30,783,782 as of year-end reflects a total decrease of $6,796,804. This represents a decrease of 18.09%, resulting in a significant annual change, primarily due increases in expenditures pertaining to Public Safety, due in part to Other Post-Employment Benefit expense and the Town's share of net pension liability.

The Town's Governmental Funds

For the fiscal year ended December 31, 2016, the Town's Governmental Operating Funds (General, Highway, Water and Sewer) reported combined ending fund balances of $12,384,160, an increase from fiscal year 2016 fund balances of $1,943,408. Operations in the General and Highway Funds, the Town's major operating funds, resulted in a fund balance increase of $1,611,895.

The reserved portion of total fund balances not available for new spending includes: outstanding contract and purchase order commitments of $58,594 (for the Town's five major funds: A-General, B-General, Highway, Water and Sewer) and reserves of $1,028,698.

Comparative Schedule of Expenditures

The following schedule presents a summary of General, Special Revenue (including Highway), Capital Project, and Debt Service Fund expenditures for the fiscal year ended December 31, 2016 and 2015.

	2016	2015
General government support	$ 4,619,724	$ 4,610,239
Public safety	15,086,884	14,962,610
Health	-	36,785
Transportation	8,114,301	8,072,041
Economic assistance & opportunity	136,662	78,212
Culture and recreation	769,924	711,686
Home and community services	14,726,203	13,946,368
Employee benefits	2,464,355	2,375,225
Debt service	5,456,197	5,680,688
	$ 51,374,250	$ 50,473,854

As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the chart above, the Town expended $51,374,250 for current year operations. By comparison, this was $900,396 (on net basis) more than the $50,473,854 expended in 2015.

The Town's Governmental Funds (Continued)

Comparative Schedule of Revenues

The following schedule presents a summary of General, Special Revenue (including Highway), Capital Project, and Debt Service Fund revenues for the fiscal years ended December 31, 2016 and 2015.

	2016	2015
Real property taxes	$ 27,775,855	$ 27,600,527
Real property taxes items	1,479,688	1,322,694
Non property taxes items	2,501,449	3,110,555
Departmental income	7,198,921	7,193,702
Intergovernmental charges	866,170	1,100,286
Use of money and property	519,594	404,942
Licenses and permits	844,711	890,457
Fines and forfeitures	917,845	723,437
Sale of property and compensation for loss	184,615	290,577
Miscellaneous local sources	659,977	414,084
State aid	1,409,015	3,166,111
	$ 44,357,840	$ 46,217,372

Again, as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the chart above, the Town recorded $44,357,840 in revenues to support current year operations. By comparison, this was (on a net basis) $1,859,532 less than the $46,217,372 recorded in 2015.

General Fund A and B. The General Fund, a major fund, is the primary operating fund of the Town, including the operations of the Police, Parks and Recreation, and Public Works Departments, General Administration, the Town Court, and that portion of the Highway Department not required to be accounted for in the Highway Fund. Results of operations in the General Fund resulted in a positive $773,153 (A) and positive $307,404 (B) net change in fund balance. The fund balance is a positive $841,877(A) and a positive $3,557,218, which includes a residual equity transfer from the closed Special Grant Fund of $253,845 (B).

Highway Fund. The Highway Fund, also classified as a major fund, includes the greater portion of the activities of the Town's Highway Department (with the balance of Highway Department activities being accounted for in the General Fund). Highway Fund activities include road repair, machinery acquisition and maintenance, and snow and ice control. Results of operations in the Highway Fund resulted in a $277,493 increase net change in fund balance. The net assigned fund balance is $1,118,491.

"Non-Major" Special Revenue (Governmental) Funds. "Non-Major" Special Revenue Funds are used to account for taxes, user fees and other revenues that are raised or received to fund special governmental activities including the ambulance, fire protection, street lighting, and refuse collection to service areas that may or may not encompass the entire Town. Collectively accounting for $1,301,523 of all governmental activities, operations of all "Non-Major" Special Revenue funds resulted in a $23,369 negative net change in fund balances. The net assigned fund balance is $238,367.

Water Fund. The Town runs a joint venture with the City of Poughkeepsie. The main purpose is to provide our residents and business owners with a quality and affordable water supply. The Town operates two water districts, collecting capital improvements from each district. Sale of water increased by $29,932, and fund balance, in total, decreased by $6,182 as planned. The net assigned fund balance is $3,316,532.

The Town's Governmental Funds (Continued)

Sewer Fund. The Town operates 29 Sewer Districts. Taxes are collected for capital expenditure for 25 of the districts. It also collects sewer rents for operation and maintenance of the facility/system. Plans for the expansion and upgrade to the Arlington Sewer Treatment Plant are still moving forward. The Town is currently incurring engineering expenses in the design and expansion of the plant. The net assigned fund balance is $3,550,042.

Capital Assets and Debt Administration

Capital Assets. In accordance with Governmental Accounting Standards Board (GASB) Statement #34, the Town records depreciation expense and accumulated depreciation associated with all of its assets including infrastructure. The Town's investment in capital assets for its governmental activities totals $47,131,884, net of accumulated depreciation.

Debt Administration. At year-end 2016, the Town had $25,401,000 in Serial Bonds and $13,123,623 in Bond Anticipation Notes (BAN's) outstanding.

The Town maintains a conservative debt borrowing policy and presently holds an A-1 rating from Moody's Investors Service.

At year-end 2016, the Town had $2,099,806 in accumulated Compensated Absences due to its employees, a net increase of $333,967 from the prior year. The Town does not specifically budget for the payment of compensated absences, but utilizes available budgetary appropriations when that portion of the liability that relates to an employee severing service with the Town is "cashed out".

Economic Factors, Subsequent Significant Events, and Future Budget Impacts

The Town's historically conservative budget philosophy, and continued strong fund balance position in its General and Highway funds (both being major funds) effectively serve to insulate the Town from adverse economic impacts. We will continue to carefully monitor our Town's non-property tax revenues, and adjust non-essential appropriations and property taxes accordingly. Town property taxes provide roughly sixty-seven percent of the operating revenues needed to fund Town services and programs.

No major shortfalls in appropriations are presently anticipated that cannot be addressed either through the additional appropriation of fund balance, or through the transfer of existing, available budgeted appropriations. The Town also funds/budgets for a minor Contingency Fund and is also available to meet unanticipated needs.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those having an interest, and should be considered along with the Basic Financial Statements and related notes. Questions concerning any of the information provided in this report may be addressed to Charles Emberger, Town Comptroller, at One Overocker Road, Poughkeepsie, New York, 12603.

TOWN OF POUGHKEEPSIE
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 15,657,982
Restricted Cash	1,186,988
Accounts Receivable (Note C)	1,979,853
Due from Other Governments	11,831,400
State and Federal Aid Receivable	332,380
Inventory	241,811
	31,230,414
NON-CURRENT ASSETS	
Capital Assets	
Land	10,702,282
Infrastructure, Net of Depreciation	24,302,374
Buildings, Machinery, and Equipment, Net of Depreciation	9,153,639
Construction in Progress	2,973,589
Total Capital Assets, net (Note E)	47,131,884
Investment in Joint Water Project	27,761,915
Total Assets	106,124,213
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note A5H)	12,018,701
Total Deferred Outflows of Resources	12,018,701
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 118,142,914
LIABILITIES	
Accounts Payable	$ 2,216,460
Accrued Expenditures	980,076
Bond Anticipation Notes (Note F)	9,809,645
Due To Other Governments	980,616
Noncurrent Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note G)	3,380,000
Installment Purchase Obligations (Note G)	51,500
Landfill Closure and Post Closure (Note G)	8,717
Compensated Absences (Note G)	209,981
Due and Payable More Than One Year:	
Bonds Payable (Note G)	22,021,000
Installment Purchase Obligations (Note G)	148,638
Landfill Closure and Post Closure (Note G)	277,724
Compensated Absences (Note G)	1,889,825
ERS Net Pension Liability-Proportionate Share (Note G)	3,750,925
PFRS Net Pension Liability-Proportionate Share (Note G)	8,627,727
Bond Anticipation Notes (Note G)	3,313,978
Other Postemployment Benefits (Note G)	27,586,155
Total Liabilities	85,252,967
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Other	172,860
Pension (Note A5H)	1,933,305
Total Deferred Inflows of Resources	2,106,165
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	87,359,132
NET POSITION	
Net Investment in Capital Assets	36,119,804
Net Investment in Joint Water Project	17,790,644
Restricted	1,028,698
Unrestricted	(24,155,364)
Total Net Position	30,783,782
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 118,142,914

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 5,747,405	$ 6,521	$ -	$ -	$ (5,740,884)
Public Safety	24,215,300	175,209	65,934	24,724	(23,949,433)
Transportation	7,562,951	-	63,000	121,268	(7,378,683)
Economic Assistance and Opportunity	172,894	-	-	-	(172,894)
Culture and Recreation	1,294,355	101,496	-	-	(1,192,859)
Home and Community Services	10,760,991	6,594,276	-	-	(4,166,715)
Interest on Debt	1,400,748	-	-	-	(1,400,748)
Total Primary Government	$ 51,154,644	$ 6,877,502	$ 128,934	$ 145,992	(44,002,216)
General Revenues:					
Real Property Taxes					27,775,855
Real Property Tax Items					1,479,688
Sales Tax Distribution					1,759,215
Franchise Fees					742,234
Mortgage Tax Distribution					1,009,814
Use of Money and Property					519,594
Grants and Conributions not Restricted to Specific Programs					252,679
Fees, Fines, and Licenses					2,083,975
Sale of Property and Compensation for Loss					184,615
Miscellaneous					1,397,743
Total General Revenues					37,205,412
Change in Net Position					(6,796,804)
Net Position - Beginning					37,580,586
Net Position - Ending					$ 30,783,782

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund A	General Fund B	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Funds	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	$ 1,475,427	$ 4,476,734	$ 1,962,291	$ 604,489	$ 3,359,849	$ 2,847,270	$ 446,757	$ 485,165	$ 15,657,982
Restricted Cash	438,519	158,290	-	-	413,558	5,000	171,621	-	1,186,988
Receivables (Note C)	121,289	300,840	4,929	907,197	642,321	-	-	3,277	1,979,853
Due from Other Funds (Note D)	451,810	52,494	-	2,604,117	475,479	465,697	100	79,586	4,129,283
Due from Other Governments	-	2,281,400	-	-	-	-	9,550,000	-	11,831,400
State and Federal Aid Receivable	332,380	-	-	-	-	-	-	-	332,380
Total Assets	$ 2,819,425	$ 7,269,758	$ 1,967,220	$ 4,115,803	$ 4,891,207	$ 3,317,967	$ 10,168,478	$ 568,028	$ 35,117,886
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	$ 236,849	$ 105,075	$ 141,291	$ 429,310	$ 514,320	$ 670,083	$ -	$ 119,532	$ 2,216,460
Accrued Expenditures	66,533	480,514	109,765	57,804	37,049	38,122	-	-	789,787
Due to Other Funds (Note D)	1,483,530	805,450	441,048	-	641,030	548,096	-	210,129	4,129,283
Due to Other Governments	177,521	1,828,145	156,625	129,809	127,506	821,088	-	-	3,240,694
Deferred Revenues	13,115	91,270	-	182,348	21,260	26,867	9,550,000	-	9,884,860
Bond Anticipation Notes Payable (Note F)	-	-	-	-	-	13,123,623	-	-	13,123,623
Compensated Absence Obligation	-	402,086	-	-	-	-	-	-	402,086
Total Liabilities	1,977,548	3,712,540	848,729	799,271	1,341,165	15,227,879	9,550,000	329,661	33,786,793
Fund Balances:									
Fund Balance - Restricted									
Reserves	513	-	-	-	413,558	5,000	171,621	-	590,692
Recreation	369,858	-	-	-	-	-	-	-	369,858
Drainage	68,148	-	-	-	-	-	-	-	68,148
Repayment to HUD (Note M)	-	158,290	-	-	-	-	-	-	158,290
Fund Balance - Assigned									
Assigned for Subsequent Year's Budget	-	160,000	-	300,000	-	-	-	-	460,000
Assigned for Fund Purposes	-	3,220,491	1,118,491	3,016,532	3,106,672	80,928	446,857	238,367	11,228,338
Assigned for Purchase Commitments	10,345	18,437	-	-	29,812	-	-	-	58,594
Fund Balance - Unassigned	393,013	-	-	-		(11,995,840)	-	-	(11,602,827)
Total Fund Balances	841,877	3,557,218	1,118,491	3,316,532	3,550,042	(11,909,912)	618,478	238,367	1,331,093
Total Liabilities and Fund Balances	$ 2,819,425	$ 7,269,758	$ 1,967,220	$ 4,115,803	$ 4,891,207	$ 3,317,967	$ 10,168,478	$ 568,028	$ 35,117,886

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	$ 15,657,982	$ -	$ -	$ 15,657,982
Restricted Cash	1,186,988	-	-	1,186,988
Receivables	1,979,853	-	-	1,979,853
Inventory	-	241,811	-	241,811
Due from Other Funds	4,129,283	-	(4,129,283)	-
Due from Other Governements	11,831,400	-	-	11,831,400
State and Federal Aid Receivable	332,380	-	-	332,380
Investment in Joint Water Project	-	27,761,915	-	27,761,915
Capital Assets, Net	-	47,131,884	-	47,131,884
Deferred Outflows of Resources - Pension	-	12,018,701	-	12,018,701
Total Assets and Deferred Outflows	$ 35,117,886	$ 87,154,311	$ (4,129,283)	$ 118,142,914
LIABILITIES				
Accounts Payable	$ 2,216,460	$ -	$ -	$ 2,216,460
Accrued Expenditures	789,787	190,289	-	980,076
Bond Anticipation Notes Payable	13,123,623	-	-	13,123,623
Bonds Payable	-	25,401,000	-	25,401,000
Installment Obligations Payable	-	200,138	-	200,138
Due to Other Funds	4,129,283	-	(4,129,283)	-
Due to Other Governments	3,240,694	(2,260,078)	-	980,616
Deferred Revenues	9,884,860	(9,712,000)	-	172,860
Landfill Closure and Post Closure	-	286,441	-	286,441
Compensated Absences	402,086	1,697,720	-	2,099,806
ERS Net Pension Liability-Proportionate Share	-	3,750,925	-	3,750,925
PFRS Net Pension Liability-Proportionate Share	-	8,627,727	-	8,627,727
Other Postemployment Benefits	-	27,586,155	-	27,586,155
Deferred Inflows of Resources - Pension	-	1,933,305	-	1,933,305
Total Liabilities and Deferred Inflows	33,786,793	57,701,622	(4,129,283)	87,359,132
Total Fund Balances	1,331,093	29,452,689	-	30,783,782
Total Liabilities, Deferred Inflows and Fund Balances	$ 35,117,886	$ 87,154,311	$ (4,129,283)	$ 118,142,914

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund A	General Fund B	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Funds	Total Governmental Funds
Revenues:									
Real Property Taxes	$ 3,602,805	$ 13,071,476	$ 5,993,441	$ 1,442,523	$ 2,430,983	$ -	$ -	$ 1,234,627	$ 27,775,855
Real Property Tax Items	250,678	1,117,965	-	67,194	1,728	-	-	42,123	1,479,688
Non Property Tax Items	-	2,501,449	-	-	-	-	-	-	2,501,449
Departmental Income	458,500	215,766	-	3,716,433	2,800,022	8,200	-	-	7,198,921
Intergovernmental Income	-	65,404	-	-	-	-	800,766	-	866,170
Use of Money and Property	72,102	322,904	-	124,588	-	-	-	-	519,594
Licenses and Permits	35,190	797,740	2,356	9,425	-	-	-	-	844,711
Fines and Forfeitures	913,925	3,920	-	-	-	-	-	-	917,845
Sale of Property and Compensation for Loss	23,919	61,606	83,451	5,762	9,877	-	-	-	184,615
Miscellaneous	215,455	104,236	94,548	25,119	151,957	55,000	-	13,662	659,977
State and Federal Aid	1,009,814	277,933	121,268	-	-	-	-	-	1,409,015
Total Revenues	6,582,388	18,540,399	6,295,064	5,391,044	5,394,567	63,200	800,766	1,290,412	44,357,840
Expenditures:									
General Government	3,615,821	530,463	51,726	68,594	79,416	236,876	-	36,828	4,619,724
Public Safety	-	15,086,884	-	-	-	-	-	-	15,086,884
Transportation	369,637	-	4,052,297	-	-	2,686,553	-	1,005,814	8,114,301
Economic Assistance and Opportunity	79,162	-	-	-	-	-	-	57,500	136,662
Culture and Recreation	769,924	-	-	-	-	-	-	-	769,924
Home and Community Services	171,525	602,431	-	3,699,576	4,663,911	5,588,760	-	-	14,726,203
Employee Benefits	251,046	1,727,761	138,680	141,583	205,285	-	-	-	2,464,355
Debt Service	552,120	297,714	1,774,868	1,487,473	108,260	233,615	800,766	201,381	5,456,197
Total Expenditures	5,809,235	18,245,253	6,017,571	5,397,226	5,056,872	8,745,804	800,766	1,301,523	51,374,250
Excess/(Deficiency) of Revenues Over Expenditures	773,153	295,146	277,493	(6,182)	337,695	(8,682,604)	-	(11,111)	(7,016,410)
Other Financing Sources/(Uses):									
BANS Redeemed from Appropriations	-	-	-	-	-	15,000	-	-	15,000
Operating Transfers In	-	12,258	-	-	1,263,873	-	-	-	1,276,131
Operating Transfers Out	-	-	-	-	(1,263,873)	-	-	(12,258)	(1,276,131)
Total Other Financing Sources/(Uses)	-	12,258	-	-	-	15,000	-	(12,258)	15,000
Change in Fund Balances	773,153	307,404	277,493	(6,182)	337,695	(8,667,604)	-	(23,369)	(7,001,410)
Fund Balances - Beginning	68,724	2,995,969	840,998	3,322,714	3,212,347	(3,242,308)	618,478	515,581	8,332,503
Residual Equity Transfer (Note M)	-	253,845	-	-	-	-	-	(253,845)	-
Fund Balances - Ending	$ 841,877	$ 3,557,218	$ 1,118,491	$ 3,316,532	$ 3,550,042	$ (11,909,912)	$ 618,478	$ 238,367	$ 1,331,093

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	$ 27,775,855	$ -	$ -	$ -	$ -	$ 27,775,855
Real Property Tax Items	1,479,688	-	-	-	-	1,479,688
Non Property Tax Items	2,501,449	-	-	-	-	2,501,449
Departmental Income	7,198,921	-	-	-	-	7,198,921
Intergovernmental Income	866,170	-	-	-	-	866,170
Use of Money and Property	519,594	-	-	-	-	519,594
Licenses and Permits	844,711	-	-	-	-	844,711
Fines and Forfeitures	917,845	-	-	-	-	917,845
Sale of Property and Compensation for Loss	184,615	-	-	-	-	184,615
Miscellaneous	659,977	-	-	-	-	659,977
State and Federal Aid	1,409,015	-	-	-	-	1,409,015
Total Revenues	44,357,840	-	-	-	-	44,357,840
Expenditures:						
General Government	4,619,724	868,798	60,838	-	198,045	5,747,405
Public Safety	15,086,884	7,313,209	150,109	-	1,665,098	24,215,300
Transportation	8,114,301	445,618	(1,157,748)	-	160,780	7,562,951
Economic Assistance and Opportunity	136,662	-	-	-	36,232	172,894
Culture and Recreation	769,924	138,169	(17,938)	-	404,200	1,294,355
Home and Community Services	14,726,203	(1,880,206)	(2,085,006)	-	-	10,760,991
Employee Benefits	2,464,355	-	-	-	(2,464,355)	-
Debt Service	5,456,197	-	-	(4,055,449)	-	1,400,748
Total Expenditures	51,374,250	6,885,588	(3,049,745)	(4,055,449)	-	51,154,644
Excess/(Deficiency) of Revenues Over Expenditures	(7,016,410)	(6,885,588)	3,049,745	4,055,449	-	(6,796,804)
Other Financing Sources/(Uses):						
BANS Redeemed from Appropriations	15,000	-	-	(15,000)	-	-
Operating Transfers In	1,276,131	-	-	-	(1,276,131)	-
Operating Transfers Out	(1,276,131)	-	-	-	1,276,131	-
Total Other Financing Sources/(Uses)	15,000	-	-	(15,000)	-	-
Change in Fund Balances	$ (7,001,410)	$ (6,885,588)	$ 3,049,745	$ 4,040,449	$ -	$ (6,796,804)

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

	Agency Fund
ASSETS	
Cash	$ 1,814,487
Total Assets	$ 1,814,487
LIABILITIES	
Escrow funds returnable and other liabilities	$ 1,814,487
Total Liabilities	$ 1,814,487

See accompanying notes to basic financial statements.

NOTE A - Summary of Significant Accounting Policies

The Town of Poughkeepsie, New York ("Town") was incorporated in 1854, under the provisions of the State of New York. The Town operates under a Town Board form of government, consisting of a Supervisor and six Councilmen/women. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer of the Town.

The Town provides the following services: highway maintenance, police, water, sewer, planning, zoning, building and safety inspection, lighting, and culture and recreation.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Town in preparing its government-wide and fund financial statements are discussed below.

1. The Reporting Entity

The Town, for financial purposes, includes all of the funds relevant to the operations of the Town of Poughkeepsie, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Excluded from the reporting entity and described in Note G - Joint Ventures, are the Tri-Municipal Sewer Commission and the Poughkeepsie Joint Water Project; also excluded from the reporting entity is the Poughkeepsie/Wappingers/LaGrange Joint Landfill Project. The Town of Poughkeepsie is not financially accountable for any of these joint entities under criteria established by GASB Statement No. 14 and, therefore, no other entity is included in the reporting entity, "Town of Poughkeepsie." The City/Town of Poughkeepsie Regional Sewer Project is included in the reporting entity, the "City of Poughkeepsie."

2. Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type activities. The Town's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Town's water and sewer services are also classified as governmental activities since user fees are not intended to cover all costs including depreciation.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions or activities. The functions are also supported by general government revenues (property and sales taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Note A - Summary of Significant Accounting Policies (Continued)

2. Basic Financial Statements – Government-Wide Statements (Continued)

The net costs are normally covered by general revenue (property, sales or mortgage taxes, intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

3. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The following fund types are used by the Town:

A. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the Town:

1. **General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund and is presented separately.

2. **Highway Fund** is used to record the revenues and expenditures related to the maintenance of Town roadways. The Highway Fund is considered a major fund and is presented separately.

3. **Water Fund** is used to record the revenues and expenditures related to the delivery of water services to the Town's customers. The Water Fund is considered a major fund and is presented separately.

4. **Sewer Fund** is used to record the revenues and expenditures related to the delivery of sewer services to the Town's customers. The Sewer Fund is considered a major fund and is presented separately.

Note A - Summary of Significant Accounting Policies (Continued)

3. Basic Financial Statements – Fund Financial Statements (Continued)

5. **Capital Projects Funds** are used to account for financial resources to be used for the acquisition and construction of major capital facilities. The Capital Projects Fund is considered a major fund and is presented separately. However, no budgetary comparison schedule is presented as required supplementary information, as the Town is not legally required to adopt an annual budget for the Capital Projects Fund.

6. **Debt Service Fund** is used to record revenues and expenditures relating to the Town's debt. The Debt Service Fund is considered a major fund and is presented separately.

7. **Non-major Funds** include those that are used for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

B. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support Town programs. The reporting focus is on net position and changes in net position, and funds are reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

A. Accrual

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

B. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts

A. Cash and Investments

Cash includes amounts in demand and time deposits, as well as short-term investments. State statutes and the Town's own investment policy govern the investment policies of the Town. The Town may invest its funds in banks or trust companies authorized to do business in the State of New York, as well as investing in obligations of the U.S. Treasury, U.S. Agencies, and obligations of the State of New York and its political subdivisions.

Short-term investments consist of investments in U.S. Treasury Bills and in repurchase agreements. The repurchase agreements involve purchases by a broker of portfolio securities concurrently with an agreement by the broker to sell the same securities at a later date at a fixed price. Generally, the effect of such a transaction is that the Town can invest its excess cash balances at competitive interest rates. Market value of the repurchase agreements approximates cost plus accrued interest.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statues govern the Town's investment policies, as discussed previously in these Notes. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Town or its agent in the Town's name. As of December 31, 2016, the Town's bank balance was not exposed to custodial credit risk.

The cash and investments of the Town at December 31, 2016, are as follows:

	GENERAL FUNDS A & B	HIGHWAY FUND	WATER FUND	SEWER FUND	CAPITAL PROJECTS FUND	DEBT SERVICE	NON-MAJOR FUND	TOTAL
Non-Interest Bearing Accounts	$ 1,900	$ -	$ 100	$ 75	$ -	$ -	$ 50	$ 2,125
Interest Bearing Accounts	5,950,261	1,962,291	604,389	3,359,774	2,847,270	446,757	485,115	15,655,857
Subtotal	5,952,161	1,962,291	604,489	3,359,849	2,847,270	446,757	485,165	15,657,982
Restricted								
Other	596,809	-	-	413,558	-	171,621	-	1,181,988
US Treasury Bills	-	-	-	-	5,000	-	-	5,000
Subtotal	596,809	-	-	413,558	5,000	171,621	-	1,186,988
TOTAL	**$ 6,548,970**	**$1,962,291**	**$604,489**	**$3,773,407**	**$ 2,852,270**	**$ 618,378**	**$485,165**	**$ 16,844,970**

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

A. Cash and Investments (Continued)

The restricted cash invested in U.S. Treasury bills represents unspent bond proceeds whose use is limited to funding construction commitments related to improvements to the Joint Water Facility and is more fully described in Note G.2. Disclosures relating to risk and type of investments as presented are indicative of activity and positions held during the year.

B. Inventories

Inventories consist of significant expendable supplies, primarily sand and road salt, and are carried at cost in the government-wide financial statements.

C. Capital Assets

Capital assets purchased or acquired with an original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs associated with capital projects which are not complete are capitalized as Construction in Progress. No depreciation is recorded until the project is complete and the asset is placed in service. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Infrastructure	15-40 years
Machinery and equipment	3-20 years
Improvements	15 years

D. Accumulated Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from the Town's service.

The Town calculates its sick leave liability based on the assumption that most employees would continue to be employed by the Town until retirement. In governmental and fiduciary funds, the cost of vacation and sick leave is generally recognized when payments are made to employees. In prior years the Town has partially funded its liability for compensated absences through budgetary appropriations in the General Fund, amounting to $402,086, with the balance of $1,697,720 remaining un-funded. In the statement of net position the liability of $2,099,806 for accrued sick pay is recognized according to an estimate of payments in the following year and all future years.

Current portion	$ 209,981
Long-term liability	1,889,825
TOTAL	**$ 2,099,806**

Note A - Summary of Significant Accounting Policies (Continued)

E. Fund Balance Classifications

Fund balance is presented in five different classifications which focus on the constraints imposed on resources in governmental funds, rather than on availability for appropriation. The classifications include: non-spendable, restricted, committed, assigned, and unassigned.

Non-spendable consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, prior to the end of the fiscal year, commit fund balance.

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

E. Fund Balance Classifications (Continued)

The following details the allocations and amounts of fund balance as of December 31, 2016:

General A	
Restricted - Recreation	$ 369,858
Restricted - Drainage	68,148
Restricted - Special Reserve	513
Assigned - Encumbrances	10,345
Unassigned	393,013
Total General A Fund Classifications	841,877
General B	
Restricted - Repayment to HUD	158,290
Assigned - Encumbrances	18,437
Assigned - Other	3,220,491
Assigned - Subsequent Years Budget	160,000
Total General B Fund Classifications	3,557,218
Highway	
Assigned - Other	1,118,491
Total Highway Fund Classifications	1,118,491
Water	
Assigned - Other	3,016,532
Assigned - Subsequent Years Budget	300,000
Total Water Fund Classifications	3,316,532
Sewer	
Restricted - Bonded Debt	413,558
Assigned - Encumbrances	29,812
Assigned - Other	3,106,672
Total Sewer Fund Classifications	3,550,042
Capital Projects	
Restricted - Bonded Debt	5,000
Assigned - Other	80,928
Unassigned	(11,995,840)
Total Capital Fund Classifications	(11,909,912)
Debt Service	
Restricted - Bonded Debt	171,621
Assigned - Other	446,857
Total Debt Service Fund Classifications	618,478
Non-Major	
Assigned - Other	238,367
Total Non-Major Fund Classifications	238,367
Total Fund Classifications	$ 1,331,093

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

F. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are eliminated at the government-wide level. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

G. Budgets

The Town employs a formal budgetary accounting system as required by law. During the year, a budget was adopted and modified by the Town Board for the General Fund, Highway Fund, Water Fund, Sewer Fund and Non-Major Funds. However, for the Capital Projects Fund, budgets are established at the project level and continue until the project is completed. Any budgets, which include appropriations of fund balance, show expenditures exceeding revenues. Unused appropriations of the annually budgeted funds lapse at the end of the year.

H. Pension Plans

New York State and Local Retirement System -Plan Description

The Town of Poughkeepsie participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (collectively, the Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

H. Pension Plans (Continued)

New York State and Local Retirement System -Plan Description (cont'd.)

Funding Policy

The Systems are generally noncontributory. Tiers I-IV are noncontributory after ten years of participation and tier V is required to contribute 3% of their salary, and tier VI is required to contribute a minimum of 3.5% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates of participating employers expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by those employers to the pension accumulation fund.

The Town is required to contribute to the System at an actuarially determined rate. The required contributions for the current and prior two calendar years were $1,241,364, $1,120,529, and $987,226, for ERS, and $2,409,668, $2,350,986, and $2,287,824 for PFRS, respectively. The Town's contributions made to the System were equal to 100% of the contributions required for those years.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Town reported a liability of $3,750,925 for its proportionate share of the net pension liability for ERS and $8,627,727 for PFRS. This amount is recorded as a long-term liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2016, the Town's proportion was .0233698 percent of the Employees' Retirement System liability, and .2913998 percent of the Police and Firemens' Retirement System liability.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

H. Pension Plans (Continued)

New York State and Local Retirement System -Plan Description (cont'd.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd.)

For the year ended December 31, 2016, the Town recognized pension expense of $1,370,645 for ERS, and $3,135,729 for PFRS. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,954	$ 444,609	$ 77,383	$ 1,304,409
Changes of Assumptions	1,000,258	-	3,719,385	-
Net difference between projected and actual investment earnings on pension plan investments	2,225,254	-	4,835,143	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,361	4,295	34,963	179,992
Employer contributions subsequent to the measurement date	-	-	-	-
Total	$ 3,351,827	$ 448,904	$ 8,666,874	$ 1,484,401

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, other than any employer contributions made subsequent to the measurement date, as follows:

Year ended December 31:	ERS	PFRS
2017	$ 740,754	$ 1,689,952
2018	740,754	1,689,952
2019	740,754	1,689,952
2020	680,662	1,622,629
2021	-	489,988

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

H. Pension Plans (Continued)

New York State and Local Retirement System -Plan Description (cont'd.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd.)

Actuarial Assumptions

The total pension liability at March 31, 2016, was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

	ERS	PFRS
Inflation	2.5%	2.5%
Salary increases	3.8%	4.5%
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2011-March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimated ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return of the target asset allocation percentage and by adding expected inflation.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

H. Pension Plans (Continued)

New York State and Local Retirement System -Plan Description (cont'd.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd.)

Actuarial Assumptions (cont'd.)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation-indexed bonds	4.00%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

H. Pension Plans (Continued)

New York State and Local Retirement System -Plan Description (cont'd.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd.)

Sensitivity to the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net ERS pension liability	$ 8,458,060	$ 3,750,925	$ (226,406)
Town's proportionate share of the net PFRS pension liability	$ 19,270,935	$ 8,627,727	$ (293,589)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	Dollars in Thousands	
	Employees' Retirement System	Police and Fire Retirement System
Employers' total pension liability	$ (172,303,544)	$ (30,347,727)
Plan net position	156,253,265	27,386,940
Employers' net pension liability	$ (16,050,279)	$ (2,960,787)
Ratio of plan net position to the employers' total pension liability	90.7%	90.2%

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

I. Other Post Employment Benefits

The cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid, which is the accrual accounting perspective. In adopting the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the Town recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years. The Other Postemployment Benefits Liability as of December 31, 2016 is $27,586,155.

Plan Description

The Town provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the Town. This plan is a single employer plan, established by authority of the Town Board and administered by the Town. Currently, there are approximately 70 retirees receiving postemployment benefits. Based on the current employment policy, the retiree and his or her beneficiaries receive coverage for the life of the retiree based on the retiree's years of service at retirement. A copy of the report on these benefits can be requested at Town Hall. A summary of benefits is as follows:

	% Paid by Town	
Contracts	Retiree	Spouse
Non-Union & CSEA Union		
Less than 10 years of service	0%	0%
Between 10 and 19 years of service	35%	35%
Between 20 and 29 years of service	50%	50%
More than 30 years of service	80%	80%
*PBA Union -	100%	100%

*For those with more than 5 years of service and who are over age 55, the Town will pay 100% of the retiree's coverage.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

I. Other Post-Employment Benefits (Continued)

Funding Policy

The Town provides funding on the pay-as-you-go method of payment of current insurance premiums.

Annual Other Postemployment Benefit Cost

The Town's OPEB cost (net expense) amounted to $10,214,107 for the year ended December 31, 2016. The Town's OPEB cost was equal to the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 described below, less premiums paid for retirees in the current year. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs plus a past service cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

Level Dollar Amortization

Actuarial Accrued Liability (AAL)		
All eligible employees	$	41,361,695
Unfunded actuarial accrued liability (UAAL)	$	41,361,695

Benefit Obligation Accrued to Date

Net OPEB Obligation, beginning of year	$	18,884,211
Annual Required Contribution (ARC)		7,773,051
Interest on Net OPEB Obligation		755,368
Adjustment to Annual Required Contribution		1,685,688
Annual OPEB Cost		10,214,107
Actual Employer Contributions*		(1,512,163)
Increase in Net OPEB Obligation		8,701,944
Net OPEB Obligation, end of year	$	27,586,155

The percentage of Annual OPEB cost contributed is 14.80%

* This contribution is the pay-as-you-go amount, as an actual plan has not been established, see Funding Policy.

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

I. Other Post-Employment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the required contributions of the Town are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value for plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2016 actuarial valuation, the liabilities were computed using the projected unit credit cost method and level percent amortization. The actuarial assumptions utilized a 5% baseline discount rate. The valuation assumes the following information:

	Pre-65 Medical	Post-65 Medical
Initial trend	8.00%	8.00%
Ultimate trend	5.00%	5.00%
Grading per year	0.50%	0.50%

The following is additional information regarding post retirement benefits:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Amortization Period	Single Amortization Period
Amortization Period (in years)	30
Amortization Period Status	Open

Note A - Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts (Continued)

J. Property Taxes

The Town submits an approved budget to the Dutchess County Commissioner of Finance by December 5th of the previous year. The County then establishes the warrant for the year which is due and payable on or about January 1 of each year. The Town collects the taxes on behalf of the Town and County without penalty through February 28th and with penalties and interest through August 31st. The Town's portion of the taxes is recognized and transferred prior to the County's portion. Therefore, the Town receives its entire tax, leaving the un-paid balances to be collected by Dutchess County.

K. Risk Management

The Town of Poughkeepsie assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. The Town does not estimate claims that may have occurred but are not reported in areas where the Town is not insured.

L. Long-Term Liabilities

Long-Term Debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other Long-Term Obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Long-Term Liabilities.

M. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

N. Subsequent Events

Management has evaluated subsequent events through December 11, 2017, the date the financial statements were available to be issued.

NOTE B – Explanation of Certain Differences Between Governmental Fund Statements and Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

1. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Funds Balance Sheet.

The basic financial statements contain a tabular reconciliation of the items creating the differences between Fund Balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

Total fund equity for governmental funds	$ 1,331,093
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	47,131,884
Investment in Joint Water Project is not reported in the funds.	27,761,915
Inventory is not reported in the funds.	241,811
Long-term liabilities, including bonds payable, landfill remediation, compensated absences, other postemployment benefits, judgement and claims and net employee retirement system liabilities are not due and payable in the current period and therefore are not reported in the funds.	(55,768,317)
Deferred outflows related to the employee retirement system liability are not reported in the funds.	12,018,701
Deferred inflows related to the employee retirement system liability are not reported in the funds.	(1,933,305)
Total net position of governmental activities	$ 30,783,782

NOTE B – Explanation of Certain Differences Between Governmental Fund Statements and Government-Wide Statements (Continued)

2. Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Net change in fund balance - total government funds	$ (7,001,410)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	3,049,745
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	4,040,449
Some expenses reported in the statement of activities, such as retainage payable, compensated absences, landfill liabilities, and postemployment benefits, and retirement expenses, require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the change between what was paid and what was accrued through 2016.	(6,885,588)
Net change in net position of governmental activities	$ (6,796,804)

Note C – Receivables

Receivables at December 31, 2016 consisted of the following:

	GENERAL FUNDS A&B	HIGHWAY FUND	WATER FUND	SEWER FUND	NON MAJOR FUNDS	TOTAL
Accounts Receivable	$ 422,129	$ 4,929	$ -	$ -	$ 3,277	$ 430,335
Water Rents Receivable	-	-	907,197	-	-	907,197
Sewer Rents Receivable	-	-	-	642,321	-	642,321
Totals	$ 422,129	$ 4,929	$ 907,197	$ 642,321	$ 3,277	$1,979,853

Note D – Interfund Receivables, Payables and Transfers

The following is a summary of amounts due from and due to other funds as of December 31, 2016. These inter-fund balances have been eliminated as part of the aggregation of fund balances. Such balances arise through the use of a pooled cash disbursement account, district transfers for sewer operations and the temporary funding of capital projects.

FUND	RECEIVABLE	PAYABLE
General	$ 504,304	$ 2,288,980
Highway	-	441,048
Water	2,604,117	-
Sewer	475,479	641,030
Debt Service	100	-
Capital Projects	465,697	548,096
Non-Major	79,586	210,129
Total	$ 4,129,283	$ 4,129,283

FUND	TRANSFERS IN	TRANSFERS OUT
General	$ 12,258	$ -
Water	1,263,873	1,263,873
Non-Major	-	12,258
Total	$ 1,276,131	$ 1,276,131

Note E – Capital Assets

The following is a summary of changes and adjustments in the Capital Assets, for the year ended December 31, 2016:

Governmental activities:	**BALANCE JANUARY 1, 2016**	**ADDITIONS**	**(DISPOSALS AND ADJUSTMENTS)**	**BALANCE DECEMBER 31, 2016**
Land	$ 10,702,282	$ -	$ -	$ 10,702,282
Buildings	15,319,063	-	-	15,319,063
Town Roads and Other Infrastruture	91,530,934	4,251,717	-	95,782,651
Improvements other than buildings	2,121,319	35,275	-	2,156,594
Machinery & equipment	12,836,723	577,320	-	13,414,043
Construction in Progress	2,391,003	2,147,749	(1,565,163)	2,973,589
Total	134,901,324	7,012,061	(1,565,163)	140,348,222
Less accumulated depreciation				
Buildings	(9,423,816)	(352,177)	-	(9,775,993)
Town Roads and Other Infrastruture	(69,835,771)	(1,644,506)	-	(71,480,277)
Improvements other than buildings	(1,883,582)	(28,245)	-	(1,911,827)
Machinery & equipment	(9,850,690)	(197,551)	-	(10,048,241)
Total accumulated depreciation	(90,993,859)	(2,222,479)	-	(93,216,338)
Governmental activities capital assets, net	$ 43,907,465	$ 4,789,582	$ (1,565,163)	$ 47,131,884

Depreciation was charged to governmental activities as follows:

General government support	$ 80,906
Public safety	271,612
Transportation	1,760,160
Home & community	92,464
Culture & recreation	17,337
Total depreciation expense	**$ 2,222,479**

Note F - Bond Anticipation Notes Payable

Bond Anticipation Notes Payable are renewed annually and are not to exceed five renewals, except for water and sewer improvements which may be renewed for the life of the improvement not to exceed twenty years.

The changes in Bond Anticipation Notes Payable are:

PURPOSE	BALANCE JANUARY 1, 2016	NEW ISSUES	PAYMENTS	CONVERTED TO NEW BAN	BALANCE DECEMBER 31, 2016
Short-term					
Various Purposes	$ 1,500,000	$ -	$ (15,000)	$ (1,485,000)	$ -
Road Improvements	-	3,000,000	-	-	3,000,000
Arlington Sewer	-	912,351	-	-	912,351
Water Plant	-	2,962,294	-	-	2,962,294
Sewer Plant	-	1,450,000	-	-	1,450,000
Arlington Sewer	-	-	-	1,485,000	1,485,000
Long-term					
Joint Water Plant	3,313,978	-	-	-	3,313,978
Total	$ 4,813,978	$ 8,324,645	$ (15,000)	$ -	$ 13,123,623

NOTE G - Long Term Debt

1. Serial Bonds Outstanding

The Serial Bonds Payable, as of December 31, 2016, are as follows:

PURPOSE	ORIGINAL ISSUE DATE	FINAL MATURITY DATE	INTEREST RATE	ORIGINAL AMOUNT OF ISSUE	AMOUNT OUTSTANDING DECEMBER 31, 2016
Public Improvements					
Police/Court Facility	2/15/1998	8/15/2017	6.74%	$ 1,400,000	$ 60,000
Water Improvements	2/14/2002	10/15/2023	1.51%	4,610,000	2,900,000
Various Purpose	6/1/2003	6/1/2018	2.98%	6,445,000	775,000
Public Improvements	9/15/2004	3/15/2019	3.529%	5,555,000	970,000
Public Improvements					
Refunding	4/15/2008	4/15/2017	Various	4,100,000	350,000
Library	12/1/2008	12/1/2031	Various	8,465,148	6,215,000
Landfill- Refunding	6/24/2010	10/1/2023	0.29%	3,315,000	1,715,000
Water Improvements					
Refunding	6/24/2010	4/15/2019	Various	2,250,000	795,000
Public Improvements	3/16/2011	3/1/2022	Various	3,890,000	2,315,000
Roads/Water Improvements	3/13/2014	3/1/2027	Various	6,575,000	5,675,000
Library	3/13/2014	12/15/2037	Various	3,694,978	3,335,000
Water Flushing	8/20/2015	4/1/2026	Various	321,385	296,000
TOTALS				$ 50,621,511	$ 25,401,000

NOTE G - Long Term Debt (Continued)

2. Changes in Long Term Debt:

The changes in the Town's indebtedness during the year ended December 31, 2016, are summarized as follows:

	BALANCE JANUARY 1, 2016	INCREASE	(DECREASE)	BALANCE DECEMBER 31, 2016	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds	$29,755,000	$ -	$(4,354,000)	$ 25,401,000	$ 3,380,000
Capital Lease	39,425	174,671	(13,958)	200,138	51,500
Landfill Closure and Post Closure	294,055	-	(7,614)	286,441	8,717
Compensated Absences	1,765,839	333,967	-	2,099,806	209,981
Long-Term BAN	3,313,978	-	-	3,313,978	-
Other Post-Employment Benefit Plan	18,884,211	8,701,944	-	27,586,155	-
Employee Retirement System Proportionate Share	796,250	2,954,675	-	3,750,925	-
Police and Fire Retirement System Proportionate Share	798,506	7,829,221	-	8,627,727	-
TOTAL	$55,647,264	$19,994,478	$(4,375,572)	$ 71,266,170	$ 3,650,198

The compensated absence liability includes a funded and an un-funded portion, as described in Note A.5.D.

3. Amortization of Bonded Debt

The annual requirements to amortize bonded debt, as of December 31, 2016, are as follows:

DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2017	$ 3,380,000	$ 924,907	$ 4,304,907
2018	3,045,000	803,222	3,848,222
2019	2,274,000	703,304	2,977,304
2020	2,019,000	619,325	2,638,325
2021	2,099,000	536,559	2,635,559
2022-2026	7,424,000	1,658,906	9,082,906
2027-2031	3,935,000	668,742	4,603,742
2032-2036	1,000,000	166,363	1,166,363
2037-2041	225,000	9,000	234,000
Total	**$ 25,401,000**	**$ 6,090,328**	**$ 31,491,328**

NOTE G - Long Term Debt (Continued)

4. Capital Lease Program

The Town has entered into capital leases for a phone system and certain police and highway vehicles with a total asset cost of $2,195,351 with accumulated amortization of $1,999,296. Amortization expense of capital lease assets is included in depreciation expense. These leases are considered to be capital leases for accounting purposes, wherein, at the end of the lease the Town may purchase the asset for a nominal amount. Payments for 2016 amounted to $14,910 including interest of $952. Additionally, the Town entered into a capital lease for a new server system effective January 1, 2017. At December 31, 2016, the annual capital lease principal payments are as follows:

YEAR ENDING DECEMBER 31,	PAYMENTS
2017	$ 52,600
2018	48,872
2019	37,690
2020	37,690
2021	-
Total minimum lease payments	$ 176,852

Note H - Joint Ventures

The following activities have been undertaken by the Town jointly with other municipalities. These activities are excluded from the financial statements of the Town. Separate financial statements are issued for these joint ventures.

1. Tri-Municipal Sewer Commission

In 1975, the Town joined with the Village of Wappingers Falls and the Towns of Wappinger and LaGrange to construct and operate an inter-municipal sewer treatment system. In 1982, the Towns of Wappinger and LaGrange elected to discontinue participation in the system, and the Town of Poughkeepsie and the Village of Wappingers Falls continued joint construction and operation of the system under the name, Tri-Municipal Sewer Commission.

Operation and maintenance costs are allocated between the parties based on waste flow. For the year ended December 31, 2016, the Town incurred a cost of approximately $424,236 for its share of operation and maintenance costs.

The following is a summary of unaudited financial information at December 31, 2016, included in the financial statements issued for this joint venture. A copy of the Commission's financial statements can be obtained from the Tri-Municipal Sewer Commission.

The un-audited balances as of December 31, 2016, are as follows:

Total Assets (excluding fixed assets)	$ 1,810,863
Total Liabilities	$ 1,157,699
Joint Venture Equity	$ 643,163
Total Revenues	$ 2,950,148
Total Expenditures	$ 2,206,612
Total Fixed Assets	$ 42,422,948

Note H - Joint Ventures (Continued)

2. Poughkeepsie Joint Water Project

In August 1995, the Town entered into an inter-municipal agreement with the City of Poughkeepsie to provide for the planning, design, technological enhancement, construction or expansion, and operation and maintenance of the above named water treatment facility. This agreement amends and supersedes an agreement dated October 11, 1991, covering a joint water project. Under the terms of the 1995 agreement, the Town obtained an one-half interest in the City's Water treatment plant; the Town would finance studies for and upgrades and/or expansions to the plant to increase capacity; the Town would pay 50% of the cost to design and build an aluminum sludge treatment plant; and the Town would pay for administrative costs related to obtaining approvals to enable the project to proceed. The agreement also provided for the creation of a joint board to administer planning, design, construction, as well as operations and maintenance of the facility. It is made up of three members from each municipality. Water rates for each municipality are also described in the agreement. Operations as a joint venture began in 1996.

The following is a summary of financial information included in financial statements issued for the joint venture. These financial statements are issued separately and can be obtained from the Joint Water Project at 62 Civic Center Plaza, Poughkeepsie, NY 12601.

Unaudited balances as of December 31, 2016, are as follows:

Total Assets	$	2,485,261
Total Liabilities	$	2,478,671
Joint Venture Equity	$	6,590
Total Revenues	$	7,698,838
Total Expenditures	$	11,397,721
Total Fixed Assets	$	31,092,781

The Town's net share of operating expenditures amounted to $1,878,295 which is recorded in the Water Fund - Home and Community Service. Included in Due to Related Party is $3,252 representing the balance due to the Joint Water Project for 2016 operating costs which are disputed, which have arisen as a result of differences in interpretations of the Memorandum of Agreement between the Town and the City of Poughkeepsie. A negotiated settlement is anticipated.

As part of the Joint Project agreement described above, the Town has committed to financing studies and a portion of construction costs related to the expansion of the Joint Water treatment facility. The Town estimated total construction costs to approximate $19,363,000 with $11,232,000 being financed by the Town and $8,131,000 being financed by the City of Poughkeepsie. The Town issued serial bonds and bond anticipation notes to fund this commitment. As of December 31, 2016, the outstanding balances total $9,971,271.

The Town has presented its investment in the Joint Venture in the Statement of Net Assets as $27,761,915, representing the Town's capital expenditures to date and the amount of net assets invested in the Joint Venture, net of outstanding debt as $17,790,644.

Note H - Joint Ventures (Continued)

3. Poughkeepsie-Wappingers-LaGrange Joint Landfill

The Town has shared in the monitoring costs of a closed landfill, the Poughkeepsie-Wappinger-LaGrange Joint Landfill. This joint activity includes the City and Town of Poughkeepsie, New York, the Village of Wappingers Falls, New York, the Town of LaGrange, New York and the Town of Wappinger, New York. All costs associated with monitoring are recognized as incurred.

The following is a summary of unaudited financial information at December 31, 2016, which is included in the separate financial statements available from the Joint Landfill Board of Governors c/o Town of Poughkeepsie, Poughkeepsie, New York, 12603.

Balances at December 31, 2016, are as follows:

Total Assets	$ 27,252
Total Liabilities	$ -
Total Venture Equity	$ 27,252
Total Revenues	$ 9
Total Expenditures	$ 12,933

During 2003, an Order of Consent was issued through the New York State Department of Environmental Conservation to remediate Environmental Conservation Law and New York Codes Rule and Regulations violations. To comply with this order, the member municipalities must complete final closure of the landfill under current regulations by December 31, 2005, and perform post closure care and monitoring for a minimum of thirty years thereafter. The estimated cost of final closure is $10,000,000. All costs will be borne proportionately by each municipality; the Town of Poughkeepsie's share being 42.4208%, or $4,242,074. Post closure and monitoring costs, which commenced in 2009 and continue for 30 years, are estimated to amount to $1,163,000 with the Town's share being $286,441.

Note I - Economic Dependency

The Town receives approximately 14% of its real property taxes from ten corporate taxpayers. A significant reduction in these corporate taxpayers' real property taxes could have a significant impact on the Town's programs and services.

Note J - Commitments and Contingent Liabilities

1. Lawsuits and Claims

The Town is a defendant in various lawsuits and tax certiorari cases. The ultimate outcome of these cases and lawsuits is not determinable as of report date. However, in the opinion of the Town's counsel, the ultimate resolution of these proceedings will not have a material effect on the Town's financial position, although they could have a material effect on operating results when finally resolved in a future period.

2. Grants

The Town has received amounts from grantor agencies. Any allowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time.

Note K – Subsequent Events

In 2017, the Town authorized and issued $8,920,000 in Bond Anticipation Notes, including $3,000,000 in new funding, for the purposes of funding ongoing projects related to the Arlington Sewer, Country Club Estates Sewer, and for purposes of road construction. The notes bear interest of 1.30% on $3,000,000 and 2.25% on $5,920,000, and mature March 9, 2018.

Note L – Tax Abatement

The Town has six real property tax abatements that provide for exemptions for 2016 based on the original payment in lieu of tax agreement. Details related to the abatements for 2016 are as shown below:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
2012	IBM	$ 109,779,000	9.58	$ 1,051,683	$ 825,838	$ 225,845
2014	Taylor	1,450,000	9.58	13,901	12,913	988
2016	Tinkleman	3,376,800	9.58	32,350	16,175	16,175
2014	6 Neptune	1,982,500	9.58	18,992	3,798	15,194
2014	2 Neptune	2,549,000	9.58	24,419	4,884	19,535
2016	2275 South Rd	485,000	9.58	4,646	465	4,181

Note M – Residual Equity Transfer

In 2015, the Town transferred its Section 8 Housing Choice Voucher program to the City of Poughkeepsie, which included the transfer of responsibility for 112 program units from the Town to the City, and the Town remitted $43,250 of unspent and escrow funding to the City. The Town also signed an agreement to return funding to the U.S. Department of Housing and Urban Development over five years. As a result, the Town closed the fund and transferred the remaining fund balance to the General Fund B as a residual equity transfer in the amount of $253,845. Fund balance pertaining to the unpaid amount of $158,290 has been reserved.

Note N – New Reporting Standards

GASB issued Statement 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement 72 is effective for fiscal year 2016. The Town determined that the new standard did not have a significant impact on its financial reporting.

Note N – New Reporting Standards (Continued)

GASB has issued Statement 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local government for making decisions and assessing accountability. This Statement also amends Statement 67, Financial Reporting for Pension Plans. GASB Statement 73 is effective for fiscal year 2016. The Town determined that the new standard did not have a significant impact on its financial reporting.

GASB has issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governments OPEB plans for making decisions and assessing accountability. The Town determined that the new standard did not have a significant impact on its financial reporting.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The Town is required to implement this standard for the year ending December 31, 2018. The implementation of this standard is expected to have a substantive effect on the Town's net position.

GASB has issued Statement 77, *Tax Abatement Disclosures*. This Statement requires governments to disclose in the notes certain information related to tax abatement agreements. GASB Statement 77 is effective for fiscal year 2016. The Town has implemented Statement 77 as required.

In March 2016, GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Town is required to implement this standard for the year ending December 31, 2017. The implementation of this standard is not expected to have a substantive effect on the Town's net position.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. The Town has not evaluated the effect of GASB 83 on its financial statements.

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Town has not evaluated the effect of GASB 84 on its financial statements.

Note N – New Reporting Standards (Continued)

In March 2017, GASB issued Statement 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Town is required to implement this standard for the year ending December 31, 2018. The implementation of this standard is not expected to have a substantive effect on the Town's net position.

GASB has also issued Statements 76, 78-81, and 86, none of which are expected to have any substantive effects on the Town's net position.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF POUGHKEEPSIE, NEW YORK
BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2016

	GENERAL FUND A			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	$ 3,602,805	$3,602,805	$ 3,602,805	$ -
Real property tax items	240,000	240,000	250,678	10,678
Non property tax items	-	-	-	-
Departmental income	158,400	158,400	458,500	300,100
Intergovernmental charges	-	-	-	-
Use of money and property	33,000	33,000	72,102	39,102
Licenses and permits	52,250	52,250	35,190	(17,060)
Fines and forfeitures	887,318	887,318	913,925	26,607
Sale of property and compensation for loss	-	9,796	23,919	14,123
Miscellaneous local sources	102,500	102,500	215,455	112,955
State aid	800,000	800,000	1,009,814	209,814
Total revenues	5,876,273	5,886,069	6,582,388	696,319
Appropriation of prior's year's fund balance	-	-	-	-
Total revenues and appropriation of prior year's fund balance	5,876,273	5,886,069	6,582,388	696,319
EXPENDITURES AND ENCUMBRANCES				
General Government Support	4,123,854	4,053,475	3,626,166	427,309
Public safety	-	-	-	-
Transportation	402,457	408,236	369,637	38,599
Economic assistance & opportunity	81,040	81,040	79,162	1,878
Culture and recreation	745,133	775,144	769,924	5,220
Home and community service	181,081	190,466	171,525	18,941
Employee benefits	218,881	253,881	251,046	2,835
Debt service	523,827	523,827	552,120	(28,293)
Total expenditures and encumbrances	6,276,273	6,286,069	5,819,580	466,489
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	(400,000)	(400,000)	762,808	1,162,808
Other financing sources (uses):				
Operating transfers in	400,000	400,000	-	(400,000)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	400,000	400,000	-	(400,000)
Excess (deficiency) of revenues and appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other uses	$ -	$ -	$ 762,808	$ 762,808

Explanation of Differences Between Budgetary and GAAP Basis:	
Excess of revenues over (under) expenditures - budgetary basis	$ 762,808
Expenditures do not include encumbrances	10,345
Excess (deficiency) of revenues over expenditures - GAAP Basis	$ 773,153

	GENERAL FUND B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	$ 13,071,476	$13,071,476	$ 13,071,476	$ -
Real property tax items	1,075,000	1,075,000	1,117,965	42,965
Non property tax items	2,800,000	2,800,000	2,501,449	(298,551)
Departmental income	318,700	336,543	215,766	(120,777)
Intergovernmental charges	-	45,389	65,404	20,015
Use of money and property	245,000	245,000	322,904	77,904
Licenses and permits	605,900	605,900	797,740	191,840
Fines and forfeitures	-	-	3,920	3,920
Sale of property and compensation for loss	1,000	9,761	61,606	51,845
Miscellaneous local sources	93,100	108,137	104,236	(3,901)
State aid	264,179	267,869	277,933	10,064
Total revenues	18,474,355	18,565,075	18,540,399	(24,676)
Appropriation of prior's year's fund balance	200,000	200,000	-	(200,000)
Total revenues and appropriation of prior year's fund balance	18,674,355	18,765,075	18,540,399	(224,676)
EXPENDITURES AND ENCUMBRANCES				
General Government Support	700,148	500,813	548,900	(48,087)
Public safety	15,307,061	15,536,881	15,086,884	449,997
Transportation	-	-	-	-
Economic assistance & opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community service	606,046	620,896	602,431	18,465
Employee benefits	1,763,385	1,808,770	1,727,761	81,009
Debt service	297,715	297,715	297,715	-
Total expenditures and encumbrances	18,674,355	18,765,075	18,263,691	501,384
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	-	-	276,708	276,708
Other financing sources (uses):				
Operating transfers in	-	-	12,258	12,258
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	12,258	12,258
Excess (deficiency) of revenues and appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other uses	$ -	$ -	$ 288,966	$ 288,966

Explanation of Differences Between Budgetary and GAAP Basis:	
Excess of revenues over (under) expenditures - budgetary basis	$ 288,966
Expenditures do not include encumbrances	18,437
Excess (deficiency) of revenues over expenditures - GAAP Basis	$ 307,403

	HIGHWAY FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	$ 5,993,441	$ 5,993,441	$ 5,993,441	$ -
Real property tax items	-	-	-	-
Non property tax items	-	-	-	-
Departmental income	-	-	-	-
Intergovernmental charges	-	-	-	-
Use of money and property	-	-	-	-
Licenses and permits	4,500	4,500	2,356	(2,144)
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	-	56,146	83,451	27,305
Miscellaneous local sources	35,000	39,186	94,548	55,362
State aid	406,439	406,439	121,268	(285,171)
Total revenues	6,439,380	6,499,712	6,295,064	(204,648)
Appropriation of prior's year's fund balance	-	-	-	-
Total revenues and appropriation of prior year's fund balance	6,439,380	6,499,712	6,295,064	(204,648)
EXPENDITURES AND ENCUMBRANCES				
General Government Support	98,400	98,070	51,726	46,344
Public safety	-	-	-	-
Transportation	4,418,310	4,478,972	4,052,297	426,675
Economic assistance & opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community service	-	-	-	-
Employee benefits	147,801	147,801	138,680	9,121
Debt service	1,774,869	1,774,869	1,774,868	1
Total expenditures and encumbrances	6,439,380	6,499,712	6,017,571	482,141
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	-	-	277,493	277,493
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other uses	$ -	$ -	$ 277,493	$ 277,493

Explanation of Differences Between Budgetary and GAAP Basis:	
Excess of revenues over (under) expenditures - budgetary basis	$ 277,493
Expenditures do not include encumbrances	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	$ 277,493

	WATER FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	$ 1,442,523	$1,442,523	$ 1,442,523	$ -
Real property tax items	66,866	66,866	67,194	328
Non property tax items	-	-	-	-
Departmental income	3,960,610	3,960,610	3,716,433	(244,177)
Intergovernmental charges	-	-	-	-
Use of money and property	60,000	60,200	124,588	64,388
Licenses and permits	6,900	6,900	9,425	2,525
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	-	-	5,762	5,762
Miscellaneous local sources	32,200	32,200	25,119	(7,081)
State aid	-	-	-	-
Total revenues	5,569,099	5,569,299	5,391,044	(178,255)
Appropriation of prior's year's fund balance	400,000	400,000	6,182	(393,818)
Total revenues and appropriation of prior year's fund balance	5,969,099	5,969,299	5,397,226	(572,073)
EXPENDITURES AND ENCUMBRANCES				
General Government Support	134,250	69,350	68,594	756
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic assistance & opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community service	3,775,562	3,831,702	3,699,576	132,126
Employee benefits	149,697	158,657	141,583	17,074
Debt service	1,509,590	1,509,590	1,487,473	22,117
Total expenditures and encumbrances	5,569,099	5,569,299	5,397,226	172,073
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	400,000	400,000	-	(400,000)
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(400,000)	(400,000)	-	400,000
Total other financing sources (uses)	(400,000)	(400,000)	-	400,000
Excess (deficiency) of revenues and appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other uses	$ -	$ -	$ -	$ -

Explanation of Differences Between Budgetary and GAAP Basis:	
Excess of revenues over (under) expenditures - budgetary basis	$ -
Use of fund balance	(6,182)
Excess (deficiency) of revenues over expenditures - GAAP Basis	$ (6,182)

	SEWER FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	$ 2,430,983	$ 2,430,983	$ 2,430,983	$ -
Real property tax items	1,631	1,631	1,728	97
Non property tax items	-	-	-	-
Departmental income	2,661,080	2,661,080	2,800,022	138,942
Intergovernmental charges	-	-	-	-
Use of money and property	8,510	8,510	-	(8,510)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	4,600	4,600	9,877	5,277
Miscellaneous local sources	16,000	150,000	151,957	1,957
State aid	-	-	-	-
Total revenues	5,122,804	5,256,804	5,394,567	137,763
Appropriation of prior's year's fund balance	88,250	88,250	-	(88,250)
Total revenues and appropriation of prior year's fund balance	5,211,054	5,345,054	5,394,567	49,513
EXPENDITURES AND ENCUMBRANCES				
General Government Support	108,690	92,730	79,416	13,314
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic assistance & opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community service	4,718,015	4,864,325	4,693,723	170,602
Employee benefits	220,412	220,412	205,285	15,127
Debt service	163,937	167,587	108,260	59,327
Total expenditures and encumbrances	5,211,054	5,345,054	5,086,684	258,370
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	-	-	307,883	307,883
Other financing sources (uses):				
Operating transfers in	4,217,107	4,217,107	1,263,873	(2,953,234)
Operating transfers out	(4,217,107)	(4,217,107)	(1,263,873)	2,953,234
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other uses	$ -	$ -	$ 307,883	$ 307,883

Explanation of Differences Between Budgetary and GAAP Basis:	
Excess of revenues over (under) expenditures - budgetary basis	$ 307,883
Expenditures do not include encumbrances	29,812
Excess (deficiency) of revenues over expenditures - GAAP Basis	$ 337,695

TOWN OF POUGHKEEPSIE, NEW YORK
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2016

Year Ended,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2016	1/1/2016	$ -	$ 87,025,818	$ 87,025,818	0.0%	$ 14,524,038	599.18%
12/31/2015	1/1/2014	$ -	$ 45,664,123	$ 45,664,123	0.0%	$ 14,164,435	322.39%
12/31/2014	1/1/2014	$ -	$ 42,008,268	$ 42,008,268	0.0%	$ 13,806,150	304.27%

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2016

	March 31, 2016		March 31, 2015	
	ERS	PFRS	ERS	PFRS
Town's proportion of the net pension liability (asset)	0.02336980%	0.29139980%	0.02356990%	0.29009190%
Town's proportionate share of the net pension liability (asset)	$ 3,750,925	$ 8,627,727	$ 796,250	$ 798,506
Town's covered-employee payroll	$ 5,667,489	$ 9,370,329	$ 6,174,030	$ 8,571,940
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.18%	92.07%	12.90%	9.32%
The plan fiduciary net position as a percentage of the total penson liability	90.70%	90.20%	97.90%	97.90%

*The amounts presented for each fiscal year were determined as of the System's measurement date

This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, the Town will present
information for those years for which information is available.

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2016

	March 31, 2016		March 31, 2015		March 31, 2014	
	ERS	PFRS	ERS	PFRS	ERS	PFRS
Contractually required contribution	$ 1,241,364	$ 2,409,668	$ 1,120,529	$ 2,350,986	$ 987,226	$ 2,287,824
Contributions in relation to the contractually required contribution	1,241,364	2,409,668	1,120,529	2,350,986	987,226	2,287,824
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$ 5,667,489	$ 9,370,329	$ 6,174,030	$ 8,571,940	$ 5,203,295	$ 8,602,855
Contributions as a percentage of covered-employee payroll	21.90%	25.72%	18.15%	27.43%	18.97%	26.59%

*The amounts presented for each fiscal year were determined as of the fiscal year end

This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, the Town will present
information for those years for which information is available.

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Supervisor and
Members of the Town Board
Town of Poughkeepsie, New York
One Overocker Road
Poughkeepsie, New York 12603

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Poughkeepsie, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Poughkeepsie, New York's basic financial statements and have issued our report thereon dated December 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Poughkeepsie, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Poughkeepsie, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Poughkeepsie, New York's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, recommendations and responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings, recommendations and responses to be significant deficiencies (Findings 1 through 3).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Poughkeepsie, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Town of Poughkeepsie, New York's Response to Findings

The Town of Poughkeepsie, New York's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations and responses. The Town of Poughkeepsie, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Poughkeepsie's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Poughkeepsie, New York
December 11, 2017

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION I - FINANCIAL STATEMENT FINDINGS

Continuing Findings:

Significant Deficiency:

Finding 1: Financial Statement Adjustments - 2016

Under standards in accordance with generally accepted accounting principles, Town personnel are responsible for preparation and review of financial information as part of the audit. During our audit we recorded significant adjustments to certain receivables and payables.

Effect:

Calculations for certain accruals were revised upon audit review.

Cause:

The Town's receivables, mortgage taxes, and liabilities were not reviewed and corrected prior to the audit.

Recommendation:

As part of the year-end closing process, accounts should be reviewed to ensure that all year-end accruals and adjustments are appropriate. The Town should consider reviewing its financial statements and internal control procedures over the areas noted above to ensure that all material adjustments and disclosures have been made for the audit.

CURRENT YEAR FINDINGS:

Significant Deficiencies:

Finding 2: Outdated Payroll and Disbursement Checks

Through review of the Town's bank reconciliations, it was noted that there were several checks outstanding which date back to 2004 in the Town's Disbursement and Payroll accounts.

Effect:

Checks outstanding for several years cause a misstatement of the Town's cash balances.

Cause:

Review of the outstanding items dating back several years has not been done on these items.

Recommendation:

The Town should consider resolving the issue of the old checks, by voiding those checks and reissuing, and if unable to resolve, any items outstanding should be turned over to the New York State Comptroller's Office for unclaimed funds.

CURRENT YEAR FINDINGS (CONTINUED):

Significant Deficiencies (Continued):

Finding 3: Trust and Agency Fund

The Town maintains a Trust and Agency Fund to account for various deposits taken by the Town, typically from contractors or individuals, for purposes of bids, construction work, etc. It was noted in 2016 that schedules to maintain these balances were not kept to agree to the activity which is posted to the Town's general ledger.

Effect:

The Town may be overstating or understating potential liabilities resulting from the above activities without being able to verify activity.

Cause:

Individual departments have not maintained schedules as noted above to track activity.

Recommendation:

The Town should maintain a listing of the above schedules, as to accurately track any deposits which the Town may be holding which is due back to customers, or to ensure any such deposits are being held as they should be.

TOWN OF POUGHKEEPSIE

Charles E. Emberger,
Comptroller

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POUGHKEEPSIE, NY 12603

I would like to address the finding by the auditors.

Item 1) Financial Statement Adjustments: We agree, there several there were several journal entries that needed to be posted against prior year adjustments. As we go forward we will review all accruals, accounts receivable, and accounts payable. We will make necessary journal entries before the audit and year end close.

Item2) Outdated payroll and cash disbursement checks: Again we agree, we are currently reviewing the out dated checks and will have them cleared up by year end.

Item 3) Trust and Agency Fund deposits did not balance with general ledger. In 2015 this process was decentralized from the comptroller's office. The departments given the new tasks did not maintain a spreadsheet. It was an internal control error. We are currently putting process in place to maintain the spreadsheets. We are currently going back over the past several years and reconstructing the spreadsheet.