

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 1, 2024

NEW ISSUE – SERIAL BONDS

RATING - MOODY'S INVESTORS SERVICE: "....."

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

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

TOWN OF SMITHTOWN SUFFOLK COUNTY, NEW YORK (the "Town")

\$5,546,180* PUBLIC IMPROVEMENT SERIAL BONDS – 2024 (the "Bonds")

SEE BOND MATURITY SCHEDULE HEREIN

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

The Bonds maturing on February 15, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Town, as a whole or in part, on any date on or after February 15, 2031. (See "Optional Redemption" under "THE BONDS," herein).

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

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

Any Bonds issued in book-entry form will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. A single bond certificate will be issued for each maturity of any book-entry Bonds. Principal of and interest on book-entry Bonds will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See "Description of Book-Entry System" under "THE BONDS," herein).

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on March 13, 2024, in accordance with the Notice of Sale dated March 1, 2024.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Town, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC in Jersey City, New Jersey, or as otherwise agreed to by the Town and the Purchaser, on or about March 26, 2024 in New York, New York.

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

*Preliminary, subject to change.

**TOWN OF SMITHTOWN
SUFFOLK COUNTY, NEW YORK**

\$5,546,180* PUBLIC IMPROVEMENT SERIAL BONDS – 2024

BOND MATURITY SCHEDULE

Dated: March 26, 2024

**Principal Due: February 15, 2025-2038, inclusive
Interest Due: February 15, 2025, August 15, 2025 and
semiannually thereafter in each year to maturity**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2025	\$211,180			
2026	325,000			
2027	335,000			
2028	350,000			
2029	365,000			
2030	380,000			
2031	390,000			
2032	405,000**			
2033	420,000**			
2034	440,000**			
2035	455,000**			
2036	470,000**			
2037	490,000**			
2038	510,000**			

*Preliminary, subject to change.

**Subject to prior redemption. (See "Optional Redemption" herein.)



**TOWN OF SMITHTOWN
SUFFOLK COUNTY, NEW YORK**

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TOWN BOARD

Edward R. Wehrheim, Town Supervisor

Lisa M. Inzerillo
Thomas W. Lohmann

Thomas J. McCarthy
Lynne C. Nowick

Thomas D. McCarthy, Town Clerk
Deanna Varricchio, Receiver of Taxes
Matthew V. Jakubowski, Esq., Town Attorney
Paul Rubano, MPA, Town Comptroller

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



Municipal Finance Advisory Service

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

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OFFICIAL STATEMENT

TOWN OF SMITHTOWN SUFFOLK COUNTY, NEW YORK

\$5,546,180 PUBLIC IMPROVEMENT SERIAL BONDS – 2024

This Official Statement and the appendices hereto present certain information relating to the Town of Smithtown, in the County of Suffolk, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$5,546,180 Public Improvement Serial Bonds – 2024 (the “Bonds”) of the Town.

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

THE BONDS

Description of the Bonds

The Bonds will be dated March 26, 2024, and will mature on February 15, in each of the years 2025 to 2038, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

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

The Bonds issued in book-entry form will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. A single bond certificate will be issued for each maturity of any book-entry Bonds. Principal of and interest on book-entry Bonds will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See “*Description of Book-Entry System*” under “*THE BONDS*,” herein).

The Record Date of the Bonds will be the last day (whether or not a business day) of the calendar month immediately preceding each interest payment date.

The Town Clerk will act as Fiscal Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The Town’s contact information is as follows: Paul Rubano, MPA, Town Comptroller, Town of Smithtown, Town Hall Annex 40 Maple Avenue, Smithtown, NY 11787, telephone number (631) 360-7530 and email: prubano@smithtownny.gov.

Optional Redemption

The Bonds maturing on or before February 15, 2031 will not be subject to redemption prior to maturity. The Bonds maturing on February 15, 2032 and thereafter will be subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after February 15, 2031, at par plus accrued interest to the date of redemption.

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

Description of Book-Entry System

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

DTC is limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants") and together with Direct Participant, the ("Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

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

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

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

Certificated Bonds

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

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

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and various bond resolutions duly adopted by the Town Board, authorizing the issuance of serial bonds for the following purposes:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Authorized</u> <u>but Unissued</u>	<u>Amount</u> <u>to be Issued</u>
12/13/2022	Long Beach Road Elevation	\$609,000	\$609,000	\$390,000
08/08/2023	Highway Roof Replacement	1,200,000	1,200,000	1,200,000
08/08/2023	Various Park Improvements	260,000	260,000	260,000
08/08/2023	Various Town Facilities Improvements	265,000	265,000	265,000
11/16/2023	Restoration of Landfill Cells 1-5	274,050	274,050	274,050
11/16/2023	Acquisition of Highway Equipment	812,000	812,000	812,000
11/16/2023	Fuel Station Repairs	65,975	65,975	65,975
11/16/2023	Highway Facility Overhead Doors	50,750	50,750	50,750
11/16/2023	Cybersecurity Upgrades	213,150	213,150	213,150
11/16/2023	Acquisition of Management Software	203,000	203,000	203,000
11/16/2023	Whitman Hollow Turf Field	507,500	507,500	507,500
11/16/2023	Acquisition of Park Equipment	558,250	558,250	558,250
11/16/2023	Public Safety Improvements	208,555	208,555	208,555
11/16/2023	Improvements to Town Owned Boat	86,275	86,275	86,275
11/16/2023	Acquisition of License Plate Reader	45,675	45,675	45,675
11/16/2023	Various Park Improvements	253,750	253,750	253,750
11/16/2023	Various Town Facilities Improvements	152,250	152,250	152,250
Total:		<u>\$5,765,180</u>	<u>\$5,765,180</u>	<u>\$5,546,180</u>

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

Nature of Obligation

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

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

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

RISK FACTORS

The following description summarizes some of the risks associated with an investment in the Bonds and does not purport to be complete. The factors affecting the Town's financial condition described throughout this Official Statement are complex and are not intended to be summarized in any one section. This Official Statement should be read in its entirety.

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

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

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

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans expected to be received ("*State Aid*"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the Town is authorized pursuant to the Local Finance Law ("*LFL*") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also "*State Aid*" herein.)

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein)

REMEDIES UPON DEFAULT

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

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

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

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

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

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

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE TOWN

Description

The Town, which has an estimated population of 115,756 (2022 U.S. Census Bureau), is located in the north central section of Long Island, about 45 miles from New York City, and has a land area of approximately 54 square miles. The Town of Huntington borders on the west, the Town of Brookhaven borders on the east, and the Town of Islip borders on the south. Three incorporated villages are situated within the Town (The Branch, Head of the Harbor and Nissequogue), as well as a number of larger unincorporated communities, including Smithtown, Kings Park, St. James and Nesconset, and sections of both Commack and Hauppauge.

There are several large shopping centers in the Town, including one of Long Island's largest retail centers, the Smithhaven Mall, which is situated on the Smithtown-Brookhaven border. The Mall is owned by Simon, a global leader in the ownership of premier shopping, dining, and entertainment. The Smithhaven Mall occupies 102 acres (part in each town) and has over 130 stores including Macy's, Dick's Sporting Goods, Apple, H&M, and L.L. Bean. There are a number of dining options to choose from, including Ruth's Chris Steakhouse, The Cheesecake Factory and Texas de Brazil. The Mall has areas partially enclosed for year-round shopping comfort. Another large shopping complex located in Commack is anchored by a Target Department Store, Home Depot, Wal-Mart and Costco.

There is one hospital within the Town, St. Catherine of Siena, located on Route 25A. The hospital, with a bed capacity of over 500, has modern medical facilities containing diagnostic and therapeutic equipment for complete medical, surgical, obstetrical and pediatric care.

The Town operates a number of beaches, parks and playgrounds. In addition, there are five private country clubs, as well as four private yacht clubs and marinas. The Town owns the Paul J. Fitzpatrick Smithtown Landing Country Club (the "Club") which is one of the few remaining large tracts of lands on the north shore of Long Island. The Club provides three swimming pools, and open space as well as two golf courses, pro shop, restaurant, snack bars and numerous meeting rooms and dining rooms. Senior citizens use the facilities extensively at special rates, and meet there regularly.

The Hauppauge Innovation Park located within the Town is eleven square miles with 1,350 businesses, generating \$13.4 billion in annual revenues. The park employs 55,000 people and accounts for one in every 20 jobs on Long Island. It is the largest park of its kind in the Northeast by number of companies and employees. A new substation was constructed post Superstorm Sandy by PSEG-LI to serve the park and take precautionary measures. There is also a sewer expansion project in the park underway. The sewer upgrade will connect all properties to a new 1.6 million gallon per day treatment plant, which is already built and operational. In 2015, the Town Planning Director worked out a draft amendment to facilitate growth by permitting higher building, parking garages as accessory to certain uses, and outdoor storage. The Town Board approved an overlay district to increase the zoning heights in 2020.

The Library District has its own elected Board of Trustees and voter-approved budget and tax levy. The boundaries of the Library District are coterminous with the boundaries of the Town with the exception of the portions of the Town located within the Sachem Central School District and the Three Village Central School District. The Library District owns, operates and maintains its facilities.

Six independently governed school districts (Commack, Hauppauge, Kings Park, Sachem, Smithtown and Three Village) are located wholly or partially within the Town which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

The Town maintains its own interior road network. New York State Highways No. 25 (Jericho Turnpike), 25A (North Country Road), Nesconset Highway and Veterans Memorial Highway are major commercial east-west travel routes. In addition, the Long Island Expressway and Northern State Parkway cross the Town in its southwestern sector. Air travel is provided for the residents of the Town at the Long Island MacArthur Airport, located nearby Islip, which is served by several scheduled airlines with flights throughout the northeast and Florida. The Long Island Rail Road stops at three stations within the Town: Kings Park, Smithtown, and St. James.

Utilities and Other Services

Electricity and natural gas are supplied to the Town by PSEG Long Island and National Grid, respectively. The Suffolk County Water Authority and the Town are suppliers of water to its residents; the Town supplies water through a number of special assessment water districts and is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such districts. Sanitary sewer services are provided to some Town residents by the construction of the facilities in the various County Sewer Districts. Police protection is provided by the County and State Police and fire protection is provided by independent volunteer fire districts.

Governmental Organization

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

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive officer and chief fiscal officer of the Town, elected for a term of four years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two board members are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve. The Town Clerk, Receiver of Taxes and Highway Superintendent are also elected to four-year terms. The Town Board appoints the Assessor, the Town Attorney, the Town Comptroller and the Town Engineer.

Employees

The Town provides services through approximately 1,200 full-time, part-time, and seasonal employees. Some of such employees are represented by organized labor as follows:

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No of Members</u>
Civil Service Employees Association	12/31/2027	404
Smithtown Administrative Guild	12/31/2031	34
Civil Service Employees Association (Part-Time Employees)	12/31/2023 ^a	51
Public Safety (Part Time Employees)	12/31/2028	7
Public Safety Part Time - L.I. Public Service Employees (LIPSE)	12/31/2028	43

Source: Town Officials.

a. Expired, currently in negotiations.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Town, the County, the State and the United States.

Population Statistics

Since 1990, the Town has had a population trend, as compared to the County and the State, as indicated below:

<u>Year</u>	<u>Town of Smithtown</u>	<u>County of Suffolk</u>	<u>State of New York</u>
1990	113,406	1,321,864	17,990,455
2000	115,715	1,419,369	18,976,457
2010	117,801	1,493,350	19,378,102
2020	116,428	1,481,364	19,514,849
2022	115,756	1,525,465	19,677,152

Source: U.S. Bureau of the Census.

Income Data

Per Capita Money Income

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022</u> ^a
Town of Smithtown	\$31,401	\$43,022	\$56,846	\$58,602
County of Suffolk	26,577	35,755	46,466	53,317
State of New York	23,389	30,948	40,898	47,421

Median Household Income

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022</u> ^a
Town of Smithtown	\$80,421	\$104,665	\$129,338	\$143,789
County of Suffolk	72,112	84,506	105,362	119,838
State of New York	51,691	55,603	71,117	79,557

Source: United States Bureau of the Census.

a. Based on American Community Survey 5-Year Estimates (2018-2022).

b.

Building Permits

Statistics below on building permits and industrial/commercial site plans reviewed indicate the trend of the level of activity.

Building Permits Issued - All Types

<u>Year</u>	<u>Number of Permits</u>
2019	1784
2020	1665
2021	1861
2022	3399
2023	1681

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Selected Listing of Sizeable Employers

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Smithtown Central School District	Public Schools	2,182 ^a
Developmental Disabilities Institute	Health Care Services	1,900
LNK Pharmaceuticals	Pharmaceutical Prep	1,600
St. Catherine of Siena Hospital	Hospital	1,300 ^b
Town of Smithtown	Local Government	1,280
Contract Pharmacal	Pharmaceutical Prep	1,260 ^c
Scope Educational Services	Education	1,200 ^d
Commack Union Free School District	Public Schools	920
Bactolac Pharmaceutical	Pharmaceutical Prep	750
Sunrise Senior Living of Smithtown	Health Care Services	700 ^e
Kings Park Union Free School District	Public Schools	658 ^f
Teachers Federal Credit Union	Credit Unions	650
Hauppauge Union Free School District	Public Schools	582
WellLife Network Inc.	Children, Family, Human Services	550
L-3 Narda Miteq	Electronics	504
MITEQ, Inc.	Electronics	500
ADP	Payroll	500
Hawkeye	Energy	474
Spellman High Voltage	Surgical & Medical Instruments	400
L-3 Narda Satellite Networks	Broadcasting & Wireless Equipment	400

Source: Town Planning Director.

a. Includes FT, PT, TPPK and sub employees.

b. Includes 800 Clinicians and 500 Hourly.

c. Includes Part Time Employees and Summer Help.

d. District split between Town and Town of Huntington.

e. Headquartered in Town but includes branch locations outside of Town.

f. District split between Town and Town of Islip.

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Town of Smithtown (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2018	3.5	4.0	4.2
2019	3.3	3.7	4.4
2020	7.5	8.4	10.0
2021	4.2	4.9	7.2
2022	2.5	3.1	4.4
2023	2.8	3.2	4.2

Source: Department of Labor, State of New York.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

Trend of Town Indebtedness

The following table represents the outstanding indebtedness of the Town at the end of the last five preceding fiscal years.

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$28,173,823	\$32,915,465	\$36,254,770	\$37,633,831	\$39,077,919
Not Subject to Debt Limit:					
Bonds	1,103,438	3,656,625	3,489,900	3,305,914	3,122,081
Total Debt Outstanding	\$29,277,261	\$36,572,090	\$39,744,670	\$40,939,745	\$42,200,000

Source: Town Comptroller’s Office.

Resource Recovery Facility

Since 1989, the Towns of Smithtown and Huntington have jointly owned and operated a resource recovery facility to address the concerns of solid waste disposal in both towns. The resource recovery facility (the “Facility”) was originally financed by \$176 million of bonds issued by the Environmental Facilities Corporation of the State; such bonds were subsequently refunded by the Suffolk County Industrial Development Agency (the “Suffolk IDA”) in the amount of \$136 million and matured in October of 2012. There is no longer any debt to be paid on the resource recovery facility. Total resource recovery facility charges to run the facility paid for by the Town for the year 2023 were \$8,492,001.48, which includes operating expenses net of electricity revenues generated by the facility and marketed excess capacity fees.

Debt Service Requirements – Outstanding Bonds ^a

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$4,400,000	\$1,211,567	\$5,611,567
2025	4,380,000	971,810	5,351,810
2026	4,315,000	845,591	5,160,591
2027	4,135,000	719,008	4,854,008
2028	4,005,000	599,758	4,604,758
2029	3,560,000	489,252	4,049,252
2030	3,260,000	397,536	3,657,536
2031	2,845,000	315,502	3,160,502
2032	2,550,000	244,446	2,794,446
2033	2,290,000	179,179	2,469,179
2034	2,040,000	126,705	2,166,705
2035	1,595,000	87,996	1,682,996
2036	1,115,000	60,496	1,175,496
2037	765,000	37,437	802,437
2038	520,000	17,575	537,575
2039	265,000	6,275	271,275
2040	160,000	1,600	161,600
Totals	<u>\$42,200,000</u>	<u>\$6,311,731</u>	<u>\$48,511,731</u>

a. Does not reflect payments made to date.

Debt Service Requirements – Outstanding Leases ^a

In addition, the Town has entered into various Capital Lease Agreements as shown below:

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 589,078	\$ 94,630	\$ 683,708
2025	371,562	68,019	439,581
2026	126,124	33,905	160,029
2027	44,334	14,304	58,638
Totals	<u>\$1,131,098</u>	<u>\$210,858</u>	<u>\$1,341,956</u>

a. Does not reflect payments made to date. Includes leasing of vehicles through Enterprise. See below.

In January 2016, the Town entered into a fleet management master equity lease agreement with Enterprise. Currently, the Town has a fleet of vehicles which were purchased by the Town that have been in service between three and twenty years. The Town's plan is to phase in the leasing of all passenger vehicles and light-duty trucks over the next 5 years and trade-in their current vehicles while also reducing the fleet to approximately 170 vehicles. This will allow the Town to lease newer vehicles while reducing repair costs. As of December 31, 2023, the Town had 159 vehicles under this lease agreement with monthly lease payments of approximately \$107,000. At December 31, 2023, the principal amount outstanding was \$1,284,000. The interest rates for these vehicles varies based on the interest rate in effect of the time of acquisition.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of March 1, 2024)

Fiscal Year Ending <u>December 31:</u>	<u>Assessed Valuation</u>	State Equalization <u>Rate (%)</u>	<u>Full Valuation</u>
2020	\$245,723,144	1.16	\$21,183,029,655
2021	246,791,251	1.15	21,460,108,783
2022	247,493,881	1.12	22,097,667,946
2023	248,220,948	0.98	25,328,668,163
2024	247,678,474	0.87	<u>28,468,790,115</u>
Total Five Year Full Valuation			<u>118,538,264,662</u>
Average Five Year Full Valuation			<u>23,707,652,932</u>
Debt Limit - 7% of Average Full Valuation			<u>\$1,659,535,705</u>
Inclusions:			
Outstanding Bonds:			
General Purposes			36,757,919
Water Districts			2,987,081
Sub-Total			<u>39,745,000</u>
Bond Anticipation Notes			0
Total Inclusions			<u>39,745,000</u>
Exclusions:			
Water Debt (Outstanding Bonds)			2,987,081
Appropriations			1,891,167
Total Exclusions			<u>4,878,248</u>
Total Net Indebtedness Before Issuing the Bonds			<u>\$34,866,752</u>
The Bonds			5,546,180
Less: BANs Being Redeemed by the Bonds			0
Net Effect of the Bonds			<u>5,546,180</u>
Total Net Indebtedness After Issuing the Bonds			<u>40,412,932</u>
Net Debt Contracting Margin			<u><u>\$1,619,122,773</u></u>
Percent of Debt Limit Exhausted			2.44%

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable(%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	08/11/2022	6.99	\$96,529,702	\$84,352,018
Villages:				
Head of the Harbor	02/28/2021	100.00	369,000	369,000
Nissequogue	05/31/2021	100.00	410,179	410,179
The Branch	05/31/2021	100.00	40,000	40,000
School Districts:				
Commack	12/02/2022	57.83	42,586,012	26,679,489
Hauppauge	12/14/2022	56.66	7,887,072	3,943,536
Kings Park	10/25/2022	100.00	38,950,000	38,950,000
Sachem	09/08/2022	3.91	3,119,203	3,119,203
Smithtown	09/13/2022	100.00	11,550,000	11,550,000
Three Village	12/14/2022	1.16	772,386	211,421
Fire Districts:				
Commack	12/31/2021	100.00	0	0
Hauppauge	12/31/2021	100.00	0	0
Kings Park	12/31/2021	100.00	0	0
Nesconset	12/31/2021	100.00	0	0
St. James	12/31/2021	100.00	0	0
Smithtown	12/31/2021	100.00	0	0
Smithtown Library	12/31/2021	100.00	<u>9,120,000</u>	<u>9,120,000</u>
Totals			<u>\$211,333,554</u>	<u>\$178,744,846</u>

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

Debt Ratios (As of March 1, 2024)

	<u>Amount</u>	<u>Per Capita</u> ^a	<u>Percentage Of Full Value (%)</u> ^b
Total Direct Debt	\$ 39,745,000	\$343	0.14
Net Direct Debt	34,866,752	301	0.12
Total Direct & Applicable Total Overlapping Debt	251,078,554	2,169	0.88
Net Direct & Applicable Net Overlapping Debt	213,611,598	1,845	0.75

a. The current estimated population of the Town is 115,756 (2022 U.S. Census).

b. The full valuation of taxable real property in the Town for 2023-24 is \$28,468,790,115.

Capital Project Plans

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

Authorized but Unissued Debt

As of the date of this Official Statement, the Town has authorized but unissued debt in the amount of \$5,546,180 for various improvements within the Town, which will be financed by the issuance of the Bonds. In addition, on January 18, 2024, the Town adopted a bond resolution in the amount of \$600,000 for park improvements. Such amount is expected to be financed in 2025.

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 audit made available for public inspection covers the fiscal year ended December 31, 2022 and is attached as Appendix B. The Town also prepares an Annual Financial Report Update Document (AUD) each year. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

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

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with 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 maintains the following major funds: General Fund, Highway, Refuse and Garbage, and Capital Projects Funds. The Town-Wide General Fund is the operating fund of the Town and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges. The Community Development Fund is used to account for projects financed by grants from the Department of Housing and Urban Development. The Town does not utilize any funds of a proprietary nature. Fiduciary funds consist of the Custodial Fund.

Basis of Accounting

The Town maintains its records and reports on the modified accrual basis of accounting for recording transactions in its Governmental Funds. Under this method, (1) revenues are recorded when received in cash except for revenues which are material and susceptible to accrual (measurable and available to finance the year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay and accrued interest on bond anticipation notes and general long-term debt, are recorded at the time liabilities are incurred.

Investment Policy

Pursuant to the statutes of the State, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided, however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further, that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by deposits in one or more banking institutions (as defined in Section 9-r of New York State Banking Law), a pledge of eligible securities or an eligible, irrevocable letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation in the State of New York, other than those notes issued by the Town; or (6) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law. Historically, the Town has not chosen to invest in repurchase agreements.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Eligible Securities that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts and obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, African Development Bank and an eligible irrevocable letter of credit.

Revenues

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

Real Property Taxes

See "Real Property Taxes", herein.

Tax and Revenue Anticipation Notes

The Town's cash flow has been sufficient to meet its operating needs; accordingly, the Town has not required the issuance of revenue or tax anticipation notes.

State Aid

Based on the audited financial reports of the Town, the Town received approximately 13.42% of its total General Fund operating revenue from State aid in 2022 and budgeted approximately 13.18% for 2023 and 11.35% for 2024. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

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

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

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of State aid for each of the fiscal years 2018 through 2022 and the budgeted amount for fiscal years 2023 and 2024. The budget amount for General Fund Revenue includes appropriated fund balance.

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2018	\$46,383,022	\$6,556,086	14.13
2019	47,919,670	5,846,239	12.20
2020	49,905,903	8,693,020	17.42
2021	55,511,186	10,160,468	18.30
2022	58,407,023	7,838,525	13.42
2023 (Budgeted)	55,812,924	7,352,128	13.17
2024 (Budgeted)	58,296,952	6,615,661	11.35

Source: Audited financial statements (2018-2022), and the adopted budgets for 2023 and 2024. The budgeted revenues include appropriation of fund balance.

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 may be found in Appendix A – Financial Information.

Budgetary Procedures

The Town Supervisor, with the assistance of the Town Comptroller prepares a tentative budget each year and submits the tentative budget to the Town Board via the Town Clerk for possible amendments. The Town Board then holds a public hearing thereon. Subsequent to the public hearing, revisions (if any) are made and the budget is then adopted by the Town Board, no later than November 20 in each year, as its final budget for the coming fiscal year. The budget is not subject to referendum.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as “No Designation”. (Fiscal Score: 3.3%, Environmental Score: 15.0%).

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

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 was released on June 4, 2021. The purpose of the audit was to provide an independent evaluation of the Town’s adopted budget for the 2021 Fiscal year.

The complete report may be found on the State Comptroller’s official website. Reference to this website implies no warranty of accuracy of information therein.

Pension System

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (the “Retirement System” or “ERS”). The Retirement System are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for employees hired on or after April 1, 2012. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides 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 five years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines in the past, in certain years the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State’s Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years. The Town has decided not to amortize any payments to the Retirement System.

Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	<u>Amount</u>
2019	\$4,761,401
2020	5,064,768
2021	5,647,420
2022	4,549,429
2023	5,016,581
2024 (Estimated)	5,789,866

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. 75 (“GASB 75”) described below requires such accounting.

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

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

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

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

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

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending December 31, 2022:</u>
Total OPEB liability as of December 31, 2021:	\$276,897,514
Changes for the year:	
Service Cost	3,474,671
Interest	11,419,442
Change in Actuarial Cost Method	
Differences between actual and expected experience	
Changes in Assumptions and Other Inputs	(83,413,903)
Benefit payments	(7,410,224)
Total Changes	(\$75,930,014)
Total OPEB liability as of December 31, 2022:	\$200,967,500

Source: Actuarial Valuation Report (GASB 75).

The OSC has proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The Town cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B, herein.) Property taxes accounted for approximately 50.49% of total General Fund revenues, for the fiscal year ended 2022. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. (See “*Tax Levy Limit Law*” herein).

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2018 through 2022, and, as budgeted, for the years ending December 31, 2023 and 2024.

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2018	\$46,383,022	\$24,366,593	52.53
2019	47,919,670	25,280,351	52.76
2020	49,905,903	26,979,833	54.06
2021	55,511,186	28,109,968	50.64
2022	58,407,023	29,495,493	50.50
2023 (Budgeted)	55,812,924	31,331,595	56.14
2024 (Budgeted)	58,296,952	33,517,238	57.49

Source: Audited financial statements (2018-2022), and the adopted budgets for 2023 and 2024. The budgeted revenues include appropriation of fund balance.

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

Tax Levy and Collection Record ^a

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town and Highway	\$56,097,549	\$56,848,611	\$58,382,786	\$59,620,771	\$60,921,211
Special Districts:					
Library	15,028,128	15,178,409	15,481,977	15,816,499	16,174,934
Lighting	1,817,683	1,877,859	2,013,705	2,071,215	2,201,079
Refuse Disposal Direct					
Benefit Assessments	16,521,389	18,447,264	19,173,299	20,218,684	20,620,310
Fire	19,134,612	19,355,161	20,199,121	20,886,580	21,454,401
Water ^b	465,701	642,679	584,255	602,585	658,408
Ambulance	1,011,223	1,021,545	1,021,545	1,021,545	1,021,545
County	81,718,998	75,497,480	76,264,431	73,649,122	75,343,482
School Districts	386,800,635	395,202,957	404,306,692	412,918,074	425,399,187
Special & Omitted Assessments	138,570	1,929	281,260	58,295	187,648
Out of Town Tuition	1,246,916	1,278,110	1,204,085	1,229,478	665,077
Total Tax Levy	<u>\$579,981,404</u>	<u>\$585,352,004</u>	<u>\$598,913,156</u>	<u>\$608,092,848</u>	<u>\$624,647,282</u>
Amount Collected	\$547,593,702	\$568,602,285	\$580,697,844	\$589,000,255	N/A
Uncollected Amount	32,387,702	16,749,720	18,215,312	19,092,593	N/A
Percentage	5.58%	2.86%	3.04%	3.14%	N/A

a. See "Tax Collection Procedure" herein.

b. Includes Water Arrears.

Source: Receiver of Taxes of the Town.

Tax Collection Procedure

The Town collects taxes in two installments. The first half is due December 1st of the preceding fiscal year and payable until January 10th without penalty. The second half tax payment can also be made at this time, or anytime prior to May 31. Second half taxes are due May 10th each year and are payable to May 31st, without penalty. After January 10th, 1% per month is added to first half taxes. After May 31st, when the rolls are turned over to the County, all taxes are payable to the County Treasurer with an additional penalty to the date of payment. Tax sales are held annually by the County.

Under the Suffolk County Tax Act, there are no uncollected items at the close of the fiscal year to the Town. The Receiver of Taxes of the Town (the "Town Receiver") collects the County tax as well as the General Town, Town Highway, School and Special District levies. Before the tax rolls are returned to the County at the end of the tax period, (May 31st), the Town Receiver pays in full to the Town, the General Town, Town Highway, School and Special District levies. Any uncollected items are deducted from the amount returned to the County and the County assumes the responsibility for obtaining payment.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest there without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

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

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

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

The 2015 through 2024 Budgets did not exceed the tax levy limitation.

Tax Rates
Tax Rates per \$1,000 of Assessed Valuation

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Tax Levy:					
General Town	\$109.38	\$113.47	\$118.66	\$125.74	\$134.87
Highway	22.61	21.80	21.84	21.17	20.05
Town Outside Villages:					
General	22.22	22.68	23.35	21.73	24.82
Highway	80.84	79.02	78.50	77.92	72.52
County-General and District Court	17.66	19.55	19.58	13.94	10.80
County-Police	291.66	285.43	283.53	281.24	276.09
Library Special District	59.64	60.20	61.33	62.62	64.04

Selected Listing of Large Taxable Properties
2023 Assessment Roll ^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYS-OPRHP	Parkland	\$3,203,916
State of New York ^b	Parkland	802,483
Smithtown Galleria Association	Apartments	730,000
State of New York ^b	Parkland	692,427
LIPA	Utility	638,725
State of New York ^b	Parkland	542,677
LIPA	Utility	541,614
Mall at Smith Haven, LLC.	Shopping Center	472,303
Commack Marketing	Retail Service	472,280
LIPA	Utility	443,498
Arlona LTD Partnership	Shopping Center	441,620
LIPA	Utility	404,732
KeySpan Gas East Corp	Utility	379,150
Teacher's Federal Credit Union	Banking	360,436
LIPA	Utility	353,880
State of New York ^b	Parkland	344,440
Groton Owners, LLC	Apartments	323,100
100 Motor Parkway LLC	Commercial	314,000
KeySpan Gas East Corp	Utility	310,465
CommackSHP Ctr Association Fee	Commercial	306,000
	Total ^c	\$12,077,746

a. Assessment Roll established in 2023 for levy and collection of taxes during 2024 Fiscal Year.

b. New York State Parkland is taxable for school purposes only.

c. Represents approximately 4.88% of the total taxable assessed valuation of the Town for 2023.

Tax Certiorari Claims

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

LITIGATION

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

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Bonds, and Bond Counsel has assumed compliance by the Town with certain provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds. Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

BOND RATING

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

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Paul Rubano, MPA, Town Comptroller, Town of Smithtown, Town Hall Annex 40 Maple Avenue, Smithtown, NY 11787, telephone number (631) 360-7530 and email: prubano@smithtownny.gov. or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888.

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 assumes no liability or responsibility for any errors or omissions, unauthorized editing, or for any updates to dated website information.

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

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

TOWN OF SMITHTOWN, NEW YORK

By: s/s EDWARD R. WEHRHEIM
Town Supervisor and Chief Fiscal Officer
Town of Smithtown
Smithtown, New York

March , 2024

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2022

	General <u>Townwide</u>	Major <u>Highway</u>	Refuse and <u>Garbage</u>	Capital <u>Projects</u>	Nonmajor Governmental <u>Funds⁽¹⁾</u>
Assets:					
Cash and Cash Equivalents	\$ 37,370,971	\$ 6,423,968	\$ 5,931,021	\$ 12,119,294	\$ 8,915,851
Restricted Cash	3,754,591				318,486
Accounts Receivable	1,783,338	104,190	58,359	10,556	1,116,623
Lease Receivable	962,032				
Due from Other Funds	798,714	2,545,955	965,040	1,109,229	3,503,345
Due from Other Governments	1,791,330	2,479,244	392,592	236,130	269,752
Prepays & Inventory of Materials & Supplies	<u>1,309,507</u>	<u>1,514,344</u>	<u>142,897</u>	<u> </u>	<u>318,483</u>
Total Assets	<u>\$ 47,770,483</u>	<u>\$ 13,067,701</u>	<u>\$ 7,489,909</u>	<u>\$ 13,475,209</u>	<u>\$ 14,442,540</u>
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 3,065,485	\$ 837,110	\$ 2,318,737	\$ 4,965,892	\$ 1,038,341
Due to Other Governments	1,172	98,867			
Due to Other Funds	8,050,807			822,449	49,027
Unearned Revenue	9,295,585	2,885,002	1,594,547	74,999	3,474,564
Other Liabilities	<u>496,636</u>	<u>609,847</u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 20,909,685</u>	<u>\$ 4,430,826</u>	<u>\$ 3,913,284</u>	<u>\$ 5,863,340</u>	<u>\$ 4,561,932</u>
Deferred Inflows of Resources:					
Leases	970,842				
Deferred Revenue	<u>\$ 791,591</u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>
Total Deferred Inflows of Resources	<u>1,762,433</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:					
Nonspendable	\$ 1,309,507	\$ 1,514,344	\$ 142,897	\$	\$ 628,971
Restricted	4,007,788	123,211	3,433,728	6,011,869	3,862,806
Assigned	344,520	6,999,320		1,600,000	5,388,831
Unassigned	<u>19,436,550</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>\$ 25,098,365</u>	<u>\$ 8,636,875</u>	<u>\$ 3,576,625</u>	<u>\$ 7,611,869</u>	<u>\$ 9,880,608</u>
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	<u>\$ 47,770,483</u>	<u>\$ 13,067,701</u>	<u>\$ 7,489,909</u>	<u>\$ 13,475,209</u>	<u>\$ 14,442,540</u>

(1) Includes General Town Outside Village, Special Grant, Lighting, and Miscellaneous Funds

Source: Audited Annual Financial Report (2022)

NOTE: This schedule NOT audited.

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund-Townwide

Fiscal Year Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 24,366,593	\$ 25,280,351	\$ 26,979,833	\$ 28,109,968	\$ 29,495,493
Real Property Tax Items	701,054	663,488	633,516	808,545	791,983
Non Property Tax Items	2,820,596	2,804,631	2,707,939	2,719,698	2,622,662
Departmental Income	9,909,733	10,654,366	9,080,857	10,405,146	11,732,715
Intergovernmental Charges	541,800	628,036	641,973	518,388	411,582
Use of Money & Property	514,286	819,471	509,597	563,984	685,893
Licenses and Permits	151,773	130,214	91,826	128,573	114,996
Fines and Forfeitures	230,052	445,252	183,889	238,229	250,110
Sale of Property & Compensation for Loss	213,469	163,279	272,798	453,870	255,240
Interfund Revenues	1,349	54,127		1,630	2,942
State Aid	6,556,086	5,846,239	8,693,020	10,160,468	7,838,525
Federal Aid	330,373	385,400	92,820	1,211,712	4,075,599
Miscellaneous	45,858	44,816	17,835	190,978	129,283
Total Revenues	<u>46,383,022</u>	<u>47,919,670</u>	<u>49,905,903</u>	<u>55,511,189</u>	<u>58,407,023</u>
Expenditures:					
General Government Support	13,336,507	13,830,243	13,735,248	15,171,708	15,296,281
Public Safety	3,355,491	3,498,045	3,191,726	3,781,074	3,858,159
Health	878,136	933,500	894,833	789,175	750,910
Transportation	1,076,611	1,145,073	1,213,237	1,100,696	1,217,810
Econ. Assistance & Opportunity	110	220		110	
Culture & Recreation	7,364,438	7,648,464	7,047,118	8,152,819	8,507,327
Home & Community Service	5,176,210	5,442,442	5,024,996	5,413,794	5,873,270
Employee Benefits	11,853,724	12,516,081	11,562,430	12,654,517	13,023,252
Debt Service	1,907,145	2,349,769	2,733,067	3,185,051	3,278,385
Total Expenditures	<u>44,948,372</u>	<u>47,363,837</u>	<u>45,402,655</u>	<u>50,248,944</u>	<u>51,805,394</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,434,650</u>	<u>555,833</u>	<u>4,503,248</u>	<u>5,262,245</u>	<u>6,601,629</u>
Other Sources (Uses)					
Operating Transfers In	74,159	69,316	36,952	542,495	37,884
Operating Transfers (Out)	(442,378)	(868,947)	(6,116,280)	(3,114,539)	(4,513,995)
Premium on Debt Issuance	50,650	277,862	158,191	36,750	5,980
Total Other Sources (Uses)	<u>(317,569)</u>	<u>(521,769)</u>	<u>(5,921,137)</u>	<u>(2,535,294)</u>	<u>(4,470,131)</u>
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures and Other Uses	<u>1,117,081</u>	<u>34,064</u>	<u>(1,417,889)</u>	<u>2,726,951</u>	<u>2,131,498</u>
Fund Balance Beginning of Year	<u>20,506,660</u>	<u>21,623,741</u>	<u>21,657,805</u>	<u>20,239,917</u>	<u>22,966,868</u>
Fund Balance End of Year	<u>\$ 21,623,741</u>	<u>\$ 21,657,805</u>	<u>\$ 20,239,917</u>	<u>\$ 22,966,868</u>	<u>\$ 25,098,366</u>

Sources: Audited Financial Statements (2018-2022)

NOTE: This schedule NOT audited.

Statement of Revenues, Expenditures and Changes in Fund Balances
Highway Funds

Fiscal Year Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 23,090,235	\$ 23,923,575	\$ 24,042,306	\$ 23,534,612	\$ 23,510,175
Real Property Tax Items	365,621	365,039	412,878	401,554	430,456
Intergovernmental Charges	108,303	35,220	93,754	202,164	296,635
Use of Money & Property	128,395	219,268	57,647	12,043	61,391
Licenses and Permits	114,491	192,733	278,805	204,471	228,468
Sale of Property & Compensation for Loss	152,557	185,125	3,756	267,140	137,486
Interfund Revenue	1,558,754	2,082,297	2,302,154	2,250,587	2,560,810
State Aid	1,483,270	1,170,532	1,621,965	1,902,196	1,483,547
Federal Aid					2,288,616
Miscellaneous Local Sources		553	12,307		1,600
Total Revenues	<u>27,001,626</u>	<u>28,174,342</u>	<u>28,825,572</u>	<u>28,774,767</u>	<u>30,999,184</u>
Expenditures:					
Transportation	15,961,910	14,610,299	16,057,213	15,124,118	15,060,642
Employee Benefits	7,475,802	7,857,589	7,108,427	7,497,155	7,368,393
Debt Service	1,059,536	868,805	1,233,146	1,409,861	1,501,498
Total Expenditures	<u>24,497,248</u>	<u>23,336,693</u>	<u>24,398,786</u>	<u>24,031,134</u>	<u>23,930,533</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,504,378</u>	<u>4,837,649</u>	<u>4,426,786</u>	<u>4,743,633</u>	<u>7,068,651</u>
Other Sources (Uses)					
Operating Transfers In	1,665,694	476,965	1,000		48,421
Operating Transfers (Out)	(4,599,502)	(4,395,000)	(4,395,000)	(4,395,000)	(4,493,060)
Premium on Debt Issuance	10,852	87,189	22,897	22,376	1,803
Assigned:					
Total Other Sources (Uses)	<u>(2,922,956)</u>	<u>(3,830,846)</u>	<u>(4,371,103)</u>	<u>(4,372,624)</u>	<u>(4,442,836)</u>
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures and Other Uses	(418,578)	1,006,803	55,683	371,009	2,625,815
Fund Balance Beginning of Year	<u>4,996,143</u>	<u>4,577,565</u>	<u>5,584,368</u>	<u>5,640,051</u>	<u>6,011,060</u>
Fund Balance End of Year	<u>\$ 4,577,565</u>	<u>\$ 5,584,368</u>	<u>\$ 5,640,051</u>	<u>\$ 6,011,060</u>	<u>\$ 8,636,875</u>

Sources: Audited Financial Statements (2018-2022)

NOTE: This schedule NOT audited.

Statement of Revenues, Expenditures and Changes in Fund Balances
Refuse & Garbage Fund

Fiscal Year Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Departmental Income	\$ 12,775,553	\$ 15,019,498	\$ 15,839,202	\$ 17,682,899	\$ 18,410,993
Intergovernmental Charges	691,928	1,091,240	669,242	671,322	660,801
Use of Money & Property	77,457	119,973	39,781	12,415	73,619
Fines and Forfeitures	61,667	38,333	26,500		
Sale of Property & Compensation for Loss	223,207	484,105	233,926	455,114	582,395
Interfund Revenues	13,999	3,943		19,075	13,497
State Aid	56,887	90,572	227,579	55,035	81,092
Federal Aid					232,098
Miscellaneous			7,204		
Total Revenues	<u>13,900,698</u>	<u>16,847,664</u>	<u>17,043,434</u>	<u>18,895,860</u>	<u>20,054,495</u>
Expenditures:					
Home & Community Service	14,584,484	15,028,183	15,280,420	16,314,135	17,049,198
Employee Benefits	1,684,388	1,808,655	1,717,830	1,822,880	1,774,458
Debt Service	260,332	270,403	348,333	359,113	330,723
Total Expenditures	<u>16,529,204</u>	<u>17,107,241</u>	<u>17,346,583</u>	<u>18,496,128</u>	<u>19,154,379</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,628,506)</u>	<u>(259,577)</u>	<u>(303,149)</u>	<u>399,732</u>	<u>900,116</u>
Other Financing Uses:					
Operating Transfers In	498,290	29,929	5,300		
Operating Transfers (Out)	(5,021)		(120,575)		
Premium on Debt Issuance	2,963	34,876	6,439		
Total Other Financing Sources (Uses)	<u>496,232</u>	<u>64,805</u>	<u>(108,836)</u>		
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures and Other Uses	<u>(2,132,274)</u>	<u>(194,772)</u>	<u>(411,985)</u>	<u>399,732</u>	<u>900,116</u>
Fund Balance Beginning of Year	<u>5,015,808</u>	<u>2,883,534</u>	<u>2,688,762</u>	<u>2,276,777</u>	<u>2,676,509</u>
Fund Balance End of Year	<u>\$ 2,883,534</u>	<u>\$ 2,688,762</u>	<u>\$ 2,276,777</u>	<u>\$ 2,676,509</u>	<u>\$ 3,576,625</u>

Sources: Audited Financial Statements (2018-2022)

NOTE: This schedule NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Fund**

	Fiscal Year Ending December 31:				
	2018	2019	2020	2021	2022
Revenues:					
Sale of Property & Compensation for Loss	\$	\$	\$ 4,000	\$ 25,000	\$
State Aid	507,794	186,920	930,821	86,625	565,775
Federal Aid		453,181	168,899	93,361	169,308
Miscellaneous Local Sources	238,720	696,671	468,048	638,951	220,397
Total Revenues	746,514	1,336,772	1,571,768	843,937	955,480
Expenditures:					
Capital Outlay	11,122,333	14,564,427	25,098,265	16,019,771	15,883,554
Total Expenditures	11,122,333	14,564,427	25,098,265	16,019,771	15,883,554
Excess (Deficiency) of Revenues over Expenditures	(10,375,819)	(13,227,655)	(23,526,497)	(15,175,834)	(14,928,074)
Other Sources (Uses)					
Operating Transfers In	5,178,764	5,594,536	11,010,980	7,611,949	9,017,555
Operating Transfers (Out)	(2,274,642)	(137,909)	(43,600)	(1,587,684)	(109,953)
Debt Proceeds	3,544,380	9,192,260	10,037,090	6,844,670	4,854,745
Capital Lease Proceeds	1,304,141	1,334,199	546,151	1,067,215	526,772
Total Other Sources (Uses)	7,752,643	15,983,086	21,550,621	13,936,150	14,289,119
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures and Other Uses	(2,623,176)	2,755,431	(1,975,876)	(1,239,684)	(638,955)
Fund Balance Beginning of Year	11,334,129	8,710,953	11,466,384	9,490,508	8,250,824
Fund Balance End of Year	\$ 8,710,953	\$ 11,466,384	\$ 9,490,508	\$ 8,250,824	\$ 7,611,869

Sources: Audited Financial Statements (2018-2022)

NOTE: This schedule NOT audited.

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds***

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021^a</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 8,041,171	\$ 7,830,203	\$ 7,989,112	\$ 8,345,909	\$ 8,504,842
Real Property Tax Items	184,835	170,449	194,283	198,121	218,998
Departmental Income	6,023,528	6,544,197	6,639,052	7,863,647	8,831,686
Intergovernmental Charges	135,695	50,509	20,499	8,714	10,878
Use of Money & Property	119,802	201,343	55,167	10,392	58,865
Licenses and Permits	1,920,518	2,088,955	1,948,827	2,290,380	2,099,838
Sale of Property & Compensation for Loss	185,067	40,444	987	113,680	35,085
Interfund Revenues	7,165	10,325	1,631		1,259
State Aid	306,676	320,524	315,838	276,660	285,532
Federal Aid	118,240	198,180	171,205	130,906	261,913
Miscellaneous	779,997	1,106,118	1,074,517	5,411	896
Total Revenues	<u>17,822,694</u>	<u>18,561,247</u>	<u>18,411,118</u>	<u>19,243,820</u>	<u>20,309,792</u>
Expenditures:					
General Government Support	197,185	270,706	236,091	273,729	192,377
Public Safety	3,274,467	3,240,498	3,305,576	3,234,561	3,479,299
Health	2,075,709	2,067,876	2,040,097	2,124,518	2,180,964
Transportation	1,053,506	1,090,593	1,146,158	1,236,934	1,344,271
Culture and Recreation	428,667	429,390	370,165	482,708	443,169
Home & Community Service	5,350,762	5,620,226	5,862,918	6,637,284	7,081,625
Employee Benefits	4,785,329	3,838,491	5,746,491	3,420,362	3,721,989
Debt Service	631,030	648,346	711,143	958,183	1,000,269
Total Expenditures	<u>17,796,655</u>	<u>17,206,126</u>	<u>19,418,639</u>	<u>18,368,279</u>	<u>19,443,963</u>
Excess (Deficiency) of Revenues over Expenditures	<u>26,039</u>	<u>1,355,121</u>	<u>(1,007,521)</u>	<u>875,541</u>	<u>865,829</u>
Other Sources (Uses)					
Proceeds from Serial Bonds				2,405,000	
Payments to Escrow for Refunding				(2,817,214)	
Operating Transfers In	139,899	11,699	642	1,145,189	23,648
Operating Transfers (Out)	(235,263)	(780,589)	(379,419)	(202,410)	(10,500)
Premium on Debt Issuance	4,437	38,750	95,503	278,639	1,709
Total Other Sources (Uses)	<u>(90,927)</u>	<u>(730,140)</u>	<u>(283,274)</u>	<u>809,204</u>	<u>14,857</u>
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures and Other Uses	<u>(64,888)</u>	<u>624,981</u>	<u>(1,290,795)</u>	<u>1,684,745</u>	<u>880,686</u>
Fund Balance Beginning of Year	<u>8,045,879</u>	<u>7,980,991</u>	<u>8,605,972</u>	<u>7,315,177</u>	<u>8,999,922</u>
Fund Balance End of Year	<u>\$ 7,980,991</u>	<u>\$ 8,605,972</u>	<u>\$ 7,315,177</u>	<u>\$ 8,999,922</u>	<u>\$ 9,880,608</u>

*Includes General Town Outside Village, Community Development, Risk Retention, Lighting and Ambulance. Beginning in Fiscal Year Ending December 31, 2012, the Nonmajor Governmental Funds also include the Water Districts, the Paul J. Fitzpatrick Country Club, and the Permanent Fund.

a. In the 2021 fiscal year the Town has eliminated the Risk Retention Fund.

Sources: Audited Financial Statements (2018-2022)

NOTE: This schedule NOT audited.

2024 ADOPTED BUDGET - FUND SUMMARIES

	<u>Appropriation</u>	Less: Estimated <u>Revenue</u>	Less: <u>State Aid</u>	Less: Appropriated <u>Fund Balance</u>	Less: Application <u>of Reserves</u>	Amount of <u>Tax Levy</u>
General Fund - Town Wide	\$ 58,315,348	\$ 17,999,987	\$ 6,615,661	\$	\$ 182,462	\$ 33,517,238
General Fund - Part Town	9,763,956	3,735,116	285,000		30,408	5,713,432
Community Development Fund	211,000	211,000				
Commack Ambulance District	1,819,126	1,120,642				698,484
Hauppauge Ambulance District	390,032	66,971				323,061
Highway Fund III - Machinery	4,982,881	604,739	236,368		32,530	4,109,244
Highway Fund I - Repairs & Impvts	22,396,347	4,478,978	1,190,000		23,095	16,704,274
Highway Fund IV - Snow & Misc	914,023	37,000				877,023
Street Lighting District	1,332,330	36,512				1,295,818
Arterial Highway District	932,471	23,144			4,066	905,261
Sol Waste/Res Coll/ Disp Impvt	21,242,418	21,129,536	35,000		77,882	
Paul J. Fitzpatrick Country Club	563,000	563,000				
Smithtown Water District	3,985,225	3,985,225				
St. James Water District	2,763,264	2,574,046			115,000	74,218
1987 Water Supply District	2,300			2,300		
1989 Water Supply District	4,300			4,300		
	<u>\$ 129,618,021</u>	<u>\$ 56,565,896</u>	<u>\$ 8,362,029</u>	<u>\$ 6,600</u>	<u>\$ 465,443</u>	<u>\$ 64,218,053</u>

Source: 2024 Adopted budget of the Town

2023 ADOPTED BUDGET - FUND SUMMARIES

	<u>Appropriation</u>	Less: Estimated <u>Revenue</u>	Less: <u>State Aid</u>	Less: Appropriated <u>Fund Balance</u>	Less: Application <u>of Reserves</u>	Amount of <u>Tax Levy</u>
General Fund - Town Wide	\$ 55,812,924	\$ 16,876,003	\$ 7,352,128	\$	\$ 253,198	\$ 31,331,595
General Fund - Part Town	8,924,405	3,588,237	285,000		31,396	5,019,772
Community Development Fund	200,651	200,651				
Commack Ambulance District	1,784,242	1,085,758				698,484
Hauppauge Ambulance District	390,032	66,971				323,061
Highway Fund III - Machinery	4,744,004	471,169	236,368		35,983	4,000,484
Highway Fund I - Repairs & Impvts	23,213,302	3,946,670	1,190,000		84,464	17,992,168
Highway Fund IV - Snow & Misc	1,293,252	16,500				1,276,752
Street Lighting District	1,290,401	20,733			284	1,269,384
Arterial Highway District	813,605	11,774				801,831
Sol Waste/Res Coll/ Disp Impvt	20,758,543	20,622,305	35,000		101,238	
Paul J. Fitzpatrick Country Club	555,515	541,446			14,069	
Smithtown Water District	3,781,956	3,781,956				
St. James Water District	2,557,276	2,336,241			146,817	74,218
1987 Water Supply District	10,500			10,500		
1989 Water Supply District	5,500			5,500		
	<u>\$ 126,136,108</u>	<u>\$ 53,566,414</u>	<u>\$ 9,098,496</u>	<u>\$ 16,000</u>	<u>\$ 667,449</u>	<u>\$ 62,787,749</u>

Source: 2023 Adopted budget of the Town

TOWN OF SMITHTOWN

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

[▶ Click Here For 2022 Audit](#)

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

APPENDIX C

FORM OF BOND COUNSEL OPINION

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

_____, 2024

The Town Board of the
Town of Smithtown, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Smithtown (the “Town”), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$5,546,180 Public Improvement Serial Bonds-2024 (the “Bonds”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

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

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

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

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

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

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

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of March 13, 2024.

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

“Securities” shall mean the Issuer’s **\$5,546,180 Public Improvement Serial Bonds-2024**, dated March 26, 2024, maturing in various principal amounts on February 15 in each of the years 2025 to 2038, inclusive, and delivered on the date hereof.

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

- (i) (A) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to

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

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or

government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally

consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE TOWN," "DEMOGRAPHIC AND STATISTICAL INFORMATION," "INDEBTEDNESS OF THE TOWN," "FINANCIAL MATTERS," "REAL PROPERTY TAX INFORMATION" AND "LITIGATION" AND IN APPENDIX A.

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

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of March 26, 2024.

TOWN OF SMITHTOWN

By _____
Supervisor and Chief Fiscal Officer