

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 7, 2026

NEW ISSUE

BOND ANTICIPATION NOTES

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

The Town will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

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

\$13,200,000

BOND ANTICIPATION NOTES, 2026

Dated Date: April 23, 2026

Maturity Date: April 23, 2027

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

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on April 14, 2026 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or such other place as may be agreed upon with the purchaser(s) on or about April 23, 2026.

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

**TOWN OF POUGHKEEPSIE
DUTCHESS COUNTY, NEW YORK**

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Ryan Sharpe – Fifth Ward
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Minal Patel, Town Comptroller
Felicia Salvatore, Town Clerk
Emily Svenson, Esq., Town Attorney

* * *

BOND COUNSEL



Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

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

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OFFICIAL STATEMENT

Relating to

TOWN OF POUGHKEEPSIE DUTCHESS COUNTY, NEW YORK

\$13,200,000

BOND ANTICIPATION NOTES, 2026

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town of Poughkeepsie, Dutchess County, New York (the "Town") and presents certain information relating to the Town's \$13,200,000 Bond Anticipation Notes, 2026 (the "Notes").

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

THE NOTES

Description of the Notes

The Notes will be dated April 23, 2026 and will mature, without right of redemption prior to maturity, on April 23, 2027, with interest payable at maturity.

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

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

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

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

Optional Redemption

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

Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Disclosure Undertaking

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

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

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

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

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

With respect to events (xv) and (xvi), the term “financial obligation” means a (i) debt obligation (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

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

Compliance History

The following table sets forth the dates of the annual filings for each of the five preceding fiscal years.

On July 8, 2024, the Town filed a material event notice for the failure to file its unaudited financial statements for the fiscal year ended December 31, 2023.

On July 7, 2025, the Town filed a material event notice for the failure to file its unaudited financial statements for the fiscal year ended December 31, 2024.

On January 9, 2026, the Town filed a material event notice for the failure to file its audited financial statements for the fiscal year ended December 31, 2024.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law and a bond resolution adopted by the Town Board. The project that will be financed by such amount is as follows:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Total Amount to be Issued</u>
02/04/2026	Acquisition of a parcel of land and building thereon and improvements thereto to serve as new Town Hall	\$13,200,000

Nature of Obligation

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

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

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

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

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

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

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

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

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

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

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

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

Tax Levy Limitation Law

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

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

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision

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

Execution/Attachment of Municipal Property

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

Authority to File For Municipal Bankruptcy

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

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

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

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

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

State Debt Moratorium Law

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Constitutional Non-Appropriation Provision

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

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

Default Litigation

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

No Past Due Debt

No principal of or interest on Town indebtedness is past due. To the best knowledge of current Town Officials, the Town has never defaulted in the payment of the principal of and interest on any indebtedness.

THE TOWN

General Information

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

Government

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

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

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

Services

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

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

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

Education

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

Financial Institutions

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

Transportation

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

Utilities

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

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

Employees

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

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association	57	12/31/2028
P.B.A	82	12/31/2026
Teamsters	24	12/31/2028

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

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

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2023^a</u>
Town of Poughkeepsie	42,777	43,341	44,079	45,518
County of Dutchess	280,150	297,488	293,524	297,150
State of New York	18,976,457	19,378,102	19,514,849	19,571,216

Source: U.S. Bureau of the Census.

a. Based on American Community Survey 5-Year Estimates (2019-2023)

Income Data

	<u>Per Capita Money Income</u>				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2023^a</u>
Town of Poughkeepsie	\$18,472	\$23,589	\$29,442	\$37,941	\$46,492
County of Dutchess	17,420	23,940	31,642	42,309	50,196
State of New York	16,501	23,389	30,791	40,898	48,847

	<u>Median Household Income</u>				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2023^a</u>
Town of Poughkeepsie	\$45,886	\$43,393	\$66,793	\$77,822	\$96,692
County of Dutchess	42,250	53,086	69,838	81,842	96,824
State of New York	32,965	43,393	55,217	71,117	82,095

Source: United States Bureau of the Census

a. Note: Based on American Community Survey 5-Year Estimates (2019-2023)

Unemployment Rate Statistics

Annual Averages:	Town of Poughkeepsie (%)	County of Dutchess (%)	State of New York (%)
2019	3.4	3.5	3.8
2020	7.1	7.3	9.9
2021	4.4	4.4	6.9
2022	3.1	3.0	4.4
2023	3.4	3.1	4.2
2024	3.5	3.4	4.3
2025	3.3	3.3	4.2

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond ordinance approved by at least two-thirds of the members of the Town Board, the finance board of the Town.

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 will be in compliance upon closing with such requirement with respect to the bond resolution authorizing the issuance of the Notes.

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

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

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

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

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

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

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of April 7, 2026)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2021	\$3,886,218,817	100	\$3,886,218,817
2022	4,298,724,340	100	4,298,724,340
2023	5,135,792,671	100	5,135,792,671
2024	5,175,566,439	94	5,505,921,744
2025	5,222,269,448	89	<u>5,867,718,481</u>
Total Five Year Full Valuation			\$24,694,376,053
Average Five Year Full Valuation			4,938,875,211
Debt Limit - 7% of Average Full Valuation			345,721,265
Inclusions:			
Outstanding Bonds:			
	General Purpose Bonds		12,829,976
	Water Purpose Bonds		12,745,455
	Sewer Purpose Bonds		1,950,000
	Bond Anticipation Notes		<u>0</u>
Total Inclusions			<u>27,525,431</u>
Exclusions:			
	Water Debt		12,745,455
	Bond Appropriations		1,070,000
	Note Appropriations		<u>0</u>
Total Exclusions			<u>13,815,455</u>
Total Net Indebtedness			<u>13,709,976</u>
Net Debt Contracting Margin			<u><u>\$332,011,289</u></u>
Percent of Debt Limit Exhausted			3.97%

Trend of Town Indebtedness

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
Debt Outstanding End of Year:					
Bonds	\$40,865,000	\$37,385,000	\$34,619,970	\$31,697,970	\$28,725,970
BANs	0	0	0	0	0
Total Debt Outstanding	<u>\$40,865,000</u>	<u>\$37,385,000</u>	<u>\$34,619,970</u>	<u>\$31,697,970</u>	<u>\$28,725,970</u>

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending December 31:	Principal	Interest	Total
2026	\$ 3,035,970	\$ 932,298	\$ 3,968,268
2027	3,065,000	820,598	3,885,598
2028	2,510,000	732,148	3,242,148
2029	2,545,000	662,343	3,207,343
2030	2,585,000	590,052	3,175,052
2031	2,590,000	520,956	3,110,956
2032	835,000	456,510	1,291,510
2033	850,000	429,054	1,279,054
2034	875,000	400,263	1,275,263
2035	890,000	369,637	1,259,637
2036	915,000	337,997	1,252,997
2037	935,000	304,898	1,239,898
2038	730,000	270,447	1,000,447
2039	740,000	243,766	983,766
2040	610,000	218,776	828,776
2041	625,000	195,510	820,510
2042	640,000	171,381	811,381
2043	655,000	146,603	801,603
2044	680,000	120,421	800,421
2045	695,000	93,415	788,415
2046	715,000	65,729	780,729
2047	740,000	37,146	777,146
2048	40,000	12,174	52,174
2049	40,000	10,194	50,194
2050	45,000	8,081	53,081
2051	45,000	5,843	50,843
2052	45,000	3,605	48,605
2053	50,000	1,243	51,243
Totals	<u>\$28,725,970</u>	<u>\$8,161,088</u>	<u>\$36,887,058</u>

New York State Environmental Facilities Authority Financings

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

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 Dutchess	03/13/2025	12.11	\$36,753,850	\$34,898,598
Village of Wappinger Falls	05/31/2025	21.05	5,350,000	5,350,000
School District:				
Arlington CSD	05/29/2025	19.69	9,683,542	9,683,542
Hyde Park CSD	05/27/2025	19.94	9,458,855	9,458,855
Wappingers CSD	07/16/2024	14.29	12,305,692	12,305,692
Spackenhill UFSD	06/30/2024	100.00	<u>16,059,813</u>	<u>5,139,140</u>
Totals:			<u>\$89,611,752</u>	<u>\$76,835,827</u>

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

Debt Ratios

	<u>Amount</u>	<u>Per Capita ^a</u>	<u>Percentage Of Full Value (%) ^b</u>
Total Direct Debt	\$27,525,431	\$605	0.469
Net Direct Debt	13,709,976	301	0.234
Total Direct & Applicable Total Overlapping Debt	117,137,183	2,573	1.996
Net Direct & Applicable Net Overlapping Debt	90,545,803	1,989	1.543

a. Estimated population of the Town is 45,518.

b. The full valuation of taxable property is \$5,867,718,481.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has authorized but unissued indebtedness in the amount of \$2,233,950 for certain water improvements and \$7,334,000 for Spackenhill sewer.

FINANCIAL MATTERS

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such Audited Financial Statement made available for public inspection covers the fiscal year ended December 31, 2024.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2020-2024 fiscal years.

Fund Structure and Accounts

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

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

The Town presently maintains the following governmental funds: General Fund, Special Revenue Funds (Highway; Water Districts; Sewer Districts; Drainage District; Lighting Districts; and Debt Service), and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

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

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before September 20th. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Town Comptroller. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

Financial Operations

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

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as "Not Filed". Because the Town did not file its Annual Financial Report (AFR) and 2024 Audited Financial Statement in a timely manner, its New York State fiscal stress score was not recorded for 2024. The Town has since submitted both the AFR and 2024 Audit and it is expected the State will update the Town's Fiscal Stress Score for 2025.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released in February 17, 2017. The purpose of the audit was to examine the Town's parking violation enforcement activities and review the internal controls over the parking ticket collection process for the period January 1, 2015 through June 30, 2016. The complete report may be found on the State Comptroller's official website.

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

Investment Policy

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

Authorized Investments

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

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

Collateral Requirements

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

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

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

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

Revenues

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

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

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

Based on the unaudited Financial Report of the Town, the Town received approximately 6.13% of its total General Fund operating revenue from State aid in 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, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Town's General Fund revenue (including transfers) comprised of State aid for each of the fiscal years 2020 through 2024, inclusive and the budget amounts for 2025 and 2026.

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue</u>	<u>State Aid</u>	<u>State Aid To Revenues (%)</u>
2020	\$27,798,159	\$1,412,330	5.08
2021	26,992,551	1,302,000	4.82
2022	31,632,895	2,261,160	7.15
2023	37,051,155	2,592,680	7.00
2024	33,680,795	2,063,278	6.13
2025 (Budgeted)	33,984,438	1,050,000	3.09
2026 (Budgeted)	36,775,336	1,540,179	4.19

Sales Tax Revenue

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

The current 3.75% sales tax is a result of a 0.75% tax rate increase which became effective on June 1, 2003. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County's sales tax rate. The County Legislature amended the 1975 resolution enacting the County's sales tax by resolution 207259 which was signed by the County Executive on September 20, 2007. The additional 0.75% sales tax rate continues and has been extended through November 2027.

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

The following table sets forth general fund revenues and sale taxes received for each of the past five fiscal years ended December 31 and the budgeted amounts for 2025 and 2026.

Fiscal Year Ended December 31:	General Fund Total Revenue	Sales Tax	Sales Tax to Revenues (%)
2020	\$27,798,159	\$3,873,338	13.93
2021	26,992,551	3,706,053	13.73
2022	31,632,895	5,414,398	17.12
2023	37,051,155	7,417,826	20.02
2024	37,051,155	5,183,682	13.99
2025 (Budgeted)	33,984,438	4,700,000	13.83
2026 (Budgeted)	36,775,336	5,580,733	15.18

Expenditures

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

Pension Systems

Substantially all employees of the Town are members of the State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"), a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees, participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than ten years' experience, must contribute 3% of gross annual salary toward the cost of retirement programs. The PFRS is non-contributory for all police and fire fighters.

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

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

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

Chapter 260 provides for the following changes:

- **Contribution Payment Date Change:** The law changed the date on which local pension contributions are due to the State. The annual required contribution became due February 1 annually instead of December 15.
- **Pension Contributions Reserve Fund:** The law created special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

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

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

- Raising the minimum age at which most civilian can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contribution 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to ten years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

Due to significant capital market declines in the past, the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State’s Retirement System continues to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by past legislation. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

Most recently, in Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount.

The primary purpose of the SCO plans is to reduce the volatility of future pensions ARC. However, although the pension contribution rates under this program would reduce near-term payments, it will require higher than normal contributions in later years.

The Town has elected not to participate in the amortization programs.

Retirement System Billing Procedures

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

Contributions to the Retirement Systems

Fiscal Year Ending December 31:	ERS	PFRS
2020	\$1,163,497	\$2,215,161
2021	1,118,349	2,511,571
2022	882,372	2,614,638
2023	881,264	2,847,265
2024	821,461	3,140,106
2025 (Budgeted)	1,335,000	3,863,054
2026 (Budgeted)	1,298,999	3,787,195

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:

Total OPEB Liability at Dec 31, 2023	<u>\$105,393,083</u>
Charges for the Year:	
Service Cost	1,899,664
Interest	4,354,068
Changes in Assumptions or Other	1,487,156
Inputs	
Benefit Payments	<u>(4,432,237)</u>
Net Changes in total OPEB liability	<u>3,308,651</u>
Total OPEB Liability at Dec 31, 2024	<u><u>\$108,701,734</u></u>

Source: Actuarial Valuation Report (GASB 75)

The OSC has recently 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 through a direct real property tax.

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

The following table sets forth the percentage of the Town’s General Fund revenue (including transfers) for each of the fiscal years 2020 through 2024 and the budget amount for 2025 and 2026.

<u>Fiscal Year Ended December 31:</u>	<u>General Fund Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2020	\$27,798,159	\$18,157,805	65.32
2021	31,067,958	18,202,456	58.59
2022	31,632,895	19,837,224	62.71
2023	37,051,155	19,251,665	51.96
2024	33,680,795	19,837,224	58.90
2025 (Budgeted)	33,984,438	21,252,624	62.54
2026 (Budgeted)	33,984,438	22,595,424	66.49

Tax Collection Procedure

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

Tax Levy and Collections Record

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
County	\$12,442,449	\$11,586,716	\$11,646,146	\$11,216,380	\$11,915,944
Town & Highway	25,077,966	25,254,160	26,208,264	26,502,822	27,888,509
Special Districts:					
Water Districts	770,400	752,390	740,893	723,494	319,835
Sewer Districts	1,271,644	1,179,252	1,064,500	1,124,771	1,485,638
Fire Districts	23,148,521	23,865,849	25,748,251	28,623,375	30,081,533
Lighting	850,000	860,000	900,000	950,000	1,000,000
Ambulance	36,000	360,000	44,656	154,283	228,660
Drainage	38,300	0	0	0	0
Library	4,559,920	4,838,417	4,967,808	5,498,492	5,961,319
Business Improvements	57,500	57,500	57,500	57,500	57,500
Bridge	0	0	0	0	0
Psych Center District	109,790	106,640	105,022	102,571	103,826
Total Tax Levy	<u>\$68,362,490</u>	<u>\$68,860,924</u>	<u>\$71,483,040</u>	<u>\$74,953,688</u>	<u>\$79,042,764</u>
Amount Uncollected	None	None	None	None	None

Tax Rates per \$1,000 of Assessed Valuation

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
County	\$3.26	\$3.21	\$2.49	\$2.23	\$2.31
Town & Highway (Town Outside Village)					
Homestead	4.83	4.97	4.26	4.07	4.32
Non-Homestead	10.00	10.02	9.75	8.53	8.61
Town & Highway					
Homestead	0.71	0.70	0.66	0.61	0.68
Non-Homestead	1.36	1.31	1.38	1.17	1.25

Selected Listing of Large Taxable Properties
2026 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
C H G & E Corp	Utility	\$148,510,938
Poughkeepsie Galleria Co.	Shopping Center	49,299,000
Fox Run at Fulton	Apartments	35,248,700
Herb Redl LLC	Mobile Home Park	34,434,560
ECA Buligo Hudson Heritage	Apartments	27,585,000
TFS Midhudson LLC	Shopping Center	25,546,000
Hudson Harbour NY LLC	Apartments	23,876,000
Mountain Brook Gardens LLS	Commercial	21,459,500
Capstone Plaza	Shopping Center	21,332,000
Braid Lodging Group	Commercial	<u>8,252,000</u>
	Total ^a	<u>\$395,543,698</u>

- a. Assessment Roll established in 2025 for levy and collection of taxes in 2026.
b. Represents 7.57% of the 2025 Taxable Assessed Valuation of the Town of \$5,222,269,448.

LITIGATION

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

The Town is not presently engaged in, nor does it expect to be engaged in litigation which if determined against the Town would have an adverse material impact on the financial condition of the Town.

In addition the Town presently has pending various tax certiorari claims (including one by one of the top ten taxpayers) which have been filed under Article 7 of the Real Property Tax Law. Such petitions allege that the property values as presently determined are excessive and request assessment reductions, and in most actions also seek a refund of property taxes previously paid. It is difficult to predict at this time the outcome of these cases; however, there is no one claim which if it were decided adversely to the Town would be likely to have a material adverse effect on the financial condition of the Town.

In any case, pursuant to the Local Finance Law, the Town may issue bonds to finance the cost of tax certiorari refunds and also judgments.

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

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.

MARKET AND RISK FACTORS

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

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

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

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

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

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

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

TAX MATTERS

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

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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

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

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

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

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Notes is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the Town or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

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

RATING

The Notes are not rated. The Town's outstanding bonds is rated "Aa3" by Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. The rating reflect only the view of the rating agency and any desired explanation of the significance of such rating should be obtained from Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

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

OTHER MATTERS

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

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

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

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

ADDITIONAL INFORMATION

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

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

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

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

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

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

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

TOWN OF POUGHKEEPSIE, NEW YORK

By: s/s REBECCA EDWARDS
Town Supervisor and Chief Fiscal Officer

April , 2026

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General & Major Town Funds

Fiscal Year Ending December 31, 2024

	General Fund <u>Town-Wide</u>	General Fund <u>Part-Town</u>	Highway <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Assets:					
Cash	\$ 6,057,909	\$ 13,129,090	\$ 5,339,127	\$ 2,158,380	\$ 2,832,514
Restricted Cash	745,274				
Receivables	101,357	282,960	1,536	2,266,395	2,044,521
Leases Receivables		347,700			
Prepaid Expenses	163,983	871,485	66,009	46,936	18,723
Due from other Funds	86,629	27,128	91,828	1,978,441	487,620
Due from other Governments	230,005	1,412,192	257,693	517,250	313,077
	<u>7,385,157</u>	<u>16,070,555</u>	<u>5,756,193</u>	<u>6,967,402</u>	<u>5,696,455</u>
Total Assets	\$ <u>7,385,157</u>	\$ <u>16,070,555</u>	<u>5,756,193</u>	\$ <u>6,967,402</u>	\$ <u>5,696,455</u>
Liabilities:					
Accounts Payable	\$ 293,500	\$ 352,128	\$ 245,837	\$ 149,287	\$ 226,920
Accrued Liabilities	1,521,575	1,393,116	235,951	52,888	74,198
Due to Other Funds	1,029,485	6,655	151,531	284,589	897,841
Due to Other Governments					
Deferred Revenues	158,808	347,418	168,893	337,735	274,433
	<u>3,003,368</u>	<u>2,099,317</u>	<u>802,212</u>	<u>824,499</u>	<u>1,473,392</u>
Total Liabilities	<u>3,003,368</u>	<u>2,099,317</u>	<u>802,212</u>	<u>824,499</u>	<u>1,473,392</u>
Fund Balances:					
Nonspendable	163,983	871,485	66,009	46,936	18,723
Restricted	745,274				
Assigned	566,510	13,099,753	4,887,972	6,095,967	4,204,340
Unassigned	2,906,022				
	<u>4,381,789</u>	<u>13,971,238</u>	<u>4,953,981</u>	<u>6,142,903</u>	<u>4,223,063</u>
Total Fund Balances	<u>4,381,789</u>	<u>13,971,238</u>	<u>4,953,981</u>	<u>6,142,903</u>	<u>4,223,063</u>
Total Liabilities and Fund Balances	\$ <u>7,385,157</u>	\$ <u>16,070,555</u>	<u>5,756,193</u>	\$ <u>6,967,402</u>	\$ <u>5,696,455</u>

NOTE: This Schedule is NOT audited
Sources: Audited Financial Report (2024)

Balance Sheet
General & Major Town Funds

Fiscal Year Ending December 31, 2023

	<u>General Fund</u> <u>Town-Wide</u>	<u>General Fund</u> <u>Part-Town</u>	<u>Highway</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>
Assets:					
Cash	\$ 7,373,913	\$ 12,121,368	\$ 5,209,465	\$ 1,971,582	\$ 2,978,031
Restricted Cash	745,274				
Receivables	84,390	313,341	1,527	1,472,058	2,261,777
Leases Receivables		276,700			
Prepaid Expenses	228,466	766,220	50,071	209,158	16,318
Due from other Funds	86,629	27,128	33,202	2,484,554	414,776
Due from other Governments	216,634	1,297,092		422,620	266,069
	<u>216,634</u>	<u>1,297,092</u>	<u>33,202</u>	<u>422,620</u>	<u>266,069</u>
Total Assets	<u>\$ 8,735,306</u>	<u>\$ 14,801,849</u>	<u>5,294,265</u>	<u>\$ 6,559,972</u>	<u>\$ 5,936,971</u>
Liabilities:					
Accounts Payable	\$ 249,164	\$ 307,138	\$ 15,210	\$ 206,381	\$ 611,174
Accrued Liabilities	2,299,811	1,264,171	203,882	30,954	51,141
Due to Other Funds	1,029,485	4,555	151,531	931,222	766,371
Due to Other Governments				8,686	
Deferred Revenues	123,722	276,766		238,888	179,101
	<u>123,722</u>	<u>276,766</u>	<u>151,531</u>	<u>238,888</u>	<u>179,101</u>
Total Liabilities	<u>3,702,182</u>	<u>1,852,630</u>	<u>370,623</u>	<u>1,416,131</u>	<u>1,607,787</u>
Fund Balances:					
Nonspendable	228,466	766,220	50,071	209,158	16,318
Restricted	745,274				
Assigned	320,608	12,182,999	4,873,571	4,934,683	4,312,866
Unassigned	3,738,776				
	<u>3,738,776</u>	<u>12,182,999</u>	<u>4,873,571</u>	<u>4,934,683</u>	<u>4,312,866</u>
Total Fund Balances	<u>5,033,124</u>	<u>12,949,219</u>	<u>4,923,642</u>	<u>5,143,841</u>	<u>4,329,184</u>
Total Liabilities and Fund Balances	<u>\$ 8,735,306</u>	<u>\$ 14,801,849</u>	<u>5,294,265</u>	<u>\$ 6,559,972</u>	<u>\$ 5,936,971</u>

NOTE: This Schedule is NOT audited
Sources: Audited Financial Report (2023)

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

Fiscal Year Ended December 31

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$ 3,607,537	\$ 3,488,456	\$ 3,501,388	3,992,075	4,012,535
Real Property Tax Items	221,459	226,582	145,612	175,263	208,502
Non Property Tax Items					56,948
Departmental Income	327,692	166,301	626,113	341,267	212,850
Intergovernmental Income		12,548	16,020		94,378
Use of Money and Property	171,147	132,904	478,159	1,221,902	845,079
Licenses & Permits	32,461	31,724	36,423	33,860	31,241
Fines & Forfeitures	439,121	737,332	459,949	505,739	633,037
Sale of Property & Compensation for Loss	37,463	45,033	54,811	34,913	11,763
Miscellaneous	71,226	314,150	259,960	306,003	166,540
State & Federal Aid	1,349,043	2,222,133	2,174,656	2,592,680	1,823,347
Total Revenues	<u>6,257,149</u>	<u>7,377,163</u>	<u>7,753,091</u>	<u>9,203,702</u>	<u>8,096,220</u>
Expenditures:					
General Government Support	3,302,173	3,413,785	3,612,738	3,784,079	4,515,177
Transportation	324,792	573,467	282,741	445,358	337,477
Economic Assistance	37,260	68,540	68,770	67,390	38,760
Culture and Recreation	593,735	671,464	918,420	885,462	1,077,486
Home and Community Services	58,513	166,262	154,883	111,200	200,389
Employee Benefits	1,198,332	1,339,606	1,433,892	1,535,141	1,698,630
Capital Outlay	195,623	112,628	264,215	456,465	210,436
Debt Service	277,872	269,111	267,601	264,088	
Total Expenditures	<u>5,988,300</u>	<u>6,614,863</u>	<u>7,003,260</u>	<u>7,549,183</u>	<u>8,078,355</u>
Other Financing Sources (Uses):					
Operating Transfers In	20,000	370,200	20,200		20,200
Operating Transfers Out		(221,078)	(465,758)	(948,539)	(718,050)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>149,122</u>	<u>(445,558)</u>	<u>(948,539)</u>	<u>(697,850)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>288,849</u>	<u>911,422</u>	<u>304,273</u>	<u>705,980</u>	<u>(679,985)</u>
Fund Balance Beginning of Year	<u>2,702,796</u>	<u>3,109,824</u>	<u>4,021,246</u>	<u>4,299,062</u>	<u>5,033,124</u>
Prior Period Adjustment	<u>118,179</u> ^a		<u>(26,457)</u> ^b	<u>28,082</u> ^c	<u>28,650</u> ^d
Fund Balances - Beginning, as Restated	<u>2,820,975</u>	<u>3,109,824</u>	<u>3,994,789</u>	<u>4,327,144</u>	<u>5,061,774</u>
Fund Balance End of Year	<u>\$ 3,109,824</u>	<u>\$ 4,021,246</u>	<u>\$ 4,299,062</u>	<u>5,033,124</u>	<u>4,381,789</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

b. For the year ended December 31, 2022, there were corrections for prior liabilities. Therefore, The Town's fund balances and net position has been restated.

c. Prior Period Adjustment: Ajustment for 2022 Liabilities Overstated.

d. Prior Period Adjustment: Ajustment for 2023 ARPA Revenue.

NOTE: This Schedule NOT audited.

Sources: Audited Financial Reports (2020-2024)

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

Fiscal Year Ended December 31

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$ 14,550,268	\$ 14,714,000	\$ 14,867,509	\$ 15,259,590	\$ 15,824,689
Real Property Tax Items	892,368	927,082	971,455	985,626	1,174,268
Non Property Tax Items	3,873,338	3,706,053	5,414,398	7,417,826	5,126,734
Departmental Income	211,103	1,880,261	314,524	1,180,130	986,384
Intergovernmental Charges	24,620	17,513	44,248	262,414	211,253
Use of Money and Property	373,776	317,871	343,101	661,024	455,078
Licenses & Permits	907,425	998,074	1,129,759	963,737	920,034
Fines and Forfeitures	650	244			890
Sale of Property & Compensation for Loss	273,373	201,147	129,139	251,217	83,865
Miscellaneous	370,802	751,134	579,167	600,592	561,449
State Aid	63,287	177,416	86,504	265,297	239,931
Total Revenues	<u>21,541,010</u>	<u>23,690,795</u>	<u>23,879,804</u>	<u>27,847,453</u>	<u>25,584,575</u>
Expenditures:					
General Government Support	401,654	524,675	669,737	568,259	564,560
Public Safety	10,675,513	11,306,158	11,984,477	12,388,240	13,198,829
Home and Community Services	537,276	2,226,324	534,175	1,240,468	1,202,273
Employee Benefits	7,678,931	7,764,337	8,269,601	9,143,105	9,265,319
Capital Outlay	519,463	340,106	98,047	534,470	271,620
Debt Service				65,303	59,955
Total Expenditures	<u>19,812,837</u>	<u>22,161,600</u>	<u>21,556,037</u>	<u>23,939,845</u>	<u>24,562,556</u>
Other Financing Sources (Uses):					
Operating Transfers In			178,692		
Operating Transfers Out					
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>178,692</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>1,728,173</u>	<u>1,529,195</u>	<u>2,502,459</u>	<u>3,907,608</u>	<u>1,022,019</u>
Fund Balance Beginning of Year	<u>2,879,698</u>	<u>5,009,957</u>	<u>6,539,152</u>	<u>9,041,611</u>	<u>12,949,219</u>
Fund Balance Adjustments	<u>402,086^a</u>				
Fund Balances - Beginning as Restated	<u>3,281,784</u>	<u>5,009,957</u>	<u>6,539,152</u>	<u>9,041,611</u>	<u>12,949,219</u>
Fund Balance End of Year	<u>\$ 5,009,957</u>	<u>\$ 6,539,152</u>	<u>\$ 9,041,611</u>	<u>\$ 12,949,219</u>	<u>\$ 13,971,238</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

NOTE: This Schedule NOT audited.

Sources: Audited Financial Reports (2020-2024)

Statement of Revenues, Expenditures and Fund Balances
Highway Fund

	Fiscal Year Ended December 31				
	2020	2021	2022	2023	2024
Revenues:					
Real Property Taxes	\$ 6,825,491	\$ 6,924,162	\$ 6,988,458	\$ 7,063,641	\$ 6,855,099
Use of Money and Property	49,999			265,511	68,001
Intergovernmental Income			45,000		113,082
Licenses & Permits	2,815	4,130	3,176	2,260	1,475
Sale of Property & Compensation for Loss	58,755	4,335	127,179	52,856	201,844
Miscellaneous	77,510	108,631	291,867	147,178	68,383
State & Federal Aid	483,762	281,618	1,379,044	25,000	
Total Revenues	7,498,332	7,322,876	8,834,724	7,556,446	7,307,884
Expenditures:					
General Government Support	59,367	59,913	70,849	75,255	36,233
Transportation	1,484,888	2,856,948	3,363,050	2,741,538	3,284,042
Employee Benefits	1,060,513	1,076,492	1,079,105	1,070,003	1,134,552
Capital Outlay	1,872,227	755,461	1,421,790	45,298	1,095,123
Debt Service	2,027,470	2,009,518	2,523,644	2,122,952	2,037,362
Total Expenditures	6,504,465	6,758,332	8,458,438	6,055,046	7,587,312
Other Financing Sources (Uses):					
Operating Transfers In		294	11,629	88,866	309,767
Operating Transfers Out					
Total Other Financing Sources (Uses)	0	294	11,629	88,866	309,767
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	993,867	564,838	387,915	1,590,266	30,339
Fund Balance Adjustments					
Fund Balance Beginning of Year	1,386,756	2,380,623	2,945,461	3,333,376	4,923,642
Fund Balance End of Year	\$ 2,380,623	\$ 2,945,461	\$ 3,333,376	\$ 4,923,642	\$ 4,953,981

NOTE: This Schedule NOT audited.
Sources: Audited Financial Reports (2020-2024)

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ended December 31				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$ 882,515	\$ 880,190	\$ 859,030	\$ 845,915	\$ 826,024
Real Property Tax Items	67,194	75,044	72,491	73,049	79,194
Departmental Income	5,907,684	6,081,733	6,658,356	6,144,441	7,439,224
Intergovernmental Income			123,747	23,653	
Use of Money and Property	82,202	37,635	26,740	279,998	108,988
Licenses and Permits	15,115	13,000	19,105	13,255	18,320
Sale of Property and Comp. for Loss	8,429	21,800	5,914	26,970	875
Miscellaneous	59,165	62,749	61,304	70,023	38,595
State & Federal Aid			20,000		
Total Revenues	<u>7,022,304</u>	<u>7,172,151</u>	<u>7,846,687</u>	<u>7,477,304</u>	<u>8,511,220</u>
Expenditures:					
General Support	82,957	63,578	86,949	87,134	31,180
Home and Community Services	5,368,751	4,363,496	5,687,199	2,223,068	2,238,121
Employee Benefits	755,198	748,164	786,212	805,936	814,398
Capital Outlay	138,263	75,316	260,410	278,928	411,980
Debt Service	882,503	847,004	838,890	849,198	596,286
Total Expenditures	<u>7,227,672</u>	<u>6,097,558</u>	<u>7,659,660</u>	<u>4,244,264</u>	<u>4,091,965</u>
Other Financing Sources (Uses):					
Operating Transfers In		114,346	232,815	12,686	
Operating Transfers Out	(10,000)	(360,200)	(10,200)	(3,970,430)	(3,420,193)
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(245,854)</u>	<u>222,615</u>	<u>(3,957,744)</u>	<u>(3,420,193)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>(215,368)</u>	<u>828,739</u>	<u>409,642</u>	<u>(724,704)</u>	<u>999,062</u>
Fund Balance Adjustments		<u>223,456^a</u>			
Fund Balance Beginning of Year	<u>4,622,076</u>	<u>4,630,164</u>	<u>5,458,903</u>	<u>5,868,545</u>	<u>5,143,841</u>
Fund Balance End of Year	<u>\$ 4,406,708</u>	<u>\$ 5,458,903</u>	<u>\$ 5,868,545</u>	<u>\$ 5,143,841</u>	<u>\$ 6,142,903</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

NOTE: This Schedule NOT audited.

Sources: Audited Financial Reports (2020-2024)

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

Fiscal Year Ended December 31

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$ 1,283,250	\$ 1,286,646	\$ 1,178,252	\$ 1,064,500	\$ 1,124,771
Real Property Tax Items	1,728	1,728	1,728	1,778	2,954
Departmental Income	3,366,135	3,428,246	4,351,538	4,801,889	4,121,661
Use of Money and Property	156,600	154,891	152,998	207,088	605,554
Sale of Property & Comp. For Loss	1,986	12,000	35,432	104,830	3,149
Miscellaneous	107,622	29,243	42,145	32,289	37,191
State Aid	310,671		12,890	400,000	
Total Revenues	<u>5,227,992</u>	<u>4,912,754</u>	<u>5,774,983</u>	<u>6,612,374</u>	<u>5,895,280</u>
Expenditures:					
Governmental Support	80,780	57,049	81,828	84,318	32,933
Home and Community Services	3,693,952	4,000,295	4,174,325	4,912,936	4,571,488
Employee Benefits	544,104	511,825	495,542	571,280	546,389
Capital Outlay	947,645	72,991		1,020,433	376,997
Debt Service	752,618	751,143	744,306	882,863	871,877
Total Expenditures	<u>6,019,099</u>	<u>5,393,303</u>	<u>5,496,001</u>	<u>7,471,830</u>	<u>6,399,684</u>
Other Financing Sources (Uses):					
Operating Transfers In	104,000		42,622	846,987	408,283
Operating Transfers Out	(10,000)	(10,000)	(10,000)		(10,000)
Total Transfers	<u>94,000</u>	<u>(10,000)</u>	<u>32,622</u>	<u>846,987</u>	<u>398,283</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>(697,107)</u>	<u>(490,549)</u>	<u>311,604</u>	<u>(12,469)</u>	<u>(106,121)</u>
Fund Balance Beginning of Year	<u>4,625,539</u>	<u>4,303,792</u>	<u>4,030,049</u>	<u>4,341,653</u>	<u>4,329,184</u>
Fund Balance Adjustments	<u>375,360^a</u>	<u>216,806^b</u>			
Fund Balances - Beginning as Restated	<u>5,000,899</u>	<u>4,520,598</u>	<u>4,030,049</u>	<u>4,341,653</u>	<u>4,329,184</u>
Fund Balance End of Year	<u>\$ 4,303,792</u>	<u>\$ 4,030,049</u>	<u>\$ 4,341,653</u>	<u>\$ 4,329,184</u>	<u>\$ 4,223,063</u>

a. The Town implemented GASB 84, Fiduciary Activities, in 2020. As a result, the Town recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position. Additionally, for the year ended December 31, 2020, there were various corrections for prior year's expenses and revenues.

b. Prior Period Adjustment: For the year ended December 31, 2021, there were corrections for prior year's receivables, deferred and revenues. The Town's net position has been restated as adjustment for 2020 receivable sewer fund \$216,806.00

NOTE: This Schedule NOT audited.

Sources: Audited Financial Reports (2020-2024)

Budget Summaries

Fiscal Year Ending December 31, 2026

	Appropriations	Less Estimated Revenues	Less Unexpected Balance	Amount To Be Raised By Tax
General Fund - Townwide	\$ 8,444,156	\$ 3,840,600	\$ 0	\$ 4,603,556
General Fund - Town- Outside Village	28,331,180	10,339,312	0	17,991,868
Highway Fund-Townwide	7,807,223	1,018,255	0	6,788,968
Sewer Fund	6,626,543	5,505,201	0	1,121,342
Water Fund	9,139,466	8,810,908	0	328,558
Totals	<u>\$ 60,348,568</u>	<u>\$ 29,514,276</u>	<u>\$ 0</u>	<u>\$ 30,834,292</u>

Source: Adopted Budget of the Town of Poughkeepsie

Budget Summaries

Fiscal Year Ending December 31, 2025

	Appropriations	Less Estimated Revenues	Less Unexpected Balance	Amount To Be Raised By Tax
General Fund - Townwide	\$ 7,955,289	\$ 3,530,239	\$ 0	\$ 4,425,050
General Fund - Town- Outside Village	26,029,149	9,201,575	0	16,827,574
Highway Fund-Townwide	7,760,336	938,000	0	6,822,336
Sewer Fund	7,109,553	5,623,915	0	1,485,638
Water Fund	7,931,251	7,611,416	0	319,835
Totals	<u>\$ 56,785,578</u>	<u>\$ 26,905,145</u>	<u>\$ 0</u>	<u>\$ 29,880,433</u>

Source: Adopted Budget of the Town of Poughkeepsie

APPENDIX B

FORM OF BOND COUNSEL'S OPINION

April 23, 2026

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

Re: Town of Poughkeepsie, Dutchess County, New York
\$13,200,000 Bond Anticipation Note, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$13,200,000 Bond Anticipation Note, 2026 (the “Obligation”), of the Town of Poughkeepsie, Dutchess County, New York (the “Obligor”), dated April 23, 2026, numbered _____, of the denomination of \$ _____, bearing interest at the rate of _____ % per annum, payable at maturity, and maturing April 23, 2027.

We have examined:

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

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe that interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/es

APPENDIX C

**AUDITED FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

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