

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 15, 2019

SERIAL BONDS

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

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

\$850,000*

**VILLAGE OF SHOREHAM
SUFFOLK COUNTY, NEW YORK
(the "Village")**

ROAD IMPROVEMENT SERIAL BONDS – 2019

Dated: March 12, 2019

**Principal Due: March 1, 2020-2031, inclusive
Interest Due: September 1, 2019 and semiannually
thereafter on March 1 and September 1
in each year to maturity**

SEE BOND MATURITY SCHEDULE HEREIN

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

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

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

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

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

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on February 27, 2019, in accordance with the Notice of Sale dated February 15, 2019.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Village, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC in Jersey City, New Jersey, or as otherwise agreed to by the Village and the Purchaser on or about March 12, 2019 in New York, New York.

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

*Preliminary, subject to change.

**VILLAGE OF SHOREHAM
SUFFOLK COUNTY, NEW YORK**

\$850,000* ROAD IMPROVEMENT SERIAL BONDS - 2019

BOND MATURITY SCHEDULE

Dated: March 12, 2019

Principal Due: March 1, 2020-2031, inclusive
Interest Due: September 1, 2019 and semiannually
thereafter on March 1 and September 1
in each year to maturity

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2020	\$ 60,000			
2021	60,000			
2022	60,000			
2123	65,000			
2024	65,000			
2025	70,000			
2026	70,000			
2027	75,000***			
2028	75,000***			
2029	80,000***			
2030	85,000***			
2031	85,000***			

*Preliminary, subject to change.

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

***Subject to prior redemption

**VILLAGE OF SHOREHAM
SUFFOLK COUNTY, NEW YORK**

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Shoreham, NY 11786-0389
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BOARD OF TRUSTEES

Brian C. Vail, Mayor

Maryann Coogan
Leonard Emma
Sherry Neff
Stephen Walker

Cathy Donahue-Spier, Village Clerk/Treasurer

Attorney for the Village

Anthony Tohill, Esq.
Riverhead, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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Port Jefferson Station, N.Y. 11776
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No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Village. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Village from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

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OFFICIAL STATEMENT

\$850,000*

VILLAGE OF SHOREHAM SUFFOLK COUNTY, NEW YORK

ROAD IMPROVEMENT SERIAL BONDS – 2019

This Official Statement and the appendices hereto present certain information relating to the Village of Shoreham, in the County of Suffolk, in the State of New York (the “Village,” “County” and “State,” respectively) in connection with the sale of \$850,000 Road Improvement Serial Bonds – 2019 (the “Bonds”) of the Village.

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

THE BONDS

Description of the Bonds

The Bonds will be dated March 12, 2019, and will mature on March 1, in each of the years 2020 to 2031, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

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

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

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

The Village will act as Fiscal Agent for any Bonds issued in book-entry form and the purchaser will serve as paying agent for the Bonds registered in the name of the purchaser. Paying agent fees, if any, will be paid by the purchaser. The Village’s contact information is as follows: Cathy Donahue-Spier, Village Clerk/Treasurer, Village of Shoreham, P.O. Box 389, 80 Woodville Road, Shoreham, NY 11786-0389, Phone (631) 821-0680, Fax (631) 821-4102 and email: cspier@shorehamvillage.org.

Optional Redemption

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

*Preliminary, subject to change.

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

Description of Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

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

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

Certificated Bonds

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

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

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, and the Local Finance Law, and the bond resolution duly adopted by the Board of Trustees of the Village on December 11, 2018 (the "Bond Resolution"), authorizing the construction of improvements to various roads in the Village, including related curbing and drainage improvements. (See also "*Village Road Improvement Plan*" herein).

Nature of Obligation

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

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

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

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Bonds, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

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

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

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

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

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE VILLAGE

Description

The Village is located in the north-central portion of Suffolk County in the Town of Brookhaven, approximately 60 miles east of New York City. Its current population is estimated to be 449 according to the U.S. Bureau of Census. The Village encompasses a land area of approximately 276 acres and contains approximately 200 homes. Located on the Long Island Sound, and once a summer community, the Village has gradually developed into a full-time residence for the majority of its homeowners. Residents find employment in the surrounding areas at such facilities as Brookhaven National Laboratory, the State University at Stony Brook and other private and governmental entities.

Incorporated in 1913, the Village provides a variety of services to its residents and property owners, including road maintenance and zoning and code enforcement. The Village also owns tennis courts, paddle tennis courts, and a Village Hall which serves as a community center for its residents and open for social events. The Village also maintains playing fields, a playground, parkland, and a beach on the north shore of Long Island for the enjoyment of its residents.

Rail transportation is provided by the Long Island Railroad, which has branch lines terminating in Port Jefferson and Ronkonkoma. Highways include New York State Route 25A (a major east-west artery) and County Route 46/William Floyd Parkway, which leads to the Long Island Expressway (Interstate Route 495). The Suffolk County Water Authority provides water service and the County of Suffolk provides both police protection and sewer service. Electric service is provided by PSEG Long Island and fire protection is provided by the Rocky Point Fire District.

Governmental Organization

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

The legislative power of the Village is vested in the Board of Trustees, which consists of five members, including the Mayor, who is the chief executive officer of the Village, elected for a term of two years. The four other members of the Board of Trustees are also elected to two-year terms, which terms are staggered such that two trustees are elected every year. All the members of the Board of Trustees are elected at large and there is no limitation to the number of terms each may serve.

The Village Treasurer is appointed by the Mayor and approved by the Board of Trustees to a one year term and is responsible for the overall financial operation of the Village. The Village Clerk also serves as the Receiver of Taxes.

Employees

The Village provides services to its residents utilizing 9 part-time employees. These employees are non-union employees.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Village, Town of Brookhaven, and the County of Suffolk.

Population

<u>Year</u>	<u>Village</u>	<u>Town of Brookhaven</u>	<u>Suffolk County</u>
1990	543	397,014	1,292,665
2000	417	448,248	1,419,369
2010	669	480,105	1,492,548
2017	449	487,731	1,497,595

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017^a</u>
Village	\$27,991	\$37,620	\$44,030	\$61,848
Town of Brookhaven	16,726	24,191	33,324	37,341
County of Suffolk	18,481	26,577	35,755	40,277
State of New York	16,501	23,389	30,948	35,752

	Median Family Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017^a</u>
Village	\$77,959	\$109,719	\$125,833	\$136,042
Town of Brookhaven	47,074	62,475	81,937	89,594
County of Suffolk	49,128	65,288	84,506	92,838
State of New York	32,965	51,591	55,603	62,765

Source: U.S. Bureau of the Census.

a. Based on American Community Survey 5-Year Estimates (2013- 2017).

Selected Listing of Larger Employers – in the Town of Brookhaven^a

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees (Approx)</u>
State University at Stony Brook	Education	14,000
Stony Brook University Medical Center	Medical Center	7,500
Brookhaven National Laboratory	Laboratory	3,350
John T. Mather Hospital	Hospital	2,180
Brookhaven Memorial Hospital	Hospital	1,750
Three Village Central School District	Education	1,650
William Floyd Union Free School District	Education	1,650
St. Charles Hospital	Hospital	1,600
Zebra Technologies	Commercial	1,029
Quality King Distributors	Commercial	880
Amneal Pharmaceuticals	Commercial	681

Source: Town of Brookhaven

a. Not necessarily representative of the Village.

Unemployment Rate Statistics

The information set forth below with respect to the Town of Brookhaven and the County of Suffolk and the State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Village is necessarily representative of the Town, County or the State.

<u>Annual Averages:</u>	<u>Town of Brookhaven (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2013	6.5	6.5	7.7
2014	5.3	5.3	6.4
2015	4.8	4.8	5.3
2016	4.4	4.3	4.8
2017	4.5	4.5	4.7
2018 (9 Month Average)	4.3	4.3	4.4

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

General. The Village 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 Village 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 Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

Statutory Procedure

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

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

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

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

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

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

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

Debt Limit. The Village has the power to contract indebtedness for any Village 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 Village 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 Village by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the Village to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of February 15, 2019)

<u>Fiscal Year Ending July 31:</u>	<u>Assessed Valuation</u>	<u>State Equal. Rate (%)</u>	<u>Full Valuation</u>
2015	\$1,531,268	1.42	\$107,835,775
2016	1,542,399	1.43	107,860,070
2017	1,564,271	1.47	106,412,993
2018	1,576,050	1.42	110,989,437
2019	1,582,067	1.42	<u>111,413,169</u>
Total Five Year Full Valuation			\$544,511,443
Average Five Year Full Valuation			108,902,289
Debt Limit - 7% of Average Full Valuation			7,623,160
Inclusions:			
General Purpose Bonds			790,000
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>790,000</u>
Exclusions:			
Appropriations			<u>0</u>
Total Exclusions			<u>0</u>
Total Net Indebtedness Before the Issuance of the Bonds			790,000
The Bonds			850,000
Less: BANs to be Redeemed by the Issuance of the Bonds			<u>0</u>
Net Effect of the Bonds			850,000
Total Net Indebtedness After the Issuance of the Bonds			1,640,000
Net Debt Contracting Margin			<u><u>\$5,983,160</u></u>
Percent of Debt Contracting Margin Exhausted (%)			21.51

Source: Village Officials and Munistat Services, Inc.

Details of Short-Term Indebtedness Outstanding
(As of February 15, 2019)

As of the date of this Official Statement, the Village has no short-term indebtedness outstanding.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Village has authorized but unissued debt in the amount of \$850,000 pursuant to a Bond Resolution adopted by the Board of Trustees on December 11, 2018 authorizing the construction of improvements various roads in the Village, including related curbing and drainage improvements. The Bonds will be issued pursuant to that bond resolution and after issuance of the Bonds, the Village will have no authorized but unissued indebtedness.

Debt Service Requirements - Outstanding Bonds^a

<u>Fiscal Year Ending July 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$70,000	\$20,838	\$90,838
2020	70,000	19,088	89,088
2021	75,000	17,338	92,338
2022	75,000	15,463	90,463
2023	80,000	13,588	93,588
2024	80,000	11,588	91,588
2025	80,000	9,588	89,588
2026	85,000	7,588	92,588
2027	85,000	5,250	90,250
2028	90,000	2,700	92,700
	<u>\$790,000</u>	<u>\$123,025</u>	<u>\$913,025</u>

a. Does not include payments made to date.

Capital Project Plans

The Village is generally responsible for providing services as required to the citizens on a Village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. In general, needs for capital funding for the above described projects which the Village has responsibility are anticipated to continue and to be in approximately the same amounts or less than has prevailed in the past.

Village Road Improvement Plan

Village Road Improvement Plan

Over the past several years, the Village has implemented a multi-year capital plan to address necessary construction of improvements to various roads in the Village including curbing and drainage improvements. In 2015, the Village issued \$995,000 in serial bonds to finance a portion of such improvements.

In the current fiscal year, the Village expects to complete various road improvements in the approximate amount of \$1,200,000. On December 11, 2018, the Village authorized a bond resolution in the amount of \$850,000 to finance a portion of such amount. The balance of such road improvements will be funded through other sources.

The Village applied to the Dormitory Authority of the State of New York (DASNY) for various grants to pay for the balance of the road improvements. The Village has received approximately \$200,000 from DASNY in the current fiscal year. The Village has appropriated \$100,000 from capital reserves, increased the roadwork budget to \$495,000, imposed a special six-year roadwork assessment expected to collect \$80,000 annually, and will receive \$70,000 from the NY State Consolidated Local Street and Highway Improvement Program (CHIPS).

All roadwork that was done in the fall of 2018 was completed within budget and any expended fund balance is expected to be replenished by the roadwork assessment in the 2019-20 and 2020-21 budgets.

Trend of Outstanding Debt
(Fiscal Year Ending July 31:)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds	-	\$ 995,000	\$925,000	\$860,000	\$790,000
BANs	-	-	-	-	-
Total Debt Outstanding	<u>\$ 0</u>	<u>\$ 995,000</u>	<u>\$925,000</u>	<u>\$860,000</u>	<u>\$790,000</u>

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	12/05/2018	0.07	\$ 1,290,225	\$ 977,913
Town of Brookhaven	12/03/2018	0.22	1,233,688	1,185,662
Shoreham-Wading River CSD	12/05/2018	6.37	1,971,515	1,403,719
Totals			<u>\$ 4,495,429</u>	<u>\$ 3,567,294</u>

Debt Ratios
(As of February 15, 2019)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$ 790,000	\$ 1,759	0.709
Net Direct Debt	790,000	1,759	0.709
Total Direct & Applicable Total Overlapping Debt	5,285,429	11,772	4.744
Net Direct & Applicable Net Overlapping Debt	4,357,294	9,704	3.911

a. The current estimated population of the Village is 449.

b. The full valuation of taxable real property in the Village for 2018-19 is \$111,413,169.

FINANCES OF THE VILLAGE

Financial Statements

The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village prepares an Annual Financial Report Update Document (unaudited and not prepared in accordance with Generally Accepted Accounting Principals "GAAP") for submission to the State Comptroller. The last such annual report made available for public inspection covers the fiscal year ended July 31, 2018 and is attached as Appendix B. The Financial Statements of the Village were audited by an independent public accountant for the fiscal year ended July 31, 2014. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Official Statement are based on the audited financial statements for the fiscal year 2014 and Annual Financial Report Update Document for the fiscal years 2015-2018.

Fund Structure and Accounts

The Village 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 two basic fund types: (1) governmental funds that are used to account for basic services and capital projects; and (2) 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 Village presently maintains the following governmental funds: General Fund, and a Capital Projects Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The government-wide financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related case transaction takes place. Non-exchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The fund financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases and installment debt are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is generally permitted to invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, in tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district, or district corporation, other than the Village; (6) obligations of New York public benefit corporations which are made lawful investments by the Village pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of Village moneys held in certain reserve funds established pursuant to law, in obligations issued by the Village. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Village's investments are governed by a formal investment policy. The Village's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Budgetary Procedures

The Mayor is responsible for the preparation and submission of the tentative annual budget to the Board. The Village Board reviews the tentative budget and prepares a preliminary budget and a public hearing is held thereon. Subsequent to the public hearing, revisions (if any) are made. The budget is then adopted by the Village Board as final for the year beginning August 1. The budget is not subject to referendum. Municipal law provides that no expenditures may exceed budgeted appropriations. Any revisions to the annual budget proposed to accommodate changes in departments or other programs must be adopted by resolution of the Village Board.

Financial Operations

The Village Clerk-Treasurer functions as the chief fiscal officer as provided in Section 2.00 of the Local Finance Law; in this role, the Village Clerk-Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Mayor is also the Village's budget officer and prepares the annual tentative budget for submission to the Board of Trustees. Budgetary control during the year is the responsibility of the Village Clerk-Treasurer. Pursuant to Section 30.00 of the Local Finance Law, the Village Clerk-Treasurer has been authorized to issue or renew certain specific types of notes. As required by law, the Village Clerk-Treasurer must execute an authorizing certificate which then becomes a matter of public record.

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

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a August 1 - July 31 fiscal year for operating and reporting purposes.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

State Aid

The Village receives financial assistance from the State. In its adopted budget for the 2018-2019 fiscal year, approximately 15.40% of the total general fund revenues of the Village is estimated to be received in the form of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the current or future fiscal year or that the State's financial position will not change materially and adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. The Village has not received any reductions in State aid during the current fiscal year nor does it anticipate a significant reduction in State aid during the remainder of the current fiscal year.

If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, 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 Village, in this year or future years, the Village 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.

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

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. In response to various state initiatives following changes to federal taxes and deductibility, the Department of Treasury (Treasury Department) and the Internal Revenue Service (IRS) have recently provided guidance regarding state initiatives that would seek to circumvent the new statutory limitation on state and local tax deductions and characterization of payments for federal income tax purposes. At this time, the Village does not have plans to establish a local charitable fund.

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

The following table sets forth the percentage of the Village's General Fund revenue comprised of State aid for each of the fiscal years 2014 through 2018 and the 2019 budget.

<u>Fiscal Year</u> <u>Ending July 31:</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to</u> <u>Revenues (%)</u>
2014	\$ 815,814	\$ 51,028	6.25
2015	838,091	35,478	4.23
2016	890,537	77,088	8.66
2017	832,443	29,714	3.57
2018	1,095,771	164,124	14.98
2019 (Budgeted)	1,353,532	214,984	15.88

Source: Audited financial statements (2014), Annual Financial Report Update Document (2015-2018) and Adopted Budget for fiscal year ending July 31, 2019.

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

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 districts 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 ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). 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 OSC designates the Village as "No Designation" (Fiscal Score: 6.7%) in 2017. More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC 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. OSC performed an audit in the Village in the Spring of 2016 on the Justice Court and Village finances for the period August 1, 2014 through May 31, 2016. OSC has yet to release a report on its findings.

See the State Comptroller's official website for more information regarding the foregoing. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Expenditures

The major categories of expenditure for the Village are General Government Support, Public Safety, Home & Community Services and Culture and Recreation. 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.

Employee Pension System

The Village does not provide post employment retirement benefits.

Other Post Employment Benefits

Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") described below requires such accounting.

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

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Village presents its financial statements under a comprehensive statutory basis of accounting in accordance with principles prescribed by the Office of the State Comptroller ("OSC") of the State of New York.

Actuarial Valuation is required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The Village does not offer post employment benefits to any of its current or former employees.

TAX INFORMATION

Real Property Taxes

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, is limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village. (See "*Tax Limit*", herein). The State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation or debt contracting and real property taxing limitations.

One June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Village, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Village. See “Tax Levy Limit Law,” herein.

The following table sets forth the percentage of the Village’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2014 through 2018, and, as budgeted, for the year ending 2019.

<u>Fiscal Year Ending July 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2014	\$ 815,814	\$ 675,359	82.78
2015	838,091	692,063	82.58
2016	890,537	696,197	78.18
2017	832,443	707,649	85.01
2018	1,095,771	741,931	67.71
2019 (Budgeted)	1,353,532	825,081	60.96

Source: Audited financial statements (2014), Annual Financial Report Update Document (2015-2018) and Adopted Budget for fiscal year ending July 31, 2019.

Tax Collection Procedure

Tax payments are due on August 1st each year and are payable without penalty up to and including September 1. Penalties for tax delinquencies are imposed at the rate of 5% for the balance of September and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction thereof thereafter.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011 (the “Tax Levy Limit Law”) on June 24, 2011, all the taxable real property within the Village had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the Village for any fiscal year commencing after January 1, 2012 continuing through June 15, 2020, as extended, or later as provided in the Tax Levy Limit Law, without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village to pay the bonds and notes of the Village and interest thereon is subject to statutory limitations set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Board of Trustees is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

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

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2018-2019 fiscal year is as follows:

Five-year Average Full Valuation	\$108,190,657
Tax Limit - 2% thereof	2,163,813
Tax Levy for General Village Purposes	666,812
Less: Exclusions	<u>93,400</u>
Tax Levy Subject to Tax Limit	\$ 573,412
Constitutional Tax Margin	<u><u>\$ 1,590,401</u></u>

Tax Levies, Collections and Rates

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxes on Roll	\$692,064	\$708,009	\$707,676	\$738,854	\$825,571
Collected	692,064	708,009	703,386	734,403	813,944
Uncollected	-	-	4,290	4,451	11,626
Percentage Collected	100.00%	100.00%	99.39%	99.39%	98.60%
Tax Rate per \$1,000 of Assessed Valuation	\$414.00	\$414.00	\$414.00	\$431.00	\$496.00

Source: Village Officials.

Selected Listing of Large Taxable Properties 2017-2018 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
McBuck Realty	Residential	\$37,500
Verizon	Commercial	28,700
Tosini	Residential	22,838
Misewich	Residential	13,776
Weiss	Residential	17,954
Brumbaugh	Residential	12,667
Losquadro	Residential	<u>12,300</u>
Total ^a		<u><u>\$145,735</u></u>

a. Represents 9.25% of the total taxable assessed valuation for 2018-19.

Tax Certiorari Claims

In common with other municipalities, from time to time, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Village taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There are no significant claims filed by the larger taxpayers at this time.

LITIGATION

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

CYBERSECURITY

The Village, 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 Village 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 Village 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 Village digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Village in connection with the Bonds, and Bond Counsel has assumed compliance by the Village with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

The Bonds are not subject to Continuing Disclosure.

BOND RATING

The Bonds are not rated. S&P Global Ratings ("S&P") 55 Water Street, New York, New York 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of "AA" to the outstanding Bonds of the Village.

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained from Cathy Donahue-Spier, Village Clerk/Treasurer, Village of Shoreham, P.O. Box 389, 80 Woodville Road, Shoreham, NY 11786-0389, Phone (631) 821-0680, Fax (631) 821-4102 and email: cspier@shorehamvillage.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

The preparation and distribution of this Official Statement has been authorized by the bond resolution of the Village, which delegates to the Treasurer the power to sell and issue the Bonds.

VILLAGE OF SHOREHAM, NEW YORK

By: s/s CATHY DONAHUE-SPIER
Village Clerk/Treasurer

February , 2019

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General Fund
Fiscal Year Ended July 31, 2018

	<u>General</u>
ASSETS	
Cash	\$ 497,841
Taxes Receivables	8,740
Restricted Assets	36,674
Other	<u>1,204</u>
Total	<u>\$ 544,459</u>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 12,775
Other Liabilities	2,500
Deferred Revenues	<u>14,000</u>
Total Liabilities	<u>29,275</u>
Fund Equity:	
Restricted Fund Balance	36,674
Unassigned Fund Balance	<u>478,511</u>
Total Fund Equity	<u>515,185</u>
Total Liabilities and Fund Equity	<u>\$ 544,460</u>

Sources: Annual Financial Report Update Document of the Village (2018)

NOTE: This Schedule NOT audited

**Statement of Revenues, Expenditures and Fund Balances
General Fund**

	Fiscal Year Ending July 31:				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
Real Property Taxes	\$ 675,359	\$ 692,063	\$ 696,197	\$ 707,649	\$ 741,931
Real Property Tax Items		6,437	5,677	3,401	24,859
Non Property Tax Items	11,060	11,986	11,720	12,677	15,383
Departmental Income	1,541	1,237	952	835	3,625
Intergovernmental Charges		586			
Use of Money and Property	45,519	49,212	60,544	50,662	43,386
Licenses & Permits	7,192	8,914	10,374	8,223	12,554
Fines & Forfeitures	810	1,065	1,235	350	695
Miscellaneous Local Sources	23,305	8,624	21,792	5,054	2,946
Federal Aid		22,489	4,958	13,878	86,268
State Aid	51,028	35,478	77,088	29,714	164,124
Total Revenues	\$ 815,814	\$ 838,091	\$ 890,537	\$ 832,443	\$ 1,095,771
Expenditures:					
General Government Support	266,666	286,607	269,596	319,398	277,808
Public Safety	199,595	207,400	206,400	204,623	217,973
Health			2		
Transportation	22,738	108,235	25,450	8,244	35,579
Culture and Recreation	160,436	112,652	152,700	154,291	123,334
Home and Community Services	134,295	77,162	108,853	88,298	88,874
Employee Benefits	17,116	15,889	15,357	15,411	15,215
Debt Service			88,751	89,213	93,400
Total Expenditures	\$ 800,846	\$ 807,945	\$ 867,109	\$ 879,478	\$ 852,183
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers - In					
Operating Transfers - Out			(305,000)	(7,936)	
Total Other Financing Sources (Uses)	0	0	(305,000)	(7,936)	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	14,968	30,146	(281,572)	(54,971)	243,588
Fund Balance Beginning of Year	563,026	577,994	608,140	326,568	271,597
Prior Period Adjustments					
Fund Balance End of Year	\$ 577,994	\$ 608,140	\$ 326,568	\$ 271,597	\$ 515,185

Sources: Audited Financial Statements of the Village (2014) and Unaudited Annual Financial Report Update Document (2015-2018)

NOTE: This Schedule NOT audited

Budget Summaries
General Fund

	<u>2018-19</u>
Revenues:	
Real Property Taxes	\$ 825,081
Real Property Tax Items	2,000
Non-Property Taxes	200
Departmental Income	
Use of Money and Property	34,000
Licenses and Permits	6,000
Fines and Forfeitures	1,000
Miscellaneous	24,798
State Aid	
CHIPS	73,386
DASNY	91,598
CDBG	50,000
Appropriated Fund Balance	
Fund Balance/Reserves	143,651
Unexpended Roadwork Grant	<u>108,401</u>
Total	<u>\$ 1,353,532</u>
Expenditures:	
General Government Support	\$ 385,000
Public Safety	187,700
Transportation - Fall 2018 Roadwork	480,000
Culture and Recreation	83,200
Home and Community Services	107,994
Employee Benefits	18,800
Debt Service	90,838
Total Expenditures	<u>\$ 1,353,532</u>

Source: Adopted Budget of the Village

VILLAGE OF SHOREHAM

APPENDIX B

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED JULY 31, 2018**

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

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

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

VILLAGE of Shoreham

County of Suffolk

For the Fiscal Year Ended 07/31/2018

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

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

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

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

VILLAGE OF Shoreham

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2017 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2018:

- (A) GENERAL
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2017 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

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

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

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	268,455	A200	497,566
Petty Cash	275	A210	275
TOTAL Cash	268,730		497,841
Taxes Receivable, Current	12,031	A250	
Taxes Receivable, Overdue	17,753	A260	8,740
TOTAL Taxes Receivable (net)	29,784		8,740
Cash In Time Deposits Special Reserves	36,674	A231	36,674
TOTAL Restricted Assets	36,674		36,674
Miscellaneous Current Assets		A489	1,204
TOTAL Other	0		1,204
TOTAL Assets and Deferred Outflows of Resources	335,188		544,459

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable	30,447	A600	
TOTAL Accounts Payable	30,447		0
Accrued Liabilities	19,143	A601	12,775
TOTAL Accrued Liabilities	19,143		12,775
Other Liabilities		A688	2,500
TOTAL Other Liabilities	0		2,500
TOTAL Liabilities	49,590		15,275
Deferred Inflows of Resources			
Deferred Inflow of Resources	14,000	A691	14,000
TOTAL Deferred Inflows of Resources	14,000		14,000
TOTAL Deferred Inflows of Resources	14,000		14,000
Fund Balance			
Capital Reserve	31,674	A878	31,674
Reserve For Tax Stabilization	5,000	A880	5,000
TOTAL Restricted Fund Balance	36,674		36,674
Assigned Appropriated Fund Balance	31,673	A914	
TOTAL Assigned Fund Balance	31,673		0
Unassigned Fund Balance	203,251	A917	478,511
TOTAL Unassigned Fund Balance	203,251		478,511
TOTAL Fund Balance	271,598		515,185
TOTAL Liabilities, Deferred Inflows And Fund Balance	335,188		544,460

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Real Property Taxes	635,635	A1001	669,890
Special Assessments	72,014	A1030	72,041
TOTAL Real Property Taxes	707,649		741,931
Interest & Penalties On Real Prop Taxes	3,401	A1090	24,859
TOTAL Real Property Tax Items	3,401		24,859
Franchises	12,345	A1170	12,629
Interest & Penalties On Non-Property Taxes	332	A1190	2,754
TOTAL Non Property Tax Items	12,677		15,383
Clerk Fees		A1255	
Vital Statistics Fees	60	A1603	
Park And Recreational Charges	775	A2001	1,125
Zoning Fees		A2110	2,250
Other Home & Community Services Income		A2189	250
TOTAL Departmental Income	835		3,625
Interest And Earnings	1,096	A2401	1,286
Rental of Real Property	49,566	A2410	42,100
TOTAL Use of Money And Property	50,662		43,386
Licenses, Other	175	A2545	75
Building And Alteration Permits	8,048	A2555	12,479
TOTAL Licenses And Permits	8,223		12,554
Fines And Forfeited Bail	350	A2610	695
TOTAL Fines And Forfeitures	350		695
Refunds of Prior Year's Expenditures	444	A2701	1,947
Gifts And Donations	3,775	A2705	
Grants From Local Governments		A2706	
Unclassified (specify)	835	A2770	999
TOTAL Miscellaneous Local Sources	5,054		2,946
St Aid, Revenue Sharing	5,301	A3001	5,245
St Aid, Mortgage Tax	14,263	A3005	16,488
St Aid - Other (specify)	10,150	A3089	108,402
Additional Description DASNY Grant			
State Aid, Homeland Security		A3306	4,614
Additional Description Disaster Aid			
St Aid, Consolidated Highway Aid		A3501	29,375
TOTAL State Aid	29,714		164,124
Fed Aid, Emergency Disaster Assistance	13,878	A4960	86,268
TOTAL Federal Aid	13,878		86,268
TOTAL Revenues	832,443		1,095,771
TOTAL Detail Revenues And Other Sources	832,443		1,095,771

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Legislative Board, Contr Expend	2,968	A10104	2,087
TOTAL Legislative Board	2,968		2,087
Municipal Court, Contr Expend	6,783	A11104	7,295
TOTAL Municipal Court	6,783		7,295
Mayor, Contr Expend		A12104	416
TOTAL Mayor	0		416
Treasurer, Pers Serv	26,240	A13251	44,947
Treasurer, Contr Expend	3,200	A13254	3,200
TOTAL Treasurer	29,440		48,147
Clerk, pers Serv	30,419	A14101	33,798
Clerk, contr Expend	19,203	A14104	11,368
TOTAL Clerk	49,622		45,166
Law, Contr Expend	22,563	A14204	23,449
TOTAL Law	22,563		23,449
Engineer, Contr Expend	9,380	A14404	6,625
TOTAL Engineer	9,380		6,625
Elections, Contr Expend	375	A14504	458
TOTAL Elections	375		458
Buildings, Pers Serv	19,496	A16201	
Buildings, Equip & Cap Outlay	66,176	A16202	67,920
Buildings, Contr Expend	80,998	A16204	48,171
TOTAL Buildings	166,670		116,091
Unallocated Insurance, Contr Expend	29,592	A19104	26,252
TOTAL Unallocated Insurance	29,592		26,252
Municipal Assn Dues, Contr Expend	800	A19204	1,567
TOTAL Municipal Assn Dues	800		1,567
Judgements And Claims, Contr Expend	157	A19304	155
TOTAL Judgements And Claims	157		155
Pur of Land/right of Way, Contr Expend	100	A19404	
TOTAL Pur of Land/right of Way	100		0
Other Gen Govt Support, Contr Expend	948	A19894	100
TOTAL Other Gen Govt Support	948		100
TOTAL General Government Support	319,398		277,808
Fire, Contr Expend	144,256	A34104	152,222
TOTAL Fire	144,256		152,222
Safety Inspection, Contr Expend	1,750	A36204	2,250
TOTAL Safety Inspection	1,750		2,250
Misc Public Safety, Pers Serv	49,759	A39891	51,965
Misc Public Safety, Equip & Cap Outlay	4,388	A39892	6,921
Misc Public Safety, Contr Expend	4,470	A39894	4,615
TOTAL Misc Public Safety	58,617		63,501
TOTAL Public Safety	204,623		217,973

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Registrar of Vital Stat Contr Expend		A40204	
TOTAL Registrar of Vital Stat Contr Expend	0		0
TOTAL Health	0		0
Maint of Streets, Contr Expend		A51104	
TOTAL Maint of Streets	0		0
Perm Improve Highway, Equip & Cap Outlay		A51122	29,829
TOTAL Perm Improve Highway	0		29,829
Brush And Weeds, Contr Expend	2,713	A51404	1,193
TOTAL Brush And Weeds	2,713		1,193
Snow Removal, Contr Expend	5,263	A51424	4,278
TOTAL Snow Removal	5,263		4,278
Street Lighting, Contr Expend	268	A51824	279
TOTAL Street Lighting	268		279
TOTAL Transportation	8,244		35,579
Parks, Pers Serv	15,741	A71101	15,914
Parks, Equip & Cap Outlay	35,606	A71102	3,625
Parks, Contr Expend	69,339	A71104	70,717
TOTAL Parks	120,686		90,256
Playgr & Rec Centers, Equip & Cap Outlay	18,502	A71402	13,632
Playgr & Rec Centers, Contr Expend	9,444	A71404	14,757
TOTAL Playgr & Rec Centers	27,946		28,389
Youth Prog, Contr Expend	1,080	A73104	560
TOTAL Youth Prog	1,080		560
Historian, Contr Expend	25	A75104	
TOTAL Historian	25		0
Celebrations, Contr Expend	4,554	A75504	4,129
TOTAL Celebrations	4,554		4,129
TOTAL Culture And Recreation	154,291		123,334
Storm Sewers, Pers Serv		A81401	
Storm Sewers, Contr Expend	2,100	A81404	
TOTAL Storm Sewers	2,100		0
Refuse & Garbage, Contr Expend	71,685	A81604	71,285
TOTAL Refuse & Garbage	71,685		71,285
Street Cleaning, Contr Expend		A81704	
TOTAL Street Cleaning	0		0
Comm Beautification, Equip & Cap Outlay	1,200	A85102	4,610
Comm Beautification, Contr Expend	10,528	A85104	12,412
TOTAL Comm Beautification	11,728		17,022
Drainage, Equip & Cap Outlay	2,785	A85402	567
Drainage, Contr Expend		A85404	
TOTAL Drainage	2,785		567
TOTAL Home And Community Services	88,298		88,874
Social Security, Employer Cont	10,871	A90308	11,169

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Worker's Compensation, Empl Bnfts	4,540	A90408	4,046
TOTAL Employee Benefits	15,411		15,215
Debt Principal, Serial Bonds	65,000	A97106	70,000
TOTAL Debt Principal	65,000		70,000
Debt Interest, Serial Bonds	24,213	A97107	23,400
TOTAL Debt Interest	24,213		23,400
TOTAL Expenditures	879,478		852,183
Transfers, Capital Projects Fund	7,936	A99509	
TOTAL Operating Transfers	7,936		0
TOTAL Other Uses	7,936		0
TOTAL Detail Expenditures And Other Uses	887,414		852,183

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	326,568	A8021	271,597
Prior Period Adj -Decrease In Fund Balance		A8015	
Restated Fund Balance - Beg of Year	326,568	A8022	271,597
ADD - REVENUES AND OTHER SOURCES	832,443		1,095,771
DEDUCT - EXPENDITURES AND OTHER USES	887,414		852,183
Fund Balance - End of Year	271,597	A8029	515,185

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Budget Summary

Code Description	2018	EdpCode	2019
Estimated Revenues			
Est Rev - Real Property Taxes	738,827	A1049N	825,081
Est Rev - Real Property Tax Items	2,000	A1099N	2,000
Est Rev - Non Property Tax Items	400	A1199N	200
Est Rev - Departmental Income	1,050	A1299N	
Est Rev - Use of Money And Property	46,800	A2499N	34,000
Est Rev - Licenses And Permits	6,050	A2599N	6,000
Est Rev - Fines And Forfeitures	1,000	A2649N	1,000
Est Rev - Miscellaneous Local Sources	11,000	A2799N	24,798
Est Rev - State Aid	65,000	A3099N	208,401
TOTAL Estimated Revenues	872,127		1,101,480
Appropriated Fund Balance	31,673	A599N	252,052
TOTAL Estimated Other Sources	31,673		252,052
TOTAL Estimated Revenues And Other Sources	903,800		1,353,532

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Budget Summary

Code Description	2018	EdpCode	2019
Appropriations			
App - General Government Support	357,045	A1999N	385,000
App - Public Safety	210,811	A3999N	187,700
App - Transportation	24,280	A5999N	480,000
App - Culture And Recreation	88,200	A7999N	83,200
App - Home And Community Services	110,764	A8999N	107,994
App - Employee Benefits	19,300	A9199N	18,800
App - Debt Service	93,400	A9899N	90,838
TOTAL Appropriations	903,800		1,353,532
TOTAL Appropriations And Other Uses	903,800		1,353,532

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash		H200	
TOTAL Cash	0		0
TOTAL Assets and Deferred Outflows of Resources	0		0

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2017	EdpCode	2018
Accrued Liabilities		H601	
TOTAL Accrued Liabilities	0		0
TOTAL Liabilities	0		0
Fund Balance			
Assigned Unappropriated Fund Balance		H915	
TOTAL Assigned Fund Balance	0		0
TOTAL Fund Balance	0		0
TOTAL Liabilities, Deferred Inflows And Fund Balance	0		0

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Interest And Earnings	11	H2401	
TOTAL Use of Money And Property	11		0
TOTAL Revenues	11		0
Interfund Transfers	7,936	H5031	
TOTAL Interfund Transfers	7,936		0
TOTAL Other Sources	7,936		0
TOTAL Detail Revenues And Other Sources	7,946		0

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Judgment And Claims, Equip & Cap Outlay	244	H19302	
TOTAL Judgment And Claims	244		0
TOTAL General Government Support	244		0
Perm Improve Highway, Equip & Cap Outlay	89,979	H51122	
TOTAL Perm Improve Highway	89,979		0
TOTAL Transportation	89,979		0
TOTAL Expenditures	90,222		0
TOTAL Detail Expenditures And Other Uses	90,222		0

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	82,276	H8021	
Prior Period Adj -Increase In Fund Balance		H8012	
Restated Fund Balance - Beg of Year	82,276	H8022	
ADD - REVENUES AND OTHER SOURCES	7,946		
DEDUCT - EXPENDITURES AND OTHER USES	90,222		
Fund Balance - End of Year		H8029	

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Land	50,000	K101	50,000
Buildings	2,306,000	K102	2,342,552
Improvements Other Than Buildings	578,911	K103	578,911
Machinery And Equipment	133,119	K104	139,319
Infrastructure	3,215,500	K106	3,245,500
TOTAL Fixed Assets (net)	6,283,530		6,356,282
TOTAL Assets and Deferred Outflows of Resources	6,283,530		6,356,282

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2017	EdpCode	2018
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	6,283,530	K159	6,356,282
TOTAL Investments in Non-Current Government Assets	6,283,530		6,356,282
TOTAL Fund Balance	6,283,530		6,356,282
TOTAL	6,283,530		6,356,282

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Total Non-Current Govt Liabilities	860,000	W129	790,000
TOTAL Provision To Be Made In Future Budgets	860,000		790,000
TOTAL Assets and Deferred Outflows of Resources	860,000		790,000

VILLAGE OF Shoreham
Annual Update Document
For the Fiscal Year Ending 2018

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2017	EdpCode	2018
Liabilities, Deferred Inflows And Fund Balance			
Bonds Payable	860,000	W628	790,000
TOTAL Bond And Long Term Liabilities	860,000		790,000
TOTAL Liabilities	860,000		790,000
TOTAL Liabilities	860,000		790,000

VILLAGE OF Shoreham
Statement of Indebtedness
For the Fiscal Year Ending 2018

9/18/2018

County of: Suffolk

Municipal Code: 470409604570

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2016	BOND N	Road Improvement Serial Bond			08/25/2015	05/15/2028	2.50%		\$995,000	\$860,000	\$70,000	\$0	\$0	\$0	\$790,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$0	\$860,000	\$70,000	\$0	\$0	\$0	\$790,000
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year									\$0	\$860,000	\$70,000	\$0	\$0	\$0	\$790,000

VILLAGE OF Shoreham
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2018

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$13,045.30
Demand Deposits	9Z2011	\$521,194.55
Time Deposits	9Z2021	
Total		\$534,239.85
COLLATERAL:		
- FDIC Insurance	9Z2014	\$250,000.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$284,239.85
Total		\$534,239.85
INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
- Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

VILLAGE OF Shoreham
Bank Reconciliation
For the Fiscal Year Ending 2018

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
*****-1118	\$59,974	\$4,614	\$51,218	\$13,370
*****-1924	\$521,195	\$0	\$0	\$521,195
Total Adjusted Bank Balance				\$534,565
Petty Cash				\$.00
Adjustments				\$.00
Total Cash				9ZCASH * \$534,565
Total Cash Balance All Funds				9ZCASHB * \$534,515
* Must be equal				

VILLAGE OF Shoreham
Local Government Questionnaire
For the Fiscal Year Ending 2018

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

VILLAGE OF Shoreham
Employee and Retiree Benefits
For the Fiscal Year Ending 2018

Total Full Time Employees:					
Total Part Time Employees:		22			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$0.00			
90158	Police and Fire Retirement	\$0.00			
90258	Local Pension Fund	\$0.00			
90308	Social Security	\$11,169.22			
90408	Worker's Compensation Insurance	\$4,046.00			
90458	Life Insurance	\$0.00			
90508	Unemployment Insurance	\$0.00			
90558	Disability Insurance	\$0.00			
90608	Hospital and Medical (Dental) Insurance	\$0.00			
90708	Union Welfare Benefits	\$0.00			
90858	Supplemental Benefit Payment to Disabled Fire Fighters	\$0.00			
91890	Other Employee Benefits	\$0.00			
Total		\$15,215.22			
Computed Total From Financial Section (comparative purposes only)		\$15,215.00			

VILLAGE OF Shoreham
Energy Costs and Consumption
For the Fiscal Year Ending 2018

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$2,545	680	gallons	
Diesel Fuel	\$147	33	gallons	
Fuel Oil	\$7,587	375	gallons	
Natural Gas			cubic feet	
Electricity	\$10,010		kilowatt-hours	
Coal			tons	
Propane	\$441	84	gallons	

CERTIFICATION OF CHIEF FISCAL OFFICER

I, Catherine Donahue Spier, hereby certify that I am the Chief Fiscal Officer of
the Village of Shoreham, and that the information provided in the annual
financial report of the Village of Shoreham, for the fiscal year ended 07/31/2018
, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as
the Chief Fiscal Officer of the Village of Shoreham, and adopted by me as
my signature for use in conjunction with the filing of the Village of Shoreham's
annual financial report, I am evidencing my express intent to authenticate my certification of the
Village of Shoreham's annual financial report for the fiscal year ended 07/31/2018
and filed by means of electronic data transmission.

Name of Report Preparer if different
than Chief Fiscal Officer

Catherine Donahue Spier
Name

(631) 821-0680
Telephone Number

Treasrer
Title

P.O. Box 389 Shoreham, NY 11786
Official Address

09/17/2018
Date of Certification

(631) 821-0680
Official Telephone Number

VILLAGE OF Shoreham
Financial Comments
For the Fiscal Year Ending 2018

(A) GENERAL

Adjustment Reason

Account Code A8015 dcdc

VILLAGE OF SHOREHAM

Notes to the Financial Statements For the Fiscal Year Ended July 31, 2018

The Village of Shoreham was incorporated in 1913. According to the 2010 US Census our population is 531. The Village covers an area of about .04 square miles. Village Government consists of a Mayor and four Trustees. The Board meets regularly once each month on the second Tuesday and additional meeting are scheduled when called by the Mayor. Members of the Board serve without compensation and all other employees are part-time. The Village Clerk/Treasurer, Deputy Clerk/Treasurer, Clerk's Assistant, and Village Code Officers are employed all year. The Village Board hires part-time Lifeguards for the summer season.

The Village uses modified accrual basis accounting in all funds. Revenues are recorded when measurable and available. Revenues that are accrued include real property taxes and State Aid when applicable. Expenditures are recorded in the period when the liability is incurred. The Village does not use a purchase order system and therefor does not use encumbrances. Appropriations authorized for the current year are not carried forward to the next.

The budget is adopted by June 20th of each year. A public hearing is held by the second Tuesday of June prior to the adoption for resident review and comments.

The Village of Shoreham contracts with the Rocky Point Fire District for fire protection and emergency services. Private companies or public entities outside the control of the Village provide all utilities, including refuse collection and disposal. There are no hospitals or public institutions with the Village other than The Briarcliff Elementary School which is controlled by the Shoreham/Wading River School District and is currently closed.

The Village maintains a General Fund and a Capital Fund. Within the General Fund the Village maintains four Reserve accounts: Tax Stabilization (A0882), Highway Capital Projects (A0879), General Capital Projects I (A0885) and Capital Projects II (A0889). The last reserve is designated for various purposes by resident donations.

In July of the year the Board of Trustees made no additions to the Reserve accounts. The Unreserved Fund balance (A0917) was \$478,511.00. The Highway Capital Reserve fund (A0879) was 00.00, General Capital Projects I was \$28,933.45, Tax Stabilization Reserve (A0882) was \$5,000. There were no donations to the General Capital Projects II (A0889) which remains at \$2,740.63.

In 2015, the Village issued \$995,000 Public Improvement Serial Bonds which mature in 2028.

General Fixed assets are recorded at actual or estimated cost in the case of gifts and donations, at the fair market value at the time received. No provisions are made for depreciation.

Taxes were levied on July 1, 2018 payable without penalty from August 1, 2018 until September 1, 2018. The tax rate was \$443 per thousand of assessed evaluation which is \$12 higher than last year's tax rate. The tax increase was due to a 13% increase in the fire protection and emergency services contract. A Road/Drainage Improvement Special Assessment was imposed on all residents at a rate of \$53 per thousand of assessed evaluation to fund on-going road and drainage improvements. In addition we are charging each resident \$269.61 for refuse and garbage collection.

The Village of Shoreham investment policies are governed by State Statute. The Village has its own written investment policy. Money are deposited in FDIC insured commercial banks or trust companies. The Village Treasurer is authorized to use demand accounts and certificates of deposit.

Collateral is required for all demand deposits and certificates of deposit at 102% of all deposits not covered by Federal Deposit Insurance. Total deposits at year-end were covered by FDIC insurance in the amount of \$250,000 and the balance was covered by securities pledged by Bank of New York Mellon. Other securities were pledged and removed throughout the year as Village deposits rose and fell.

The Village of Shoreham uses Harris Computer Services, Inc. software for municipal accounting to facilitate and record keeping processes. We also employ the accounting firm of Pappas & Pappas on a quarterly basis to review bank reconciliations, balance sheets and assist with journal entries when necessary.

The Village assumes the liability of most risk, including but not limited to, property damage and personal injury liability. Judgements and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

-END OF NOTES-

APPENDIX C

FORM OF BOND COUNSEL OPINION

[Form of Opinion]

March 12, 2019

The Board of Trustees of the
Village of Shoreham, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Shoreham (the “Village”), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$850,000 Road Improvement Serial Bonds-2019 (the “Bonds”), dated and delivered on the date hereof.

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

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

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

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

Very truly yours,