This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 27, 2020

NEW ISSUE/RENEWALS **BOND ANTICIPATION NOTES**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

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

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

$3,750,000

BOND ANTICIPATION NOTES, SERIES 2020A
(the "Notes")

Dated Date: February 18, 2020 Maturity Date: February 18, 2021

Security and Sources of Payment: The Notes are general obligations of the Village of Saltaire, 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 Notes 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).

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

Form and Denomination: At the option of the purchaser, the Notes may be either (i) registered in the name of the purchaser or (ii) registered in the name of Cede & Co., as nominee for The Depository Trust Company, Jersey City, New Jersey ("DTC") as book-entry notes. A single note certificate shall be delivered to the purchaser(s), for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey, which will act as the Securities Depository for the Notes. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Holders of book-entry Notes will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "*Book-Entry System*" herein).

Payment: Payment of the principal of and interest on the Notes registered to 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. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry Notes shall be payable at the office of the Village Administrator/Clerk. (See "*Book-Entry System*" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on February 6, 2020 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Squire Patton Boggs (US) LLP New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about February 18, 2020 in Jersey City, New Jersey, or as otherwise agreed to by the Village and the purchaser.

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

VILLAGE OF SALTAIRE
SUFFOLK COUNTY, NEW YORK

PO Box 5551
Bay Shore, NY 11706
Telephone: 631/583-5566
Fax: 631/583-5986

BOARD OF TRUSTEES

John A. Zaccaro, Jr., Mayor

Nat Oppenheimer
Hugh O'Brien
Hillary Richard
Frank Wolf

Mario Posillico, Village Administrator/Clerk
Donna Lyudmer, Treasurer
Joseph W. Prokop, Esq., Village Attorney

* * *

Bond Counsel
Squire Patton Boggs (US) LLP
New York, New York

* * *

MUNICIPAL ADVISOR

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776

(631) 331-8888
E-mail: info@munistat.com
Website: http://www.munistat.com

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 Notes 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

VILLAGE OF SALTAIRE
SUFFOLK COUNTY, NEW YORK

$3,750,000 BOND ANTICIPATION NOTES, SERIES 2020A

This Official Statement and the appendices hereto present certain information relating to the Village of Saltaire, in the County of Suffolk, in the State of New York (the "Village," "Counties" and "State," respectively) in connection with the sale of $3,750,000 Bond Anticipation Notes, Series 2020A (the "Notes") 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 Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The Village will act as Paying Agent for the Notes. The Village's contact information is as follows: Mario Posillico, Village Administrator/Clerk, Village of Saltaire, P.O. Box 5551, Bay Shore, New York 11706, Phone (631) 583-5566, Fax (631) 583-5986 and email: mario@saltaire.org.

Optional Redemption

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

Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes 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 note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilities 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"). Standard & Poor's assigns a rating of "AA+" to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found a www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

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. In addition, the Village will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Source: The Depository Trust Company, Jersey City, New Jersey.

Authorization for and Purpose of Notes

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and a resolution duly adopted by the Village Board on December 11, 2018. See "Impact Upon the Village of Superstorm Sandy" herein.

Date of Authorization	Purpose	Amount Authorized	Amount Previously Issued	Additional Amount to be Issued	Amount to BANs
12/1/2018	Acquisition, Construction and Reconstruction of Buildings and Related Appurtenant Boardwalks	$4,817,072	$3,100,000	$650,000	$3,750,000
		Total:			$3,750,000

Disclosure Undertaking for the Notes

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

> (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Village; (xiii) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material, (xv) incurrence of a "financial obligation" of the Village, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Village, if any, such event reflects financial difficulties.

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

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

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

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

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

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

Disclosure Compliance History

The following table sets forth the annual filings for each of the five preceding fiscal years. Some of the filings below were made more than 180 days after the ending of the fiscal year, but within 6 months of such year.

Fiscal Year Ending June 30:	Financial & Operating Information	Audited Financial Statements
2015	11/25/2015	09/25/2015
2016	11/23/2016	09/20/2016
2017	11/13/2017	11/02/2017
2018	11/20/2018	11/15/2018
2019	11/25/2019	11/20/2019

The Village filed a material event notice on February 2, 2019 for failing to file (i) Appendix B - Cash Flow Summary – Capital Fund Only for fiscal years ended May 31, 2016, May 31, 2017 (not applicable) and May 31, 2018 (not applicable); (ii) the information included under the subheadings "Calculation of Total Net Indebtedness" and "Net Debt Contracting Margin" under the heading "Indebtedness of the Village" for the fiscal year ended May 31, 2015, and (iii) the Adopted Budget for the fiscal years ended May 31, 2016, May 31, 2017 and May 31, 2018. The applicable information has since been filed.

Security and Source of Payment

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

The Notes 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 of and interest on the Notes, 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 the Tax Levy Limit Law. (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 Notes, and the State is specifically precluded 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, 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).

Remedies Upon Default

Under current law, provision is made for contract creditors (including the Noteholders) of the Village to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to 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, although judicial mandates to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy have been issued.

Remedies for enforcement of payment are not expressly included in the Village's contract with holders of its notes, although any permanent repeal by statute or constitutional amendment of a Noteholders remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

The State has consented 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. Subject to such consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts, including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency police powers to assure the continuation of essential public services.

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

THE VILLAGE

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

Description

The Village was incorporated in 1917. The Village is located on the westerly end of Fire Island approximately one mile from Robert Moses State Park in the Town of Islip in Suffolk County, New York (The "Town").

Fire Island is a barrier island, 31 miles long, off the southern coast of Long Island, New York. It is accessible by ferry and by vehicle across the Robert Moses and Smith Point bridges. Robert Moses State Park, on the western end, and Smith Point County Park toward the eastern end, attract tens of thousands of visitors each year. Much of the area on the island is part of the Fire Island National Seashore overseen by the National Park Service. Fire Island also encompasses 17 different communities.

The Village contains approximately 400 homes, of which 5% to 10% are occupied year-round with the remainder principally during the summer months and on weekends. Because of its extensive recreational opportunities including boating, fishing, and swimming in the Atlantic Ocean and the Great South Bay (a naturally protected waterway), ball field sports, tennis and a Village operated children's day camp, the Village is thought to be a highly desirable "second home" location for families. The Village maintains an engineered beach and managed beachfront, which includes periodic sand replenishment. The most recent replenishment occurred in the late winter/early spring of 2016, which was fully funded and implemented by the Army Corps of Engineers as part of the congressionally approved and funded FIMI project. This project will mitigate the risks and effects of the natural littoral drift and storm activity, thereby maintaining the protective and recreational features of the beach desired by its residents and visitors. The home ownership base has been highly stable, with no more than 1% to 2% changing hands in any one year and with many homes passing from one generation to the next.

Utilities

The Village supplies its own water to its residents. Electric service is provided by the PSEG Long Island and National Grid. Public gas is not available anywhere in the Village.

Services and Programs

Pursuant to State law, the County, not the Village, is responsible for funding and providing various social service and health care programs such as Medicaid, aid to families with dependent children, home relief and mental health programs. The County also provides police protection and law enforcement for the Village.

The Village offers residents most of the services traditionally provided by Village governments. Those services include ordinance enforcement and security, water, refuse collection, road and walkway maintenance, beach lifeguard protection, children's camp and other recreational activities, building code enforcement, planning and zoning administration. The Village also oversees a local Justice Court that is responsible for enforcing portions of the State's Vehicle and Traffic Law as well as having jurisdiction over certain civil and criminal matters.

Storm Resiliency

The Village in the past has experienced significant damage to both private property and public infrastructure as a result of storms. Most of the damage to private homes was due to rising flood waters, and subsequently all of the damaged homes have been completely repaired, many of which were improved and elevated to become more flood resistant. The homes are primarily seasonal homes, although there are a small percentage of homes that are occupied on a permanent basis.

The sole commercial structure in the Village that provided grocery services to the residents was also damaged and the Village completed the reconstruction of the new Saltaire Market complex in the spring of 2016. The Market re-opened May 15, 2016 under the management of a Concessionaire. The concession agreement produces revenue to the Village in the area of approximately $100,000 per year, but more importantly will serve and support the needs of the Village and its residents and guests for years to come.

There has been significant damage to certain Village infrastructure, all of which was covered by FEMA through public assistance grant funding. The primary infrastructure damage was to public walkways, the total cost of repair estimated at approximately $20M. The Village is more than 85% complete on the walkway repair and water main replacement project, with all walks being rebuilt to a new flood-resistant design that will be able to remain intact during a future flooding event, and recently completed a major renovation of its Village Hall.

The Village has installed an emergency dune stabilization system that offers the necessary protection from storm activity. The US Congress authorized the US Army Corps of Engineers to implement a major beach stabilization project for Fire Island, known as FIMI. The project was completed in Saltaire in the late winter/early spring of 2016. The Village is also actively engaged in the planning of the Fire Island to Montauk Point (FIMP) reformulation project which will add to the coastal storm mitigation efforts.

Over the next year, the Village will be completing the balance of the storm resiliency projects including renovations to its Public Safety Building, the reconstruction of the Lighthouse Promenade to a flood-resistant elevated boardwalk design, and the upgrades/replacement of water mains. It is anticipated that much of these projects will be financed with the proceeds of the notes, grants and available funds. See also "*Capital Project Plans*" herein.

Form of Government

The legislative, appropriating, and policy determining body of the Village is the Board of Trustees (the "Board"). The Board consists of four Trustees and a Mayor, all of whom are elected at large in alternate years to service two-year term, with a right of self-succession. It is the responsibility of the Board to enact, by resolution, all legislative ordinances and local laws. Annual operating budgets for the Village are presented by the Village Administrator at a public hearing and must be approved by the Board. Modifications to and transfers between budgetary appropriations also must be authorized by the Board. All Village indebtedness must be approved by a 2/3 vote of the voting strength of the Board and may also be subject to public "permissive referendum" as set forth in the Local Finance Law.

Elected and Appointed Officials

The Village is administered on a day-to-day basis by a Village Administrator/Clerk, who is appointed by the Mayor and approved by the Board. The Village Administrator directs and supervises all Village employees. The Village Administrator acts as a liaison to other governmental agencies, ensures that all rules and regulations are complied with and that necessary reports are issued, and handles the concerns of Village residents.

The Village Treasurer, the chief fiscal officer of the Village, has custody of the corporate seal, books, records, papers, and bank accounts of the Village, and all the reports and communications of the Board. The Village Administrator/Clerk is also the Clerk to the Board, keeping minutes of its proceedings, and maintaining the Village's code of laws and ordinances.

Village Employees

The Village has eleven full time employees (6 maintenance staff, 2 public safety staff and 3 office staff), and between 80 to110 mostly seasonal part time employees. No employees are represented by a union. The seasonal employees are used to staff day camp positions, lifeguard positions and to supplement the maintenance and security departments.

DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Population Trends

Year	Village	Islip Town	Suffolk County	New York State
1980	35	298,897	1,284,231	17,557,288
1990	38	299,587	1,321,864	17,990,455
2000	43	303,093	1,419,369	18,976,457
2010	37	335,543	1,493,350	19,378,102
2017	37	335,302	1,497,595	19,798,228

Sources: U.S. Bureau of the Census and Village Officials.

Income Data

	Per Capita Money Income			
	1990	2000	2010	2017[a]
Village	-	-	$72,057	$70,870
Town of Islip	$16,778	$23,699	30,893	34,222
County of Suffolk	18,481	26,577	35,755	40,277
State of New York	16,501	23,389	30,948	35,752

	Median Household Income			
	1990	2000	2010	2017[a]
Village	-	-	$81,786	$96,250
Town of Islip	$50,212	$65,359	82,160	90,278
County of Suffolk	49,128	65,288	84,506	92,838
State of New York	32,965	43,393	55,603	60,765

Source: United States Bureau of the Census
a: Based on American Community Survey 5-Year Estimates (2013-2017)

Selected Listing of Larger Employers

Name of Employer	Nature of Business	Number of Employees
Village of Saltaire	Municipality	110
Saltaire Market	Grocery Store	25
Saltaire Yacht Club	Private Club	15
Various Contractors	Construction	Various

Source: Village Officials.

Unemployment Rate Statistics

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

Annual Averages:	Town of Islip (%)	Suffolk County (%)	New York State (%)
2014	5.5	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	3.6	3.9	4.1
2019 (11 Month Average)	3.5	3.6	4.0

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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 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 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 *"Security and Source of Payment"*, 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, 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).

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 and statutory 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 has complied with such procedure for the bond resolution authorizing the issuance of the Notes.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the 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, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

In addition, under each bond resolution, the 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 aggregate outstanding 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 New York State Office of Real Property 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).

The following pages set forth certain details with respect to the indebtedness of the Village.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of January 27, 2020)

Fiscal Year Ending May 31:	Assessed Valuation	State Equalization Rate (%)	Full Valuation
2016	$39,314,767	10.56	$372,298,930
2017	40,131,863	10.66	376,471,510
2018	40,707,213	10.73	379,377,568
2019	41,453,497	10.44	397,064,148
2020	41,835,144	9.83	425,586,409

Total Five Year Full Valuation	$1,950,798,564
Average Five Year Full Valuation	390,159,713
Debt Limit - 7% of Average Full Valuation	27,311,180
Inclusions:	
General Purpose Bonds	7,790,000
Bond Anticipation Notes	3,100,000
Total Indebtedness	10,890,000
Exclusions:	
Appropriations for Bonds	60,000
Appropriations for Notes	0
Total Exclusions	60,000
Total Indebtedness Before the Issuance of the Notes	10,830,000
The Notes:	3,750,000
BANs to be Redeemed by the Issuance of the Notes	3,100,000
Net Effect of the Notes	650,000
Total Indebtedness After the Issuance of the Notes	11,480,000
Net Debt Contracting Margin	$15,831,180
Percent of Debt Contracting Margin Exhausted (%)	42.03

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending May 31:	Principal	Interest	Total
2020	$500,000	$180,839	$680,839
2021	495,000	176,935	671,935
2022	505,000	164,785	669,785
2023	505,000	152,460	657,460
2024	510,000	140,110	650,110
2025	515,000	127,735	642,735
2026	520,000	115,185	635,185
2027	370,000	104,935	474,935
2028	375,000	96,835	471,835
2029	385,000	88,585	473,585
2030	395,000	80,185	475,185
2031	400,000	71,535	471,535
2032	415,000	62,735	477,735
2033	420,000	53,635	473,635
2034	430,000	44,348	474,348
2035	445,000	34,528	479,528
2036	455,000	24,225	479,225
2037	465,000	13,208	478,208
2038	90,000	6,060	96,060
2039	95,000	3,135	98,135
Totals	$8,290,000	$1,741,996	$10,031,996

a. Does not include payments made to date.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Village has bond anticipation notes outstanding in the amount of $3,100,000 that mature on February 19, 2020, which will be renewed with the issuance of the Notes, along with $650,000 in new money.

Authorized but Unissued Indebtedness

After the issuance of the Notes, the Village will have $1,067,072 authorized but unissued indebtedness remaining for the acquisition, construction and reconstruction of buildings and related appurtenant boardwalks. The issuance of the Notes will finance $650,000 of such amount.

Capital Project Plans

The Village is generally responsible for providing services as required to the residents 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 operation maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. As has been noted, the Village generally has provided the financing for water facilities and maintains primary responsibility for these functions, respectively. In general, with respect to new financings by the Village, bond authorizations are not anticipated to be substantially different than generally have prevailed in the past.

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	2015	2016	2017	2018	2019
Bonds	$2,830,000	$2,420,000	$8,260,000	$7,580,000	$8,290,000
BANs		4,850,000			3,100,000
RANs	7,000,000	5,000,000	2,250,000		
Total Debt Outstanding	$9,830,000	$12,270,000	$10,510,000	$7,580,000	$11,390,000

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	9/30/2019	0.14	$2,218,383	$1,904,018
Town of Islip	9/26/2019	0.98	1,802,710	1,714,118
Fire Island UFSD	06/30/2018	N/A	0	0
Totals			$4,021,093	$3,618,136

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

Debt Ratios
(As of January 27, 2020)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$10,890,000	$294,324	2.559
Net Direct Debt	10,830,000	292,703	2.545
Total Direct & Applicable Total Overlapping Debt	14,911,093	403,003	3.504
Net Direct & Applicable Net Overlapping Debt	14,448,136	390,490	3.395

a. The current estimated population of the Village is 37, according to Villages Officials.
b. The full valuation of taxable real property in the Village for 2019-20 is $425,586,409.

FINANCIAL MATTERS

Financial Statements and Accounting Procedures

The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. The financial records of the Village are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended May 31, 2019, which is attached hereto as Appendix B. In addition, 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 also prepares and Annual Financial Report Update Document (unaudited) for submission to the State Comptroller. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

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 regulations, restrictions or limitations.

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

The Village maintains a General Fund and a Capital Projects Fund. The Village-Wide General Fund is the operating fund of the Village and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges.

Basis of Accounting

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

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Village is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Village may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Village pursuant to law, in obligations of the Village.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Village, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Village are made in accordance with such policy.

Fund Balance Policy

The Village has adopted a formal Fund Balance Policy, after consultation with the Village's Auditor and Municipal Advisor, that is compliant with all relevant Government Accounting Standards Board principles and NYS Comptroller's guidance. Given the Village's relatively small budget, considering the pending capital projects that need to be funded prior to FEMA reimbursement, the Village's proximity to the coastline which increases the rate of depreciation on infrastructure as well as the likelihood of storm impacts, the level of unassigned fund balance will be in the 30-40% range, or approximately $1,250,000. Funds that are above that threshold should be assigned for future capital projects as necessary until such time as the FEMA projects and other smaller planned non-reimbursable projects come to completion.

Revenues

The Village receives most of its revenues from real property taxes and assessments. See "Real Property Taxes", herein. A summary of such revenues and other financings sources for the five most recently completed fiscal years may be found in Appendix A. (See also "*Tax Levy Limit Law*" herein).

Real Property Taxes

See "*Tax Information*", herein.

State Aid

The Village receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the 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.

Based on the audited financial statements of the Village, the Village received approximately 1.59% of its total General Fund operating revenue in the form of State aid during the fiscal year ended May 31, 2019. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

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 cut in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing on account of the 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 2015 through 2019 and the budgeted amount for fiscal year 2020.

Fiscal Year Ending May 31:	Total Revenue	State Aid	State Aid to Revenues (%)
2015	$3,230,814	$102,064	3.16
2016	3,277,760	127,984	3.90
2017[a]	5,391,899	65,289	1.21
2018	3,503,373	83,871	2.39
2019	3,503,466	55,825	1.59
2020 (Budgeted)	3,663,732	54,903	1.50

Source: Audited financial statements (2015-2019) and the adopted budget for the fiscal year ended May 31, 2020.
a. Includes approximately $1.9 million in proceeds for the sale of Village-owned land.

Budgetary Procedures

The Village Board, with the assistance of the Village Administrator, prepares a preliminary budget in the Spring of each year and holds a public hearing thereon by April 15. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year by May 1. The budget is not subject to voter approval.

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%, Environmental Score: 10.0%) in 2018. 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. The Village has not received any audits in the last five years.

Expenditures

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

Pension Systems

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS. The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for Tier 6 employees. The Retirement System Law generally provides that all participating employers in the Retirement System is jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. Generally, all members hired on or after July 27, 1976 through and including December 31, 2009 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for ERS employees hired after January 1, 2010 through March 31, 2012. Tier 5 employees contribute 3% of their salaries and there is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines at certain times, in certain years the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State's Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years.

The Village has decided not to amortize any pension contributions.

The Village is required to contribute an actuarially determined rate. The following table sets forth the contributions for the five most recently completed fiscal years and the budgeted amount for 2020.

Payments to the Retirement Systems

Fiscal Year Ending May 31:	ERS
2015	$150,826
2016	147,262
2017	123,047
2018	117,924
2019	124,911
2020 (Budgeted)	125,844

Source: Village Officials.

Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 75 ("GASB 75") described below requires such accounting.

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

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

As of May 31, 2019, the Village adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

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

Those that have 200 or more participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

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

Changes in the Total OPEB Liability	Fiscal Year Ending May 31, 2019:
Balance as of May 31, 2018	$2,580,815
Changes for the year:	
Service Cost	91,903
Interest	83,705
Changes of benefit terms	(50,760)
Differences between actual and expected experience	(39,434)
Change in assumptions or other inputs	(60,586)
Benefit payments	(42,070)
	(50,533)
Total Changes	($67,775)
Total OPEB liability as of May 31, 2019	$2,513,040

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 Board 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 aids and are used by many localities in the calculation of debt contracting and real property taxing limitations.

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 2015 through 2019 and budgeted amounts for 2020.

Fiscal Year Ending May 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2015	$3,230,814	$2,090,962	64.72
2016	3,277,760	2,112,889	64.46
2017[a]	5,391,899	2,185,400	40.53
2018	3,503,373	2,239,149	63.91
2019	3,503,466	2,260,228	64.51
2020 (Budgeted)	3,663,732	2,346,946	64.06

Source: Audited financial statements (2015-2019) and the adopted budget for the fiscal year ended May 31, 2020.

a. Includes approximately $1.9 million in proceeds for the sale of Village-owned land.

Tax Collection Procedure

The Village collects its own taxes. Taxes are due on June 1st each year and are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July 31. Unpaid Village taxes are collected through tax sales.

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on the Village for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the Village under the Local Finance Law. Accordingly, the power of the Village to levy real property taxes on all taxable real property within the Village without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote by the Village Board subject to referenda requirements, if any, set forth in the Municipal Home Rule Law. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, and (ii) retirement systems growth in the average actuarial contribution rate in excess of 2%. The Village is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the Office of the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by the Village under the Local Finance Law. A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution. On February 19, 2013, the New York State United Teachers organization ("NYSUT") filed a lawsuit in State Supreme Court in Albany against the State, challenging Chapter 97 of the Laws of 2011 as applied to school districts on multiple federal and state constitutional grounds. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015, a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016, the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Aside from the State United Teachers lawsuit, as of the date hereof, the Village, without diligence, is unaware of any action threatened or pending in a court of competent jurisdiction to challenge the constitutionality or validity of the TLLL, or any administrative proceeding noticed or scheduled by a committee of the Legislature or a State agency to gather evidence and determine whether corrective legislative action is required to ensure that the TLLL is a valid general law. In the opinion of bond counsel, under current law, the limitations imposed by TLLL on real property tax levies do not diminish the prior lien on the first revenues of the Village set forth in the New York State Constitution and established by the aforesaid pledge of the Village's faith and credit requiring the Village to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Notes. Bond counsel expresses no opinion on the validity of Chapter 97 of the Laws of 2011 under the applicable provisions of Article VIII of the New York Constitution.

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	$379,206,521
Tax Limit - 2% thereof	7,584,130
Tax Levy for General Village Purposes	2,346,946
Less: Exclusions	0
Tax Levy Subject to Tax Limit	$2,346,946
Constitutional Tax Margin	$5,237,184

Tax Levies, Collections and Rates

	2016	2017	2018	2019	2020
Tax Levy	$2,103,340	$2,191,199	$2,222,613	$2,263,360	$2,346,946
Tax Collections	2,112,889	2,185,400	2,239,149	2,260,228	2,344,044
Tax Rate per $1,000 of Assessed Valuation	$53.50	$54.60	$54.60	$54.60	$56.10

a. Tax Collections represent the actual amount of taxes collected as reflected in the financial statements, including penalties and tax sales. See "*Tax Collection Procedure*" herein.

Selected Listing of Large Taxable Properties
2019-2020 Assessment Roll

Name	Type	Assessed Valuation
Village People, LLC.	Corporation	$585,825
Shelly Frost Rubin	Residential	465,933
Peter Rentrop Klaus	Residential	336,200
Hochman Family 2012 Trust	Residential	333,300
Frank Markus	Residential	315,493
Charles Mederrick	Residential	312,721
Salvatore J Zizza	Residential	297,688
Saltaire Yacht Club, Inc.	Club	272,070
Steven Robert Goldstein Trust	Residential	262,757
Nicolas Oudin	Residential	249,797
	Total[a]	$3,431,784

a. Represents 8.20% of the total taxable assessed valuation for 2019-20.

LITIGATION

In common with other municipalities, the Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village, after consultation with 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 condition of the Village.

NOTEHOLDER RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Notes, 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 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. Accordingly, a decline in the Village's credit rating could adversely affect the market value of the Notes.

In addition, if and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Notes. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a note may decline causing the noteholder to potentially incur a capital loss if such note is sold prior to its maturity.

The financial condition of the Village as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Village's control. There can be no assurance that adverse events in the State including, for example, the seeking by a municipality 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 Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Village to arrange for additional borrowing and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Village is dependent in part on financial assistance from the State in the form of State aid. There may be reductions in State aid to local governments and school districts, including the Village, in the current and future fiscal years. State aid accounts for a 1.53% portion of the Village's 2019 budgeted revenues. The Village does not believe future State aid reductions will have a material adverse effect on the Village. 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 reduction in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing on account of such uncollected State aid. (See also "*State Aid*").

Future amendments to applicable statutes affecting the treatment of interest paid on municipal notes, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire district in the State, including the Village, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Village, may have an impact upon the market price for the Notes. **(**See "*Tax Levy Limit Law*," herein).

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax and the Notes are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Village contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Village's representations and certifications or the continuing compliance with the Village's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Village may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The Village has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Village or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt Notes and tax-advantaged Notes, among other things. Additionally, investors in the Notes should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of holders to sell their Notes in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Notes ("Discount Notes") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Notes ("Premium Notes") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, 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 that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Notes should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Village shall furnish a certificate of the Village Attorney, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Village wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Village or adversely affect the power of the Village to levy, collect and enforce the collection of taxes or other revenues for the payment of the Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Squire Patton Boggs (US) LLP, Bond Counsel to the Village with respect to the Notes, which will be available at the time of delivery of the Notes. Such opinion will be to the effect that the Notes 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 Notes and interest thereon, subject to the limitations imposed by the Tax Levy Limit Law. The opinion shall also discuss the treatment of interest on the Notes under applicable tax laws, as further described in the section entitled "Tax Matters" and shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm gives no assurances and expresses no opinion as to the adequacy, sufficiency or completeness of the Official Statement of the Village relating to the Notes, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Notes which have been or may be furnished or disclosed to purchasers of the Notes.

Closing Certificates

Upon the delivery of the Notes, the Purchaser will be furnished with the following items: (i) a Certificate of the Village Treasurer of the Village to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Village since the date of this Official Statement up to and including the time of delivery of the Notes, and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by the Village Treasurer evidencing payment for the Notes; (iii) a Signature Certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal thereof and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the Village nor the title of any of the officers thereof to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a Tax Certificate executed by the Village Treasurer, as described under "Tax Matters."

RATING

The Notes are not rated.

S&P Global ("S&P"), 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, currently rates the outstanding long-term debt of the Village "AAA". This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of S&P's circumstances so warrant.

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 Financial Advisor serves as independent municipal 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 Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the 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 Muncipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

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. To mitigate such risk the Village has contracted with an outside technology firm to assist in the prevention detection and remediation of any such attacks. In addition, the Village maintains an insurance policy covering cyber liability. 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.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Village of Saltaire, P.O. Box 5551, Bay Shore, NY 11706, telephone number 631/583-5566 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 assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Squire Patton Boggs (US) LLP expresses no opinion regarding the accuracy or completeness of any document prepared by or on behalf of the Village for use in connection with the offer and sale of the Notes, including this Official Statement and the appendices thereto.

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 Notes.

The preparation and distribution of this Official Statement has been authorized by various resolutions of the Village which delegates to the Village Clerk/Treasurer the power to sell and issue the Notes.

By: s/s DONNA LYUDMER
Village Treasurer and Chief Fiscal Officer
Village of Saltaire
Bayshore, New York

Dated: January , 2020

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
General Fund
Fiscal Year Ended May 31, 2019

		General Fund
ASSETS		
Cash and Cash Equivalents	$	2,587,618
Accounts Receivables		36,768
Due from Other Funds		509,711
Due From Other Governments		60,733
Inventories		87,182
Prepaids		53,597
Restricted Assets		97,437
Total	$	3,433,046
LIABILITIES		
Accounts Payable	$	66,095
Due to Employees' Retirement System		20,974
Collections in Advance		137,944
Total Liabilities		225,013
Fund Equity:		
Nonspendable		140,779
Restricted Fund Balance		97,437
Assigned Fund Balance		116,900
Unassigned Fund Balance		2,852,917
Total Fund Equity		3,208,033
Total Liabilities and Fund Equity	$	3,433,046

Source: Audited Financial Statements of the Village (2019)
NOTE: This Schedule NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund

	2015	2016	2017	2018	2019
Revenues:					
Real Property Taxes	$ 2,090,962	$ 2,112,889	$ 2,185,400	$ 2,239,149	$ 2,260,228
Other Tax Items	11,321	6,973	5,972	6,569	9,330
Non-Property Taxes	165,104	168,057	254,069	265,125	264,735
Departmental Income	526,385	530,557	535,116	557,519	568,144
Intergovernmental Charges	30,000	30,000	30,000	30,000	30,000
Use of Money and Property	113,963	120,928	136,642	100,538	131,196
Licenses & Permits	43,008	37,817	42,024	43,320	34,820
Fines & Forfeitures	400	2,300	2,075	2,600	900
Sale of Property & Compensation for Loss	59,298	3,365	1,920,091	12,980	27,568
Miscellaneous Local Sources	36,466	29,960	215,221	83,264	120,720
State Aid	102,064	127,984	65,289	83,871	55,825
Federal Aid	51,843	106,930		78,438	
Total Revenues	$ 3,230,814	$ 3,277,760	$ 5,391,899	$ 3,503,373	$ 3,503,466
Expenditures:					
General Government Support	1,192,787	1,068,896	1,057,114	1,045,408	1,183,617
Public Safety	263,539	251,064	300,503	387,968	324,212
Health	15,146	21,380	18,729	24,131	27,183
Transportation	108,471	75,311	104,589	135,470	44,981
Culture and Recreation	510,252	478,954	497,105	570,712	567,607
Home and Community Services	215,162	222,178	223,584	218,537	257,844
Employee Benefits	430,073	457,261	415,053	430,609	427,551
Debt Service	494,006	552,119	648,337	900,542	848,693
Total Expenditures	$ 3,229,436	$ 3,127,163	$ 3,265,014	$ 3,713,377	$ 3,681,688
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers - In		40,740			
Operating Transfers - Out					(73,513)
Total Other Financing Sources (Uses)	0	40,740	0	0	(73,513)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	1,378	191,337	2,126,885	(210,004)	(251,735)
Fund Balance Beginning of Year	1,350,172	1,351,550	1,542,887	3,669,772	3,459,768
Prior Period Adjustments					
Fund Balance End of Year	$ 1,351,550	$ 1,542,887	$ 3,669,772	$ 3,459,768	$ 3,208,033

Sources: Audited Financial Statements of the Village (2015-2019)
NOTE: This Schedule NOT audited

Budget Summaries
General Fund

	2018-19	2019-20
Revenues:		
Real Property Taxes	$ 2,263,360	$ 2,346,946
Non-Property Taxes	7,500	7,500
Departmental Income	856,896	905,465
Use of Money and Property	22,151	49,746
Licenses and Permits	77,500	77,500
Fines and Forfeitures	2,500	2,500
Sale of Property and Compensation for Loss	2,500	6,000
State Aid	54,903	54,903
Transfer of Funds	233,064	113,579
Intergovernmental		30,000
Miscellaneous Items	75,000	69,593
Total	$ 3,595,374	$ 3,663,732
Expenditures:		
General Government Support	$ 769,445	$ 793,480
Public Safety	310,341	317,711
Health	35,500	35,500
Transportation	52,602	42,024
Culture and Recreation	554,931	576,305
Home and Community Services	215,003	254,031
Employee Benefits	644,561	694,318
Water Expenses	162,100	171,523
Capital Reserves		
Debt Service	850,891	778,839
Total Expenditures	$ 3,595,374	$ 3,663,731

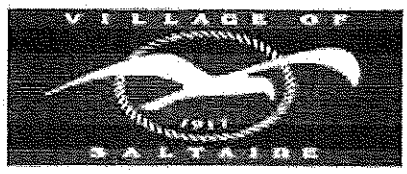
Sources: Adopted budgets of the Village

VILLAGE OF SALTAIRE

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2019

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



INCORPORATED VILLAGE OF SALTAIRE

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

May 31, 2019

INCORPORATED VILLAGE OF SALTAIRE
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CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

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ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Saltaire
Saltaire, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Incorporated Village of Saltaire (Village), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Saltaire, as of May 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 2 to the financial statements, "Changes in Accounting Principles", the Village has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of May 31, 2019. Also described in Note 2, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, as of May 31, 2019.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the Village's proportionate share of the net pension liability, schedule of Village pension contributions and schedule of changes in the Village's total OPEB liability and related ratios on pages 2 through 12 and 41 through 47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of the Incorporated Village of Saltaire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Incorporated Village of Saltaire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Incorporated Village of Saltaire's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

November 13, 2019

The Incorporated Village of Saltaire's discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2019 in comparison with the year ended May 31, 2018, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements, increased by $4,845,683. This was due to an excess of revenues over expenses based on the economic resources measurement focus and the accrual basis of accounting.

- The Village's total net position at May 31, 2018 was restated and decreased by $15,556,714, as a result of the required implementation of new GASB accounting standards during the 2019 fiscal year. These new GASB accounting standards have no impact on the governmental funds financial statements.

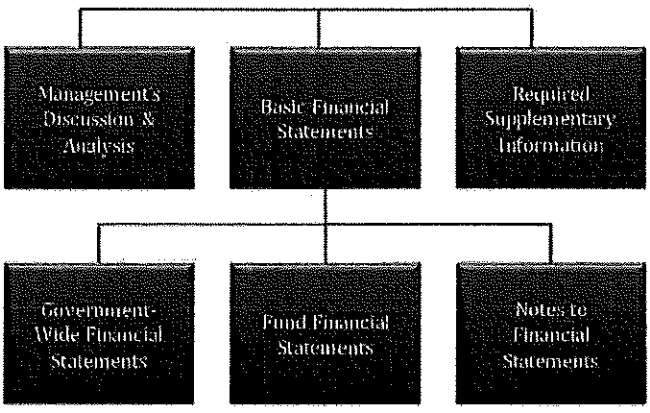
- The Village's expenses for the year, as reflected in the government-wide financial statements, totaled $3,753,437. This was offset by program charges for services and capital grants totaling $5,694,698. General revenues of $2,904,422 amount to 33.79% of total revenues.

- The general fund's total fund balance, as reflected in the fund financial statements, decreased by $251,735. This was due to an excess of expenditures over revenues based on the current financial resources measurement focus and the modified accrual basis of accounting.

- On the balance sheet, the general fund unassigned fund balance at year end was $2,852,917. This represents a decrease of $150,318 from the prior year.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (MD&A), the basic financial statements, and required supplementary information. The basic financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. Government-Wide Financial Statements

The government-wide financial statements present the governmental activities of the Village and are organized to provide an understanding of the fiscal performance of the Village as a whole in a manner similar to a private sector business. There are two government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Village's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Village are reported in the governmental funds and the fiduciary fund.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period in which the Village incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Village's operations and the services it provides.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two individual governmental funds: general fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Village in its capacity as agent or trustee and utilize the economic resources measurement focus and the accrual basis of accounting. All of the Village's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the government-wide financial statements because the Village cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village's total net position increased by $4,845,683 between fiscal year 2019 and 2018. The May 31, 2018 net position has been decreased by $15,155,309, resulting from the implementation of GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* A summary of the Village's Statements of Net Position follows:

	2019	As Restated 2018	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 6,812,703	$ 2,201,784	$ 4,610,919	209.42 %
Capital Assets, Net	28,139,165	23,474,725	4,664,440	19.87 %
Total Assets	34,951,868	25,676,509	9,275,359	36.12 %
Deferred Outflows of Resources	231,527	302,270	(70,743)	(23.40)%
Liabilities				
Current and Other Liabilities	3,939,878	292,194	3,647,684	1248.38 %
Long-Term Liabilities	8,290,000	7,580,000	710,000	9.37 %
Net Pension Liability - Proportionate Share	172,400	87,878	84,522	96.18 %
Total OPEB Obligation	2,513,040	2,580,815	(67,775)	(2.63)%
Total Liabilities	14,915,318	10,540,887	4,374,431	41.50 %
Deferred Inflows of Resources	267,085	282,583	(15,498)	(5.48)%
Net Position				
Net Investment in Capital Assets	16,749,165	15,894,725	854,440	5.38 %
Restricted	97,437	97,437	-	0.00 %
Unrestricted (Deficit)	3,154,390	(836,853)	3,991,243	(476.93)%
Total Net Position	$ 20,000,992	$ 15,155,309	$ 4,845,683	31.97 %

Current and other assets increased by $4,610,919, as compared to the prior year. This was primarily the result of an increase in the amount due from state and federal of $3,662,260, as there was an increase in capital project expenses funded by FEMA. The increase is also related to an increase in cash of $866,106.

Capital assets, net increased by $4,664,440, as compared to the prior year. This increase is primarily due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

Current and other liabilities increased by $3,647,684, as compared to the prior year. This was primarily the result of the Village issuing $3,100,000 in bond anticipation notes in the current year that were outstanding at year end. The Village did not have any outstanding bond anticipation notes at the end of the prior year. There was also an increase in accounts payable of $482,633.

Long-term liabilities increased by $710,000, as compared to the prior year. This increase is the result of the Village issuing public improvement serial bonds of $1,400,000, offset by debt principal payments of $690,000.

Net pension liability – proportionate share increased by $84,522 in the current year. This liability represents the Village's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) obligation decreased by $67,775, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 13 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost such as land; construction in progress; buildings; site improvements; infrastructure; and, machinery and equipment, net of depreciation and related outstanding debt. This number increased over the prior year as follows:

	Increase (Decrease)
Capital asset additions - total	$ 5,383,107
Additions financed by debt	(4,500,000)
Additions financed by appropriations	883,107
Principal debt reduction of construction bonds	690,000
Depreciation expense	(718,667)
	$ 854,440

The restricted amount of $97,437 relates to the Village's repair reserve. This number did not change from the prior year.

The unrestricted amount of $3,154,390 relates to the balance of the Village's net position. This balance does not include the Village's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended May 31, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 599,044	$ 557,519	$ 41,525	7.45 %
Capital Grants	5,095,654	333,605	4,762,049	1427.45 %
General Revenues				
Property Taxes	2,260,228	2,239,149	21,079	0.94 %
State Sources	55,825	83,871	(28,046)	(33.44)%
Other	588,369	622,834	(34,465)	(5.53)%
Total Revenues	8,599,120	3,836,978	4,762,142	124.11 %
Expenses				
General government	1,386,758	1,226,740	160,018	13.04 %
Public safety	333,760	453,359	(119,599)	(26.38)%
Health	30,022	24,131	5,891	24.41 %
Transportation	54,982	166,235	(111,253)	(66.93)%
Culture and recreation	723,361	715,755	7,606	1.06 %
Home and community	308,582	261,877	46,705	17.83 %
Debt Service - Interest	197,305	297,212	(99,907)	(33.61)%
Depreciation - unallocated	718,667	711,212	7,455	1.05 %
Total Expenses	3,753,437	3,856,521	(103,084)	(2.67)%
Change in Net Position	$ 4,845,683	$ (19,543)	$ 4,865,226	(24894.98)%

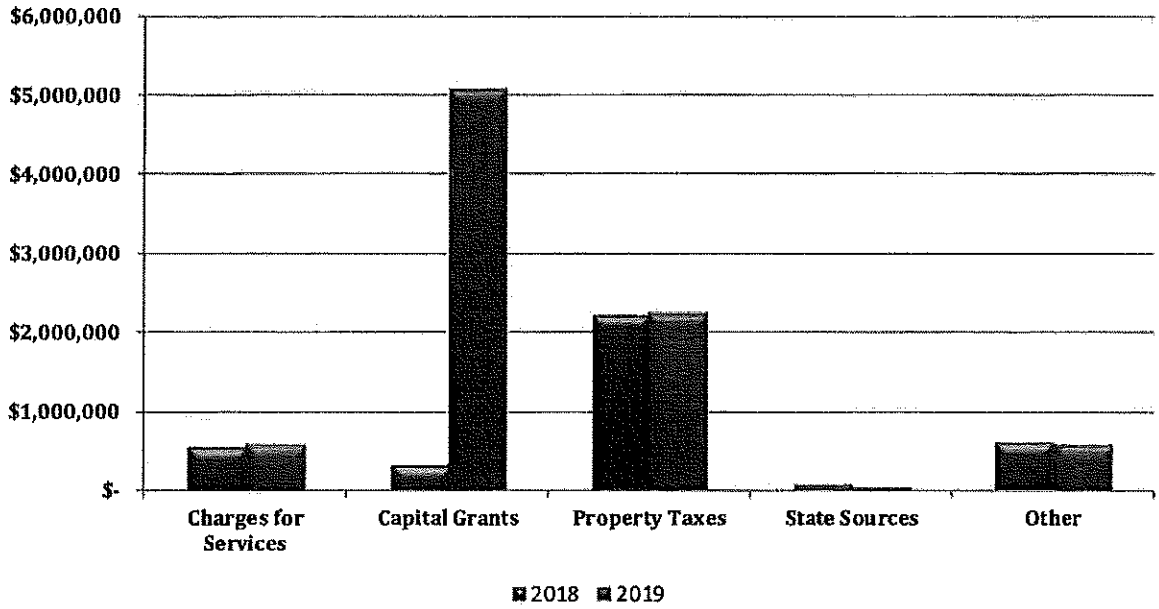
The Village's net position increased by $4,845,683 and decreased by $19,543 for the years ended May 31, 2019 and 2018, respectively.

The Village's revenues increased $4,762,142 over the prior year. The increase is mainly attributable to an increase in capital grants of $4,762,049, which is the result of increased FEMA aid for repair projects.

Expenses decreased $103,084 from the prior year, mainly in the areas of public safety and transportation. Public safety decreased primarily as a result of the Village purchasing an ambulance for the fire company in the prior year for $73,694. The decrease in transportation is mainly due to the Village installing new light fixtures around the Village in the prior year, in which all work was completed in the prior year. These decreases were offset by an increase of $160,018 in the general government area.

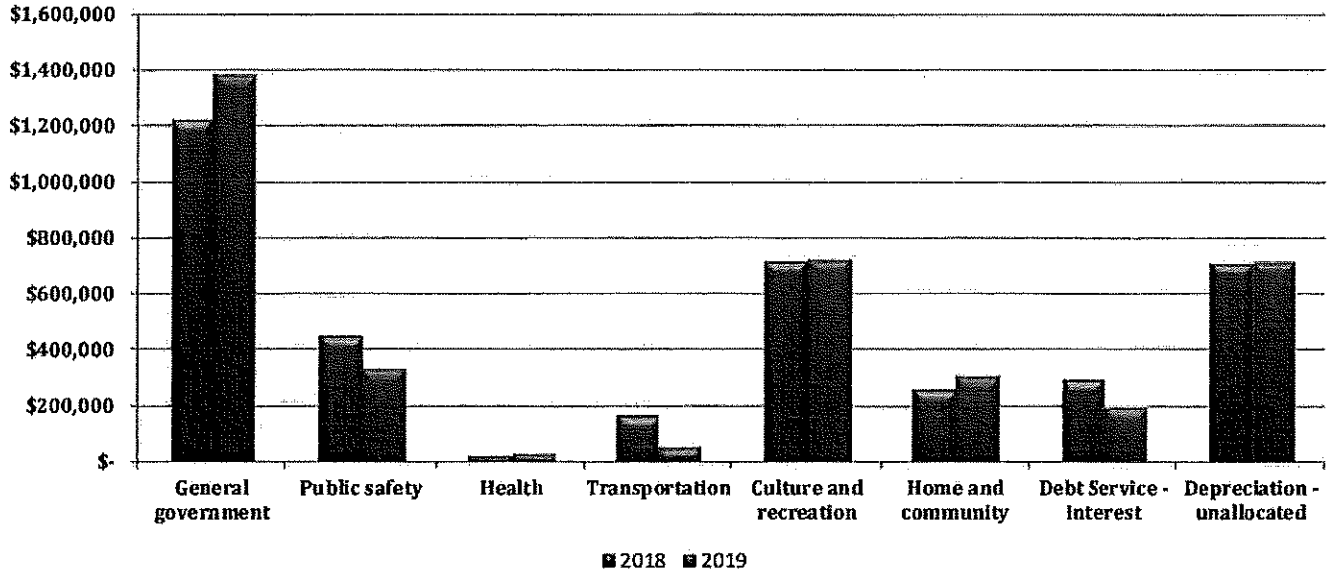
As indicated on the graphs that follow, capital grants is the largest component of revenues recognized for the 2019 year (i.e., 59.3% of total revenues) and property taxes is the largest component of revenues recognized for the 2018 year (i.e., 58.4% of total revenues). General government expenses is the largest category of expenses incurred (i.e., 36.9% and 31.8% of the total for the years 2019 and 2018, respectively).

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Capital Grants	Property Taxes	State Sources	Other
2018	14.5%	8.7%	58.4%	2.2%	16.2%
2019	7.0%	59.3%	26.3%	0.6%	6.8%

A graphic display of the distribution of expenses for the two years follows:



	General government	Public safety	Health	Transportation	Culture and recreation	Home and community	Debt Service - Interest	Depreciation - unallocated
2018	31.8%	11.8%	0.6%	4.3%	18.6%	6.8%	7.7%	18.4%
2019	36.9%	8.9%	0.8%	1.5%	19.3%	8.2%	5.3%	19.1%

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At May 31, 2019, the Village's governmental funds reported a combined fund balance of $2,988,107, which is an increase of $1,001,847 over the prior year. This increase is due to an excess of revenues over expenditures based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2019	2018	Increase (Decrease)
General Fund			
Nonspendable			
Inventory	$ 53,597	$ 71,075	$ (17,478)
Prepaids	87,182	51,636	35,546
Restricted			
	97,437	97,437	-
Assigned:			
Appropriated fund balance	113,579	233,064	(119,485)
Unappropriated fund balance	3,321	3,321	-
Unassigned: Fund balance	2,852,917	3,003,235	(150,318)
	3,208,033	3,459,768	(251,735)
Capital Projects Fund			
Unassigned: Fund balance (deficit)	(219,926)	(1,473,508)	1,253,582
Total Fund Balance	$ 2,988,107	$ 1,986,260	$ 1,001,847

A. General Fund

The net change on the general fund-fund balance is a decrease of $251,735. Expenditures and other uses of $3,755,201 exceeded revenues of $3,503,466. Revenues increased by $93 over fiscal 2018 totals. The increase is primarily attributable to increases in real property taxes of $21,079, use of money and property of $30,658, and sale of property and compensation for loss of $14,588 and miscellaneous revenues of $37,456. These increases were offset by a decrease in state sources of $28,672 and federal sources of $78,438. Expenditures and other uses increased by $41,824 from fiscal 2018 totals. This increase was due to an increases in general government support of $138,209 and operating transfers out of $73,513, offset by decreases in public safety of $63,756 and transportation of $90,489. The increase is general government support was mainly due to annual salary increases of $54,133 and increased legal services of $61,639. The increase in operating transfers out is primarily attributable to the Village transferring fund to the capital projects fund to close out completed projects with a deficit balance. The decrease in transportation is mainly due to the Village installing new light fixtures around the village in the prior year, in which all work was completed. The decrease in public safety is primarily attributable to the Village purchasing a new ambulance in the prior year.

B. Capital Projects Fund

The capital projects fund -fund deficit decreased by $1,253,582, as compared to the prior year. This is due to the Village issuing bonds for $1,400,000 and receiving state and federal sources totaling $5,095,654, which exceeded expenditures of $5,315,585. The capital projects fund also received operating transfers totaling $73,513 from the general fund to close out completed projects with deficit balances.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget

The Village's general fund adopted budget for the year ended May 31, 2019 was $3,595,374. No supplemental appropriations occurred during the year.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $2,263,360 in estimated property taxes.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 3,003,235
Revenues Over Budget	141,156
Expenditures Over Budget	(159,827)
Net Change in Nonspendable Fund Balance	(18,068)
Apropriated for the 2020 Budget	(113,579)
Closing, Unassigned Fund Balance	$ 2,852,917

Opening, Unassigned Fund Balance

The $3,003,235 shown in the table is the portion of the Village's May 31, 2018 fund balance that was retained as unassigned. This was 83.53% of the Village's 2018-2019 approved budget of $3,595,374.

Revenues Over Budget

The 2018-2019 budget for revenues was $3,362,310. Actual revenues recognized for the year were $3,503,466. The excess of actual revenue over estimated or budgeted revenue was $141,156, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2018 to May 31, 2019.

Expenditures Over Budget

The 2018-2019 budget for expenditures was $3,595,374. Actual expenditures as of May 31, 2019 were $3,755,201. The final budget was over expended by $159,827. This over expenditure contributes directly to the change to the general fund unassigned fund balance from May 31, 2018 to May 31, 2019.

Net Change in Nonspendable Fund Balance

The Village prepaid various insurance premiums and purchased ferry tickets available for resale at May 31, 2019. The resulting balance sheet assets (prepaids and inventory) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

Appropriated Fund Balance

The Village has chosen to use $113,579 of the available May 31, 2019 unassigned fund balance to partially fund the 2019-2020 approved operating budget. As such, the May 31, 2019 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at May 31, 2019 was $2,852,917. This amount equals 77.87% of the 2019-2020 budget.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At May 31, 2019, the Village had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of $5,383,107 in excess of depreciation of $718,667 recorded for the year ended May 31, 2019. A summary of the Village's capital assets, net of depreciation at May 31, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)
Land	$ 1,608,064	$ 1,608,064	$ -
Construction in progress	2,755,183	116,072	2,639,111
Buildings	7,573,154	5,116,497	2,456,657
Improvements Other Than Buildings	528,454	599,594	(71,140)
Machinery and Equipment	363,266	269,870	
Infrastructure	15,311,044	15,764,628	(453,584)
Capital assets, net	$ 28,139,165	$ 23,474,725	$ 4,664,440

B. Debt Administration

At May 31, 2019, the Village had total bonds payable of $8,290,000. The bonds were issued for public improvements, the construction of a community center and market, and the acquisition of a pumper truck, and the refunding of bonds originally issued for improvements to Village docks and bulkheads and the acquisition of a fire-fighting vehicle. The net increase in outstanding debt represents issuance of a $1,400,000 bonds in excess of current year principal payments of $690,000. A summary of the outstanding debt at May 31, 2019 and 2018 is as follows:

Issue Date	Interest Rate	2019	2018	Increase (Decrease)
Bonds Payable				
5/15/2010	2.50 - 3.25%	$	$ 270,000	$ (270,000)
10/14/2014	2.00 - 3.00%	1,165,000	1,320,000	(155,000)
10/20/2016	2.00 - 2.30%	5,725,000	5,990,000	(265,000)
2/19/2019	3.00 - 3.30%	1,400,000		1,400,000
		$ 8,290,000	$ 7,580,000	$ 710,000

The Village's latest underlying, long-term credit rating from S&P Global Ratings is AAA/Stable. The Village's outstanding serial bonds at May 31, 2019 are approximately 42.91% of the Village's debt limit.

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities are the estimated amounts due for net pension liability - proportionate share and total other postemployment benefits obligation. The net pension liability - proportionate share and the total other postemployment benefits obligation are based on actuarial valuations.

	2019	As Restated 2018	Increase (Decrease)
Net pension liability - proportionate share	$ 172,400	$ 87,878	$ 84,522
Total OPEB obligation	2,513,040	2,580,815	(67,775)
	$ 2,685,440	$ 2,668,693	$ 16,747

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the Board of Trustees on April 10, 2019, for the year ending May 31, 2020, is $3,663,732. This is an increase of $68,358 or 1.90% over the previous year's budget. The increase is principally in the general support ($83,613) area of the budget.

The Village budgeted non-property tax revenues at a $104,257 increase over the prior year's estimate. A property tax increase of 3.69% (tax levy to tax levy) was needed to cover the increase in projected expenditures.

8. CONTACTING THE VILLAGE

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. Requests for additional information can be directed to:

Mario Posillico, Village Administrator
Incorporated Village of Saltaire
P.O. Box 5551
Bay Shore, NY 11706

INCORPORATED VILLAGE OF SALTAIRE
Statement of Net Position
May 31, 2019

ASSETS	
Cash	
Unrestricted	$ 2,798,653
Restricted	97,437
Receivables	
Accounts receivable	36,768
Due from fiduciary funds	5,585
Due from state and federal	3,672,748
Due from other governments	60,733
Prepaids	53,597
Inventory	87,182
Capital assets:	
Not being depreciated	4,363,247
Being depreciated, net of accumulated depreciation	23,775,918
Total Assets	34,951,868
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	162,349
Other postemployment benefits	69,178
Total Deferred Outflows of Resources	231,527
LIABILITIES	
Payables	
Accounts payable	565,678
Accrued liabilities	115,282
Due to employees' retirement system	20,974
Unearned credits: collections in advance	137,944
Notes payable: bond anticipation	3,100,000
Long-term liabilities	
Due and payable within one year	
Bonds payable	500,000
Due and payable after one year	
Bonds payable	7,790,000
Net pension liability - proportionate share	172,400
Total other postemployment benefits	2,513,040
Total Liabilities	14,915,318
DEFERRED INFLOWS OF RESOURCES	
Pensions	71,615
Other postemployment benefits	195,470
Total Deferred Inflows of Resources	267,085
NET POSITION	
Net investment in capital assets	16,749,165
Restricted: Repairs	97,437
Unrestricted	3,154,390
Total Net Position	$ 20,000,992

INCORPORATED VILLAGE OF SALTAIRE
Statement of Activities
For the Year Ended May 31, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General government	$ 1,386,758	$ 6,100	$	$ (1,380,658)
Public safety	333,760	105,510		(228,250)
Health	30,022	4,000		(26,022)
Transportation	54,982		5,095,654	5,040,672
Culture and recreation	723,361	253,850		(469,511)
Home and community	308,582	229,584		(78,998)
Debt service - interest	197,305			(197,305)
Depreciation - unallocated	718,667			(718,667)
Total Functions and Programs	$ 3,753,437	$ 599,044	$ 5,095,654	1,941,261
GENERAL REVENUES				
Real property taxes				2,260,228
Other tax items				9,330
Nonproperty taxes				264,735
Use of money and property				131,196
Licenses and permits				34,820
Sale of property and compensation for loss				27,568
Miscellaneous				120,720
State aid				55,825
Total General Revenues				2,904,422
Change in Net Position				4,845,683
Total Net Position - Beginning of Year, as Restated				15,155,309
Total Net Position - End of Year				$ 20,000,992

INCORPORATED VILLAGE OF SALTAIRE
Balance Sheet - Governmental Funds
May 31, 2019

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash			
Unrestricted	$ 2,587,618	$ 211,035	$ 2,798,653
Restricted	97,437		97,437
Receivables			
Accounts receivable	36,768		36,768
Due from other funds	509,711		509,711
Due from state and federal		3,672,748	3,672,748
Due from other governments	60,733		60,733
Prepaids	53,597		53,597
Inventory	87,182		87,182
Total Assets	$ 3,433,046	$ 3,883,783	$ 7,316,829
LIABILITIES			
Payables			
Accounts payable	$ 66,095	$ 499,583	$ 565,678
Due to other funds		504,126	504,126
Due to employees' retirement system	20,974		20,974
Unearned credits: collections in advance	137,944		137,944
Notes payable: bond anticipation		3,100,000	3,100,000
Total Liabilities	225,013	4,103,709	4,328,722
FUND BALANCES (DEFICIT)			
Nonspendable:			
Prepaids	53,597		53,597
Inventory	87,182		87,182
Restricted: Repairs	97,437		97,437
Assigned:			
Appropriated fund balance	113,579		113,579
Unappropriated fund balance	3,321		3,321
Unassigned: Fund balance (deficit)	2,852,917	(219,926)	2,632,991
Total Fund Balances (Deficit)	3,208,033	(219,926)	2,988,107
Total Liabilities and Fund Balances	$ 3,433,046	$ 3,883,783	$ 7,316,829

INCORPORATED VILLAGE OF SALTAIRE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2019

Total Governmental Fund Balances (Deficit)		$ 2,988,107
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 34,108,870	
Accumulated depreciation	(5,969,705)	
		28,139,165
Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.		
Deferred outflows of resources	162,349	
Net pension liability - employees' retirement system	(172,400)	
Deferred inflows of resources	(71,615)	
		(81,666)
Total other postemployment benefits obligation and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or obligation and are not reported in the funds.		
Deferred outflows of resources	69,178	
Total other postemployment benefits obligation	(2,513,040)	
Deferred inflows of resources	(195,470)	
		(2,639,332)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(115,282)	
Bonds payable	(8,290,000)	
		(8,405,282)
Total Net Position		$ 20,000,992

INCORPORATED VILLAGE OF SALTAIRE
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2019

	General	Capital Projects	Total Governmental Funds
REVENUES			
Real property taxes	$ 2,260,228	$	$ 2,260,228
Real property tax items	9,330		9,330
Non-property taxes	264,735		264,735
Departmental income	568,144		568,144
Intergovernmental income	30,000		30,000
Use of money and property	131,196		131,196
Licenses and permits	34,820		34,820
Fines and forfeited bail	900		900
Sale of property and compensation for loss	27,568		27,568
Miscellaneous	120,720		120,720
State aid	55,825	891,836	947,661
Federal aid		4,203,818	4,203,818
Total Revenues	3,503,466	5,095,654	8,599,120
EXPENDITURES			
General government	1,183,617		1,183,617
Public safety	324,212		324,212
Health	27,183		27,183
Transportation	44,981		44,981
Culture and recreation	567,607		567,607
Home and community	257,844		257,844
Employee benefits	427,551		427,551
Debt service			
Principal	690,000		690,000
Interest	158,693		158,693
Capital outlay		5,315,585	5,315,585
Total Expenditures	3,681,688	5,315,585	8,997,273
Deficiency of Revenues Over Expenditures	(178,222)	(219,931)	(398,153)
OTHER FINANCING SOURCES AND (USES)			
Proceeds of obligation		1,400,000	1,400,000
Operating transfers in		73,513	73,513
Operating transfers (out)	(73,513)		(73,513)
Total Other Financing Sources and (Uses)	(73,513)	1,473,513	1,400,000
Net Change in Fund Balances	(251,735)	1,253,582	1,001,847
Fund Balances (Deficit) - Beginning of Year	3,459,768	(1,473,508)	1,986,260
End of Year	$ 3,208,033	$ (219,926)	$ 2,988,107

See Notes to Financial Statements

INCORPORATED VILLAGE OF SALTAIRE
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended May 31, 2019

Net Change in Fund Balances		$ 1,001,847
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, capital outlays exceeded depreciation in the period.		
Capital outlays	$ 5,383,107	
Depreciation expense	(718,667)	
		4,664,440
Long-Term Debt Transactions Differences		
Proceeds from the issuance of bonds are an other funding source in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(1,400,000)	
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	690,000	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest increased from May 31, 2018 to May 31, 2019.	(38,612)	
		(748,612)
Pension and Other Postemployment Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, is not reported in the governmental funds.		
Employees' retirement system	(13,475)	
Other postemployment benefits	(58,517)	
		(71,992)
Change in Net Position of Governmental Activities		$ 4,845,683

INCORPORATED VILLAGE OF SALTAIRE
Statement of Fiduciary Net Position -
Fiduciary Funds
May 31, 2019

	Agency
ASSETS	
Cash: Unrestricted	$ 23,285
Total Assets	$ 23,285
LIABILITIES	
Due to governmental funds	$ 5,585
Other liabilities	17,700
Total Liabilities	$ 23,285

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Incorporated Village of Saltaire (the "Village"), which was established in 1917, is governed by its Charter, New York State Village Law and other general laws of the State of New York and various local laws. The Board of Trustees, consisting of five members, is the legislative body responsible for overall operations. The Mayor serves as the Chief Executive Officer and the Treasurer serves as the Chief Fiscal Officer.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Village are as follows:

A. Reporting Entity

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, which is the Village, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following basic services are provided: general support, public safety and fire protection, sanitation, recreation, water, street maintenance, and lighting.

The accompanying financial statements present the activities of the Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village's reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Village, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the Village at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The Village's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the Village's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Capital Projects Fund – is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets, such as equipment.

Fiduciary Funds – are used to account for activities in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the Government-wide financial statements, because their resources do not belong to the Village, and are not available to be used to finance Village operations. The following is the Village's fiduciary fund:

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the Village as custodian, trustee or agent.

C. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash 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, state aid, 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 state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Charges for services are recognized in the year the services are provided.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for

principal and interest on general long-term debt, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

D. Real Property Taxes

Real property taxes are levied no later than May 15th and become a lien on June 1st. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1st, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes can be collected through tax sales.

E. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

F. Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations.

In the Government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and

disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

H. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

I. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

J. Inventory and Prepaid Items

Inventory consists of purchased ferry tickets available for resale and is stated at the lower of cost or market. Inventory is accounted for on the consumption method.

Prepaid items represent payments made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

K. Capital Assets

Capital assets are reflected in the Government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the Government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 25,000	40 years
Machinery and Equipment	5,000	3-10 years
Infrastructure	1	25-40 years

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Village has three items that qualify for reporting in this category. The first item is related to pensions and consists of the Village's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The second item is the Village's contributions to the pension system (ERS) subsequent to the measurement date. The third item is related to OPEB and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

M. Collections in Advance

Collections in advance arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the Village, such as park and recreational charges. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the Village has legal claim to the resources.

N. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The second item is related to OPEB and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

O. Employee Benefits

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation and sick days must be used in the year earned and cannot be accumulated.

P. Other Benefits

Eligible Village employees participate in the New York State and Local Employees' Retirement System.

The Village provides health insurance coverage for active employees pursuant to the Village employment policy.

In addition to providing these benefits, the Village provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. The Village's employment policy determines if Village employees are eligible for these benefits if they meet the minimum service requirements. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Village and the retired employee. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment).

Q. Short-Term Debt

The Village may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. Equity Classifications

Government-wide Statements

In the Government-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

Restricted – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory and prepaids, which are recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The Village has established the following restricted fund balances:

Repairs Reserve

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Trustees, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or Board approved budget revision and then from the assigned fund balance to the extent that there is an appropriation and then from the unassigned fund balance.

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended May 31, 2019, the Village implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* GASB Statement No. 34 creates a new set of basic financial statements, and requires local governments to include government-wide financial statements that are prepared on an accrual basis for accounting using the economic resources measurement focus. The previous requirement for fund financial statements is modified to present information for individual major funds rather than by fund type.

The Village also implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The implementation of the statement requires the Village to report other postemployment benefits liabilities, expenses and deferred outflows of resources and deferred inflows of resources on the full accrual basis.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource measurement focus of the Government-wide statements, compared with the current financial resource measurement focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Village's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of three broad categories.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Village's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The Village administration submits a tentative budget for approval by the Board of Trustees for the general fund. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund. A public hearing is held on the tentative budget by April 15. After completion of the budget hearing, the Board of Trustees may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1. All subsequent modifications of the budget must be approved by the Board of Trustees.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Over Expenditure of the General Fund Budget

The Village over expended the general fund budget by $159,827.

D. Capital Projects Fund

The capital projects fund has an unassigned fund balance deficit of $219,926. This will be funded when the Village obtains permanent financing for its current construction project.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Village's investment policies are governed by state statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC 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. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

A. Uncollateralized,
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Village's name.

The Village's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the Village's behalf at year end.

The Village did not have any investments at year-end or during the year. Consequently, the Village was not exposed to any material interest rate risk or foreign currency risk.

Investment pool:

The Village participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

Total investments of the cooperative at May 31, 2019 are $2,875,025,656, which consisted of $451,582,793 in repurchase agreements, $2,185,579,227 in U.S. Treasury Securities and $237,863,636 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as cash:

Fund	Carrying Amount
General	$ 2,543,957
Capital Projects	178,380
	$ 2,722,337

The above amounts represent the fair value of the investment pool shares. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

6. DUE FROM STATE AND FEDERAL

The Village is owed $3,672,748 in Federal Emergency Management Aid for storm damages in the Capital Projects Fund.

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at May 31, 2019 consisted of:

General Fund	
Tax certiorari settlement	$ 50,000
Suffolk County sales tax	10,733
	$ 60,733

8. CAPITAL ASSETS

Capital asset balances and activity, for the Village, for the year ended May 31, 2019 were as follows:

	Balance May 31, 2017	Additions	Reductions	Balance May 31, 2018
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,608,064	$	$	$ 1,608,064
Construction in progress	116,072	2,755,183	(116,072)	2,755,183
Total capital assets not being depreciated	1,724,136	2,755,183	(116,072)	4,363,247
Capital assets being depreciated				
Buildings	6,354,212	2,604,982		8,959,194
Improvements Other Than Buildings	1,085,983			1,085,983
Machinery and Equipment	1,372,997	139,014		1,512,011
Infrastructure	18,188,435			18,188,435
Total capital assets being depreciated	27,001,627	2,743,996	-	29,745,623
Less accumulated depreciation for:				
Buildings	1,237,715	148,325		1,386,040
Improvements Other Than Buildings	486,389	71,140		557,529
Machinery and Equipment	1,103,127	45,618		1,148,745
Infrastructure	2,423,807	453,584		2,877,391
Total accumulated depreciation	5,251,038	718,667		5,969,705
Total capital assets, being depreciated, net	21,750,589	2,025,329	-	23,775,918
Capital assets, net	$ 23,474,725	$ 4,780,512	$ (116,072)	$ 28,139,165

The total depreciation expense recorded in the government-wide statements is $718,667.

9. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2019, are as follows:

	Interfund			
	Receivable	Payable	Transfer In	Transfer Out
General Fund	$ 509,711	$	$	$ 73,513
Capital Projects Fund		504,126	73,513	
Total Governmental Funds	509,711	504,126	$ 73,513	$ 73,513
Fiduciary Fund		5,585		
Total	$ 509,711	$ 509,711		

The transfer to the capital projects fund was to close out capital projects that were completed and had a deficit balance.

10. SHORT-TERM DEBT

Short-term debt transactions for the year are summarized below:

	Maturity	Interest Rate	Balance May 31,2018	Issued	Redeemed	Balance May 31, 2019
BAN	2/19/2020	3.00%	$	$ 3,100,000	$	$ 3,100,000

Interest accrued on short-term debt for the year was $25,989.

11. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension costs, for the year are summarized below:

	Balance May 31, 2018	Additions	Reductions	Balance May 31, 2019	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 7,580,000	$ 1,400,000	$ (690,000)	$ 8,290,000	$ 500,000

The general fund has typically been used to liquidate other long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2018
Refunding Serial Bonds	10/14/2014	6/15/2025	2.00 - 3.00%	$ 1,165,000
Serial Bonds	10/20/2016	6/15/2036	2.00 - 2.30%	5,725,000
Serial Bonds	2/19/2019	12/15/2039	3.00 - 3.30%	1,400,000
				$ 8,290,000

The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ending May 31,	Principal	Interest	Total
2020	$ 500,000	$ 180,839	$ 680,839
2021	495,000	176,935	671,935
2022	505,000	164,785	669,785
2023	505,000	152,460	657,460
2024	510,000	140,110	650,110
2025 -2029	2,165,000	533,275	2,698,275
2030 -2034	2,060,000	312,437	2,372,437
2035 -2039	1,550,000	81,155	1,631,155
Total	$ 8,290,000	$ 1,741,996	$ 10,031,996

C. Interest Expense

Interest on long-term debt for the year was composed of:

Interest paid	$ 158,693
Less interest accrued in the prior year	(76,670)
Plus interest accrued in the current year	89,293
Total interest expense on long-term debt	$ 171,316

12. PENSION PLANS - NEW YORK STATE

A. General Information

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, public employee retirement system. The system provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The Village paid 100% of the required contributions as billed by the ERS for the current year. The Village's average contribution rate was 13.9% of covered payroll for fiscal year ended March 31, 2019.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2019 was $129,239.

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2019, the Village reported the following liability for its proportionate share of the net pension liability for the ERS. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Village.

Measurement date	March 31, 2019
Village's proportionate share of the net pension liability	$ (172,400)
Village's portion of the Plan's total net pension liability	0.0024332%
Change in proportion since the prior measurement date	(0.0002896)

For the year ended May 31, 2019, the Village recognized pension expense of $142,441. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,949	$ 11,573
Changes of assumptions	43,334	
Net difference between projected and actual earnings on pension plan investments		44,247
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	64,092	15,795
Village's contributions subsequent to the measurement date	20,974	
Total	$ 162,349	$ 71,615

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending May 31,	
2020	$ 57,992
2021	(20,165)
2022	5,936
2023	25,997
	$ 69,760

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Inflation	2.50%
Salary increases	4.20%
Investment rate of return (net of investment expense, including inflation)	7.00%
Cost of living adjustments	1.30%

Annuitant mortality rates are based on system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2019
Asset type		
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Real estate	10.0%	5.55%
Private equities	10.0%	7.50%
Alternatives investments	8.0%	3.75-5.68%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	(0.25)%
Inflation indexed bonds	4.0%	1.25%
	100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5%.

Discount Rate

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

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

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

ERS	1% Decrease 6.00 %	Current Assumption 7.00 %	1% Increase 8.00 %
Village's proportionate share of the net pension asset (liability)	$ (753,761)	$ (172,400)	$ 315,984

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the measurement date, were as follows:

	(Dollars in Thousands)
Measurement date	March 31, 2019
Employers' total pension liability	$ (189,803,429)
Plan fiduciary net position	182,718,124
Employers' net pension liability	$ (7,085,305)
Ratio of plan fiduciary net position to the employers' total pension liability	96.27%

Payables to the Pension Plan

Employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2019, represent the projected employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2019 amounted to $20,974 of employer contributions. Employee contributions are remitted monthly.

13. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The Village's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the Village. The plan is a single-employer defined benefit OPEB plan administered by the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The Village provides healthcare benefits for retirees and their dependents. The benefit terms are in accordance with the Village's employment policy. The policy is on file at the Village offices and is available upon request.

Employees Covered by Benefit Terms – At May 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	8
	13

B. Total OPEB Liability

The Village's total OPEB liability of $2,513,040 was measured as of May 31, 2019, and was determined by an actuarial valuation as of June 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%	
Salary increases	3.50%	
Discount rate	3.05%	
Healthcare cost trend rates	7.10%	for 2019, decreasing to an ultimate rate of 4.50% by 2029
Retirees' share of benefit-related costs	0.00%	Individual hired prior to May 1, 2011
	25.00%	Individual hired after May 1, 2011
	25.00%	Dependents

The discount rate was based on the S&P Municipal Bond 20 Year High-Grade Rate Index.

Mortality rates were based on RP-2014 Combined Annuitant Mortality Table, as appropriate, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at May 31, 2018	$ 2,580,815
Changes for the year	
Service cost	91,903
Interest	83,705
Changes of benefit terms	(50,760)
Differences between expected and actual experience	(39,434)
Changes in assumptions or other inputs	(60,586)
Benefit payments	(42,070)
Other changes	(50,533)
	(67,775)
Balance at May 31, 2019	$ 2,513,040

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.05%) or 1 percentage point higher (4.05%) than the current discount rate:

OPEB	1% Decrease (2.05)%	Discount Rate (3.05)%	1% Increase (4.05)%
Total OPEB liability	$ (2,924,640)	$ (2,513,040)	$ (2,178,616)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.10%) or 1 percentage point higher (8.10%) than the current healthcare cost trend rate:

OPEB	1% Decrease (6.10% decreasing to 3.10%)	Discount Rate (7.10% decreasing to 4.10%)	1% Increase (8.10% decreasing to 5.10%)
Total OPEB liability	$ (2,137,222)	$ (2,513,040)	$ (2,985,200)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2019, the Village recognized OPEB expense of $100,587. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 33,079
Changes of assumptions	69,178	162,391
Total	$ 69,178	$ 195,470

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending May 31,	Amount
2020	$ (24,262)
2021	(24,262)
2022	(24,262)
2023	(24,262)
2023	(24,262)
Thereafter	(4,982)
	$ (126,292)

14. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

15. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $113,579 has been appropriated to reduce taxes for the year ending May 31, 2020.

16. RESTATEMENT OF NET POSITION

For the year ended May 31, 2019 the Village implemented GASB Statement No. 34 and GASB Statement No. 75. Accounting changes adopted to conform to the provisions of these statements are to be applied retroactively and reported as a restatement of beginning balance. Accordingly, the Village's net position in the government-wide Statement of Net Position was restated as follows:

Balance beginning of year, as originally stated	$ 30,712,023
The following adjustments were necessary to determine the beginning balances at May 31, 2018:	
Accumulated depreciation for government type capital assets	(5,251,038)
Long-term outstanding obligation items	(8,738,068)
Accrued interest on long-term obligations	(76,670)
GASB 68 NYSERS balances	19,687
GASB 75 implementation	(1,510,625)
Balance beginning of year, as restated	$ 15,155,309

17. COMMITMENTS AND CONTINGENCIES

A. Grants

The Village has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Village's administration believes disallowances, if any, would be immaterial.

B. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2019, which could affect future operating budgets of the Village.

C. Litigation

The Village is not aware of any material pending or threatened litigation claims against the Village. The Village is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

18. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real Property Taxes	$ 2,263,360	$ 2,263,360	$ 2,260,228	$ (3,132)
Real Property Tax Items				
Interest & penalties on real property taxes	7,500	7,500	9,330	1,830
Non-Property Taxes				
Utilities gross receipts tax	5,000	5,000	3,979	(1,021)
Franchises	264,329	264,329	260,756	(3,573)
Total Non-Property Taxes	269,329	269,329	264,735	(4,594)
Departmental Income				
Zoning fees	6,000	6,000	3,904	(2,096)
Safety inspection fees	52,500	52,500	75,510	23,010
Clerk fees	4,640	4,640	5,200	560
Park & recreational charges	201,063	201,063	189,209	(11,854)
Special recreational facility charges	62,220	62,220	60,714	(1,506)
Library receipts	4,500	4,500	3,927	(573)
Health	4,000	4,000	4,000	-
Water sales	214,700	214,700	225,680	10,980
Total Departmental Income	549,623	549,623	568,144	18,521
Intergovernmental Charges				
Public Safety	30,000	30,000	30,000	-
Use of Money and Property				
Interest & earnings	3,151	3,151	21,002	17,851
Rental of real property	109,444	109,444	110,194	750
Total Use of Money and Property	112,595	112,595	131,196	18,601
Licenses and Permits	42,500	42,500	34,820	(7,680)
Fines and Forfeited Bail	2,500	2,500	900	(1,600)
Sale of Property & Compensation for Loss				
Insurance recoveries	-	-	9,568	9,568
Sales of equipment	2,500	2,500	18,000	15,500
Total Sale of Property & Compensation for Loss	2,500	2,500	27,568	25,068
Miscellaneous				
Other miscellaneous	3,000	3,000	98,720	95,720
Gifts & donations	24,500	24,500	22,000	(2,500)
Total Miscellaneous	27,500	27,500	120,720	93,220

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
State Aid				
Revenue sharing	$ 2,826	$ 2,826	$ 2,726	$ (100)
Mortgage tax	49,000	49,000	53,099	4,099
Other general governmental aid	1,977	1,977	-	(1,977)
Youth programs	1,100	1,100	-	(1,100)
Total State Aid	54,903	54,903	55,825	922
Total Revenues	3,362,310	3,362,310	3,503,466	$ 141,156
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	233,064	233,064		
Total Revenues and Appropriated Fund Balance	$ 3,595,374	$ 3,595,374		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
EXPENDITURES				
General Government Support				
Legislative Board				
Contractual	$ 5,050	$ 5,050	$ 6,125	$ (1,075)
Village Justice Court				
Personal services	2,100	2,100	2,214	(114)
Contractual	250	250	1,614	(1,364)
Auditor				
Contractual	31,000	31,000	27,250	3,750
Fiscal Agent Fees				
Contractual	-	-	19,500	(19,500)
Clerk and Staff				
Personal services	352,500	352,500	366,612	(14,112)
Equipment	1,850	1,850	1,850	-
Contractual	47,930	47,930	52,739	(4,809)
Law				
Contractual	57,250	57,250	119,157	(61,907)
Election				
Contractual	1,200	1,200	1,160	40
Buildings - Village Hall				
Personal services	164,265	164,265	167,610	(3,345)
Equipment	23,300	23,300	20,806	2,494
Contractual	177,040	177,040	189,951	(12,911)
Unallocated Insurance				
Contractual services	118,598	118,598	139,327	(20,729)
Refund of taxes				
Contractual services	69,207	69,207	67,702	1,505
Total General Government Support	1,051,540	1,051,540	1,183,617	(132,077)
Public Safety				
Police				
Personal services	180,688	180,688	188,441	(7,753)
Equipment	500	500	510	(10)
Contractual	15,100	15,100	15,240	(140)
Fire Department				
Personal services	18,428	18,428	17,161	1,267
Equipment	37,475	37,475	23,896	13,579
Contractual	58,150	58,150	78,964	(20,814)
Total Public Safety	310,341	310,341	324,212	(13,871)
Health				
Public Health				
Personal services	12,500	12,500	7,575	4,925
Contractual	23,000	23,000	19,608	3,392
Total Health	35,500	35,500	27,183	8,317
Transportation				
Sidewalks				
Personal services	33,652	33,652	26,679	6,973
Equipment	3,500	3,500	7,920	(4,420)
Contractual	13,200	13,200	-	13,200
Off-Street Parking				
Contractual	12,168	12,168	10,382	1,786
Total Transportation	62,520	62,520	44,981	17,539

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
EXPENDITURES				
Culture & Recreation				
Playground				
Personal services	78,316	78,316	66,270	12,046
Contractual	9,000	9,000	9,248	(248)
Special Recreation				
Personal services	203,739	203,739	198,720	5,019
Equipment	6,500	6,500	5,421	1,079
Contractual	33,926	33,926	50,507	(16,581)
Youth				
Personal services	123,000	123,000	135,361	(12,361)
Equipment	2,500	2,500	3,639	(1,139)
Contractual	66,250	66,250	63,760	2,490
Culture				
Personal services	12,500	12,500	12,079	421
Equipment	1,600	1,600	-	1,600
Contractual	4,200	4,200	4,561	(361)
Other Culture And Recreation				
Personal services	2,775	2,775	3,079	(304)
Equipment	1,375	1,375	-	1,375
Contractual	9,250	9,250	14,962	(5,712)
Total Culture & Recreation	554,931	554,931	567,607	(12,676)
Home & Community				
Refuse				
Personal services	27,463	27,463	29,892	(2,429)
Equipment	2,000	2,000	-	2,000
Contractual	91,250	91,250	85,238	6,012
Water transportation and distribution				
Personal services	106,500	106,500	105,463	1,037
Equipment	7,750	7,750	1,991	5,759
Contractual	47,850	47,850	35,260	12,590
Total Home & Community	282,813	282,813	257,844	24,969
Employee Benefits				
State employee retirement	120,000	120,000	129,239	(9,239)
Social security & Medicare	100,529	100,529	94,235	6,294
Workers' compensation	35,000	35,000	37,495	(2,495)
Disability insurance	2,000	2,000	1,423	577
Unemployment insurance	9,622	9,622	4,602	5,020
MTA tax	4,483	4,483	2,059	2,424
Hospital & medical insurance	175,204	175,204	158,498	16,706
Total Employee Benefits	446,838	446,838	427,551	19,287
Debt Service				
Principal	690,000	690,000	690,000	-
Interest	160,891	160,891	158,693	2,198
Total Debt Service	850,891	850,891	848,693	2,198
Total Expenditures	3,595,374	3,595,374	3,681,688	(86,314)
OTHER USES				
Operating Transfers Out	-	-	73,513	(73,513)
Total Expenditures and Other Uses	$ 3,595,374	$ 3,595,374	3,755,201	$ (159,827)
Net Change in Fund Balance			(251,735)	
Fund Balance - Beginning of Year			3,459,768	
Fund Balance - End of Year			$ 3,208,033	

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of the Village's Proportionate Share of the Net Pension Asset/(Liability)
Last Two Fiscal Years

Employees' Retirement System

	2019	2018
Village's proportion of the net pension asset	0.0024332%	0.0027228%
Village's proportionate share of the net pension asset	$ 172,400	$ 87,878
Village's covered payroll	$ 911,247	$ 909,804
Village's proportionate share of the net pension asset as a percentage of its covered payroll	18.92 %	9.66 %
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Village Pension Contributions
Last Fiscal Year

Employees' Retirement System

	2019
Contractually required contribution	$ 129,239
Contributions in relation to the contractually required contribution	129,239
Contribution deficiency (excess)	$ -
Village's covered payroll	$ 917,996
Contributions as a percentage of covered payroll	14%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios
Last Fiscal Year

	2019
Total OPEB liability	
Service cost	$ 91,903
Interest	83,705
Changes in benefit terms	(50,760)
Differences between expected and actual experience	(39,434)
Changes of assumptions or other inputs	(60,586)
Benefit payments	(42,070)
Other changes	(50,533)
Net change in total OPEB liability	(67,775)
Total OPEB liability, beginning	2,580,815
Total OPEB liability, ending	$ 2,513,040
Covered employee payroll	$ 649,500
Total OPEB liability as a percentage of covered employee payroll	386.92%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

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

To the Board of Trustees
Incorporated Village of Saltaire
Saltaire, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Saltaire (Village), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Trustees and management of the Incorporated Village of Saltaire in a separate letter dated November 13, 2019.

Purpose of this Report

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

Cullen & Danowski, LLP

November 13, 2019