PRELIMINARY OFFICIAL STATEMENT DATED JULY 13, 2017

NEW ISSUE – SERIAL BONDS **RATING: S&P GLOBAL RATINGS:**

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

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

$7,797,000*

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

PUBLIC IMPROVEMENT SERIAL BONDS – 2017
[BOOK-ENTRY-ONLY BONDS]

Dated: August 10, 2017

Principal Due: August 1, 2018-2036, inclusive
Interest Due: August 1, 2018, and semiannually thereafter on February 1 and August 1 in each year to maturity

SEE BOND MATURITY SCHEDULE HEREIN

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

Prior Redemption: The Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Village, as a whole or in part, on any date on or after August 1, 2025. (See "*Optional Redemption*" under "*THE BONDS*," herein.)

Form and Denomination: The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See "*Book-entry-only System*" under "THE BONDS," herein.)

Payment: Payment of the principal of and interest on the Bonds will be made by the Village to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. (See "*Book-entry-only System*" under "THE BONDS," herein.)

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on July 27, 2017, in accordance with the Notice of Sale dated July 13, 2017.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Village, and certain other conditions. It is expected that delivery of the Bonds will be made through the facilities of DTC in Jersey City, New Jersey, or as otherwise agreed to by the Village and the Purchaser on or about August 10, 2017 in New York, New York.

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

*Preliminary, subject to change.

VILLAGE OF LINDENHURST
SUFFOLK COUNTY, NEW YORK

$7,797,000* PUBLIC IMPROVEMENT SERIAL BONDS - 2017

BOND MATURITY SCHEDULE

Dated: August 10, 2017

Principal Due: August 1, 2018-2036, inclusive
Interest Due: August 1, 2018, and semiannually thereafter on February 1 and August 1 in each year to maturity

Year	Amount**	Rate	Yield or Price	CUSIP #
2018	$ 302,000			
2019	410,000			
2020	415,000			
2021	365,000			
2022	375,000			
2023	375,000			
2024	385,000			
2025	395,000			
2026	405,000***			
2027	420,000***			
2028	430,000***			
2029	440,000***			
2030	450,000***			
2031	465,000***			
2032	475,000***			
2033	400,000***			
2034	415,000***			
2035	430,000***			
2036	445,000***			

*Preliminary, subject to change.
**Amounts are subject to adjustment by the Village following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds.
***Subject to redemption prior to maturity.

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VILLAGE OF LINDENHURST
SUFFOLK COUNTY, NEW YORK

430 South Wellwood Avenue
Lindenhurst, New York 11757
Telephone: 631/957-7500
Fax: 631/957-4605

BOARD OF TRUSTEES

Michael Lavorata, Mayor

Darrel J. Kost
Joan M. Masterson
Richard Renna
Maryann Weckerle

Douglas Madlon, Village Administrator/Clerk
Louise Schrader, Treasurer

Village Counsel

Glass & Glass

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Village from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

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OFFICIAL STATEMENT

$7,797,000

VILLAGE OF LINDENHURST
SUFFOLK COUNTY, NEW YORK

PUBLIC IMPROVEMENT SERIAL BONDS – 2017

This Official Statement and the appendices hereto present certain information relating to the Village of Lindenhurst, in the County of Suffolk, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of $7,797,000 Public Improvement Serial Bonds – 2017 (the "Bonds") of the Village.

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

THE BONDS

Description of the Bonds

The Bonds will be dated August 10, 2017, and will mature on August 1, in each of the years 2018 to 2036, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on August 1, 2018, and semi-annually thereafter on February 1 and August 1 in each year to maturity.

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

The Village Treasurer will act as Paying Agent for the Bonds. The Village's contact information is as follows: Louise Schrader, Village Treasurer, Village of Lindenhurst, 430 South Wellwood Avenue, Lindenhurst, NY 11757, Phone (631) 957-7500, Fax (631) 957-4605 and email: lschrader@villageoflindenhurstny.gov.

Optional Redemption

The Bonds maturing on or before August 1, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on August 1, 2026 and thereafter will be subject to redemption prior to maturity, at the option of the Village, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after August 1, 2025, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of adoption.

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

Book-entry-only System

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

DTC is limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also 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 at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

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

Certificated Bonds

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

Authorization and Purpose

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

Date of Authorization	Purpose	Amount Outstanding	Amount to be Paid	Amount to be Issued
06/04/13	Firehouse Demolition and Reconstruction	$ 5,318,000	$ 200,000	$ 5,118,000
06/04/13	Relocation of Old Village Hall	143,000	143,000	-
06/04/13	Land Acquisition for Old Village Hall	354,000	105,000	249,000
06/16/15	Fire District Projects	240,000	60,000	180,000
06/20/17	Land Acquisition	-	-	900,000
06/20/17	Road Reconstruction	-	-	250,000
06/20/17	Curb Improvements	-	-	100,000
06/20/17	Acquisition of Fire Trucks	-	-	1,000,000
		$ 6,055,000	$ 508,000	$ 7,797,000

For further information regarding bond authorizations of the Village for capital purposes and other matters relating thereto see "*Indebtedness of the Village*" herein.

Nature of Obligation

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by 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 Bonds, and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate therefor. However, the Tax Levy Limit Law, imposes a limitation upon the Village's power to increase its annual tax levy. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See *"Tax Levy Limit Law,"* herein).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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

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

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

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

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

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

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

REMEDIES UPON DEFAULT

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

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

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank* v. *Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Village, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank* v. *Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

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

service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE VILLAGE

Description

The Village is situated in the southwestern portion of Suffolk County, approximately 35 miles east of New York City. It encompasses about 4.0 square miles and has a current estimated population of 27,074, which makes it the largest village in the County and the fourth largest village in the State. The Village extends from Sunrise Highway on the north to the Great South Bay on the south and is bounded by the unincorporated area of West Babylon to the east and Copiague to the west.

The character of the Village is primarily suburban-residential, with some commercial and industrial activity. The majority of the homes in the Village are single-family residences; there are also some apartment complexes and multi-family homes. Commercial activity is concentrated in shopping centers located on Wellwood Avenue between Sunrise Highway and Montauk Highway and several other commercial zoned areas. It is estimated that there are over fifteen manufacturing firms located in the Village, each of which employs more than 20 people.

Transportation is provided to and from the Village by the Metropolitan Suburban Bus Authority and a network of highways and local roads. The Village is near to the Southern State Parkway and the Bethpage State Parkway in addition to Sunrise Highway and Montauk Highway. Rail passenger service is provided by the Long Island Railroad. Major airline service is provided at John F. Kennedy International Airport, LaGuardia Airport and L.I.-MacArthur Airport.

Electricity is supplied by PSEG Long Island and natural gas is supplied by National Grid. The Village's water supply and distribution system is administered by the Suffolk County Water Authority. The County also provides sanitary sewer services through its Southwest Sewer District. Police and fire protection are provided by the Suffolk County Police Department and the Lindenhurst Fire Department, respectively. Public education is provided by the Lindenhurst Union Free School District.

Governmental Organization

Subject to the provisions of the State Constitution, the Village operates pursuant to the Village Law, the Local Finance Law, other laws generally applicable to the Village, and any special laws applicable to the Village.

The legislative power of the Village is vested in the Board of Trustees of the Village (the "Board"). There are five members of the Board (the Mayor and four Trustees), each of whom is elected at-large for a term of four years. These officials may succeed themselves.

The executive responsibility for the Village is vested in the Mayor. Subject to Board approval, the Mayor appoints the Village Administrator/Clerk, Village Counsel, and other administrative personnel.

The Village Administrator/Clerk is appointed by the Mayor, subject to the approval of the Board, to a four-year term and is the chief fiscal officer of the Village. The Village Administrator/Clerk carries out the policies of the Mayor and the Board, and supervises all Village departments and agencies. The Administrator/Clerk has custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Board and keeps the records of their proceedings. The Administrator/Clerk is responsible for maintaining the Village code of laws and ordinances as it relates to the codes for building, plumbing, electric, zoning, vehicle and traffic regulations, and general ordinances. In addition, the Village Administrator/Clerk issues various licenses and permits. The Village Treasurer is also appointed to a four year term. Duties and responsibilities of the position include: collection of taxes, maintenance of the Village's accounting systems and records, which includes the responsibility to prepare and file an annual report with the State Comptroller, custody and investment of Village funds, and debt management.

Employees

The Village provides services through approximately 70 full-time and some part-time employees. The Civil Service Employees Association, Inc. represents 59 employees under a contract which expired February 28, 2017 and is currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

Year	Village of Lindenhurst	Town of Babylon	Suffolk County
1990	26,879	202,780	1,292,665
2000	27,819	211,792	1,419,369
2010	27,253	213,603	1,493,350
2016	27,074	212,137	1,492,583

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	1990	2000	2010	2015[a]
Village of Lindenhurst	$16,116	$22,150	$32,401	$33,359
Town of Babylon	16,726	22,844	30,647	31,794
County of Suffolk	18,481	26,577	35,411	37,634
State of New York	16,501	23,389	30,791	33,236

	Median Household Income			
	1990	2000	2010	2015[a]
Village of Lindenhurst	$46,615	$61,667	$83,964	$83,532
Town of Babylon	47,074	60,064	78,805	80,327
County of Suffolk	49,128	65,288	84,235	88,663
State of New York	32,965	43,393	55,217	59,269

Source: United States Bureau of the Census
a. Based on American Community Survey 5-Year Estimates (2011-2015)

Selected Listing of Major Employers

Name	Type	Approx. No. of Members
Lindenhurst Union Free School District	Education	1,400
Waldbaums Supermarket	Commercial	150
Russell Plastics Technology, Inc.	Plastic Products	100
Village of Lindenhurst	Government	70
Lakeville Industries	Kitchen Cabinets	70
Keith Machinery Corp.	Industrial Machinery	50
Marksmen Manufacturing	Screw Machine Parts	50
Autodyne Manufacturing	Electronic Communications	25

Unemployment Rate Statistics

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

Annual Averages:	Town of Babylon	Suffolk County	New York State
2012	8.6%	7.8%	8.6%
2013	7.2	6.5	7.7
2014	5.7	5.3	6.4
2015	5.1	4.8	5.6
2016	4.6	4.3	4.9
2017 (3 months)	4.5	4.4	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within three fiscal years, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average maturity of the several objects or purposes contracted therefor; 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 and bond anticipation notes.

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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 July 13, 2017)

FYE Feb 28:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2014	$40,999,210	1.61	$2,546,534,783
2015	40,662,209	1.73	2,350,416,705
2016	40,882,668	1.75	2,336,152,457
2017	40,943,924	1.69	2,422,717,396
2018	41,125,263	1.66	2,477,425,482

Total Five Year Full Valuation	$12,133,246,823
Average Five Year Full Valuation	2,426,649,365
Debt Limit - 7% of Average Full Valuation	169,865,456
Inclusions:	
General Purpose Bonds	2,405,000
Bond Anticipation Notes	6,580,000
Total Inclusions	8,985,000
Exclusions:	
Bond Appropriations	750,000
Note Appropriations	508,000
Total Exclusions	1,258,000
Total Net Indebtedness Before Issuing The Bonds	7,727,000
The Bonds	7,797,000
Less: BANs to be Redeemed By The Bonds	5,547,000
Net Effect of Issuing The Bonds	2,250,000
Total Net Indebtedness After Issuing the Bonds	9,977,000
Net Debt Contracting Margin	$159,888,456
Percent of Debt Contracting Margin Exhausted (%)	5.87

Short-Term Debt Outstanding

Maturity Date	Purpose	Amount
08/11/17	Bond Anticipation Notes for Public Improvements	$6,055,000[a]
01/18/18	Bond Anticipation Notes for Public Improvements	525,000
	Total	$6,580,000

a. Such amount to be redeemed by the Bonds in the amount of $5,547,000 and available funds in the amount of $508,000.

Debt Service Requirements - Outstanding Bonds

FYE Feb 28:	Principal	Interest	Total
2018	$750,000	$71,437	$821,437
2019	440,000	54,987	494,987
2020	455,000	41,088	496,088
2021	375,000	27,687	402,687
2022	385,000	14,300	399,300
	$2,405,000	$209,499	$2,614,499

Authorized But Unissued Indebtedness

As of the date of this Official Statement, the Village has $2,250,000 authorized but unissued debt for various public improvements in the Village. Such amount will be financed by the issuance of the Bonds.

Capital Project Plans

The Village is generally responsible for providing services to its residents on a Village-wide basis, which requires capital improvements from time to time. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and equipment. Additionally, although not a capital expense, such road system requires annual expenditures from snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. In general, needs for capital funding for the above described projects for which the Village has responsibility are anticipated to continue and to be in approximately the same amounts as have prevailed in the past. The Village also owns and operates a fire department and the reconstruction and renovation of the main firehouse will be financed by the issuance of the Bonds.

Trend of Village Indebtedness

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

	Fiscal Year Ending February 28:				
	2013	2014	2015	2016	2017
Bonds	$5,235,000	$4,555,000	$3,855,000	$3,140,000	$2,405,000
BAN's	1,000,000	6,530,000	7,230,000	7,220,000	6,580,000
Other Debt	1,500,000	0	0	0	0
Total Debt Outstanding	$7,735,000	$11,085,000	$11,085,000	$10,360,000	$8,985,000

Source: Audited Financial Statements of the Village.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	12/5/2016	0.73	$13,030,909	$10,580,906
Town of Babylon	6/1/2015	11.17	14,652,061	12,278,074
Lindenhurst UFSD	9/15/2016	80.18	16,593,251	5,309,840
Totals			$44,276,221	$28,168,820

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 July 13, 2017)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$ 8,985,000	$ 332	0.363
Net Direct Debt	7,727,000	285	0.312
Total Direct & Applicable Total Overlapping Debt	53,261,221	1,967	2.150
Net Direct & Applicable Net Overlapping Debt	35,895,820	1,326	1.449

a. Exclusive of the Bonds.
b. The current population of the Village is 27,074.
c. The full valuation of taxable real property in the Village is $2,477,425,482.

FINANCES OF THE VILLAGE

Independent Audit

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an audit report is available is the fiscal year ending February 28, 2017. As required by law, the Village also prepares an Annual Financial Report Update Document ("AUD" – unaudited and not prepared in accordance with Generally Accepted Accounting Principles) for submission to the office of the State Comptroller. A copy of the audited financial statements for the fiscal year ended February 28, 2017 is attached as Appendix B. A summary of operating results for the past five fiscal years are presented in Appendix A.

Fund Structure and Accounts

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

There are 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 presently maintains the following governmental funds: General Fund, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

Expenditures are generally recognized under the modified accrual basis of accounting, that is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the General Long-Term Debt Account Group and recognized as an expenditure when due, and, (2) unmatured interest on general long-term debt which is recognized when due.

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 of Trustees of the Village 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.

Budgetary Procedures

The Village Clerk-Treasurer is responsible for the preparation and submission of the tentative annual budget to the Board no later than January 1. The Village Board reviews the tentative budget and prepares a preliminary budget and a public hearing is held thereon no later than January 15. Subsequent to the public hearing, revisions (if any) are made. The budget is then adopted by the Village Board by February 1 as final for the year beginning March 1. The budget is not subject to referendum. Municipal law provides that no expenditures may exceed budgeted appropriations. Any revisions to the annual budget proposed to accommodate changes in departments or other programs must be adopted by resolution of the Village Board. The annual budget is subject to the provisions of the Tax Levy Limit Law. (See *"Tax Levy Limit Law"* herein).

Financial Operations

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

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

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a March 1 - February 28 fiscal year for operating and reporting purposes.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village, non-property taxes, departmental income and State aid. According to the audited financial statements for the fiscal year ending February 28, 2017, non-property taxes were $901,908, most of which was attributed to the Utility Receipts Tax. Departmental Income was $2,552,139, of which approximately 75% of such amount was for fees collected for sanitation services. A summary of such revenues for the five most recently completed fiscal years and budgeted revenues for the current fiscal year may be found in Appendix A.

Real Property Taxes

See "*Tax Information*", herein.

See also "*Tax Levy Limit Law*" 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 results of the Village, the Village received approximately 6.82% of its General Fund revenue from State aid in the fiscal year ending February 28, 2017. The Village expects to receive approximately 4.16% of its General Fund revenue from State aid in 2018. 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 certain 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 2013 through 2017 and, as budgeted, for the fiscal year ending 2018.

Year Ended February 28:	Village General Fund Town Revenues	State Aid	State Aid To Revenues (%)
2013	$13,175,116	$ 832,481	6.32
2014	12,330,637	830,532	6.74
2015	13,638,164	834,546	6.12
2016	12,335,383	1,141,379	9.25
2017	12,873,870	878,512	6.82
2018 (Budgeted)	13,115,205	546,200	4.16

Source: Audited financial statements (2013-20176), and the adopted budgets for the fiscal years ended February 28, 2017 and 2018.

Expenditures

The major categories of expenditure for the Village are General Government Support, Public Safety, Transportation, 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.

2013-14 Results of Operations

For the fiscal year ended February 28, 2014, the audited financial statements show the total revenues, including transfers, in the General Fund were $12,331,067 and the total expenditures, including transfers, were $12,768,118, resulting in an operating deficit of $437,051. The total overall fund balance in the General Fund decreased (after adjustments) from $2,599,183 to $2,162,132.

2014-15 Results of Operations

For the fiscal year ended February 28, 2015, the audited financial statements show the total revenues, including transfers, in the General Fund were $13,638,164 and the total expenditures, including transfers, were $12,154,152, resulting in an operating surplus of $1,484,012. The total overall fund balance in the General Fund increased (after adjustments) from $2,162,132 to $3,646,144.

2015-16 Results of Operations

For the fiscal year ended February 29, 2016, the audited financial statements show the total revenues, including transfers, in the General Fund were $12,335,383 and the total expenditures, including transfers, were $11,683,167, resulting in an operating surplus of $652,216. The total overall fund balance in the General Fund increased from $3,646,144 to $4,298,360.

2016-17 Results of Operations

For the fiscal year ended February 28, 2017, the audited financial statements show the total revenues, including transfers, in the General Fund were $12,873,870 and the total expenditures, including transfers, were $12,748,915, resulting in an operating surplus of $124,955. The total overall fund balance in the General Fund increased from $4,298,360 to $4,423,315.

2017-18 Budget

The budget for the fiscal year ending February 28, 2018 was adopted in January, 2017 and a summary of such budget is presented in Appendix A. Such budget includes a tax rate increase of approximately 1.6% with appropriations increasing by approximately $530,000. The Village appropriated fund balance in the amount of $143,000 for the 2017-2018 year.

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: 5.0%). 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 most recent audit performed was released on December 16, 2016. The purpose of such audit was to examine the Village's claims processing procedures for the period March 1, 2015 through May 31, 2016. The complete report together with the Village's response may be found on the OSC's official website. Reference to this website implies no warranty of accuracy of information therein.

Employee Pension System

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 are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. 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 Systems, 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 on or after

January 1, 2010 through March 31, 2012. Tier 5 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 on or 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 in the recent past, in certain years the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State's Retirement System in future years may remain 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.

Chapter 105 of the Laws of 2010 is a retirement incentive program provided for certain Retirement System members by offering additional service credit for employer-identified eligible titles or Tier 2, 3, and 4 members whose positions are not critical to the maintenance of public health and safety, and who are a least 55 and have 25 years of more of service credit to retire without a benefit reduction. As a result of participating in the retirement incentive, Chapter 105 allows participating employers, at the State Comptroller's discretion, to amortize over a 5-year period the eligible portion directly with the Retirement System. The amount amortized if any, will carry a fixed rate of interest of 7.5%. The Village elected to amortize its eligible portion of the retirement incentive, and such amount due to the Retirement System has been paid off on February 28, 2015.

The following table sets forth the required contributions for the five most recently completed fiscal years and the 2018 budget:

Required Contributions to the Retirement Systems

Fiscal Year Ending February 28:	Amount of Contribution
2013	$524,709
2014	634,352
2015	636,874
2016	619,000
2017	490,691
2018 (Budgeted)	525,000

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 it accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) described below requires such accounting.

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

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

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

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

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 Villages net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ended Feb 28, 2017:
Annual required contribution (ARC)	$ 569,330
Interest on net OPEB obligation	52,118
Less: Adjustments to ARC	(80,451)
Annual OPEB cost (expense)	540,997
Less: Contributions made	(206,262)
Increase in net OPEB obligation	334,735
Net OPEB obligation-beginning of year	2,605,897
Net OPEB obligation-end of year	$2,940,632

Should the Village be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Village's finances and could force the Village to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Village to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Village has decided to continue funding the expenditure on a pay-as-you-go basis.

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

Firefighter's Length of Service Award Program and Funding Requirements

The Village administers a Firefighters Service Award Program pursuant to Article 11-A of the General Municipal Law, as established by Village Board Resolution dated September 17, 1991. The Village collects from residents of the Fire Protection District, as part of the Village tax bill, the appropriate revenue annually to fund said program. The program is a length of service award program (a defined benefit plan) (the "Plan") for the volunteer fire fighters. Retirement benefits are to be paid to eligible volunteer firefighters at a rate of $20 per month for each qualified year of active firefighting service, not to exceed 20 years. Participants are vested in the Plan upon completion of five years of service, or attainment of age 65, whichever occurs first. Benefit payments commence when the eligible volunteer firefighter reaches age 65 and completes one year of active plan participation. The Plan also provides for death and disability benefits. Contributions to the Plan are determined on an actuarial basis. This amount is intended to provide full funding upon retirement.

The Village has retained an actuary to determine the amount of the Village's contributions to the plan. As of December 31, 2016, the actuarial present value of benefits was $9.4 million and the total assets available for benefits was $4.3 million, resulting in a funded ratio of approximately 45.85%. The amount of the Village's contribution recommended by the actuary based on the December 31, 2016 report was a minimum of $631,312 and a maximum of $836,222. The lower figure is based on a 22-year amortization of the remaining unfunded liability. The higher figure is based on a 10-year amortization of the remaining unfunded liability. The total amount of the Village's actual contribution for the fiscal year ended February 28, 2017 was $475,000. The Village is taking necessary steps to increase the annual contributions.

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 "*Constitutional 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 or 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 2013 through 2017, and, as budgeted, for the year ending February 28, 2018.

Fiscal Year Ended February 28:	Total General Fund Village Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2013	$13,175,116	$5,754,166	43.67
2014	12,330,637	5,994,432	48.61
2015	13,638,164	6,508,482	47.72
2016	12,335,383	6,582,493	53.36
2017	12,873,870	7,215,737	56.05
2018 (Budgeted)	13,115,205	7,390,210	56.35

Source: Audited financial statements (2013-2017), and the adopted budget for fiscal year ending February 28, 2018.

Tax Collection Procedure

The real property taxes of the Village are levied by the Village and collected by the Village Treasurer. Such taxes are due and payable March 1. Penalties upon unpaid taxes are 5% per month to April, and increase at a rate of one percent for each ensuing month. Tax sales are held by the Village Treasurer in December of each year.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Village had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the Village for any fiscal year commencing after May 31, 2012, continuing through May 31, 2020 or later as provided in the Tax Levy Limit Law, without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village, without limitation as to rate or amount, is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

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

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

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

Constitutional 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 purposes. The tax limit for the Village for the 2017-2018 fiscal year (based on the 2017 assessment roll) is as follows:

Five-year Average Full Valuation	$2,466,352,115
Tax Limit - 2% thereof	49,327,042
Tax Levy for General Village Purposes	7,390,210
Less: Exclusions	0
Tax Levy Subject to Tax Limit	$7,390,210
Constitutional Tax Margin	$41,936,832

Tax Levies and Tax Rates

	Fiscal Year Ending February 28:				
	2014	2015	2016	2017	2018
Tax Levy	$5,977,445	$6,471,117	$6,618,909	$7,191,067	$7,402,545
Taxes Rate per $1,000 of Assessed Valuation	$145.80	$159.30	$161.90	$175.60	$179.70

Selected Listing of Large Taxable Properties
2016-2017 Assessment Roll

Name	Type	Assessed Valuation
Grocery LLc Hoffman Lindenhurst	Retail Food Store	$258,500
LI Property PSEG/Tax Department	Utility	257,506
Keyspan Gas East Corp.	Utility	204,064
MLO Great South Bay/C/O Janoff and Olshan	Various Properties	157,750
Chrisbar Realty Inc.	Real Estate	101,170
Plastic Technology C Russell	Manufacturer	92,125
Anthony Realty Inc.	Real Estate	88,495
LI Property PSEG/Tax Department	Utility	72,250
New York, Inc Verizon/C/O Duff & Phelps	Utility	70,180
150 N. Broadway, LLC & 80 WEP-150 LLC	Various Properties	70,000
Verizon New York Inc.	Utility	68,407
Holdings, LLC Centerport	Stores	68,040
HWY LLC 20-36 East Montauk/C/O Island Assoc.	Stores	64,920
Sunrise M.A, LLC	Apartments	63,059
Company Lakeville Realty	Real Estate	61,465
Properties Inc. Bono	Real Estate	55,130
	Total [a]	$1,753,061

a. Represents 4.26% of the most recently available Total Taxable Assessed Valuation.

Tax Certiorari Claims

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

LITIGATION

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

TAX MATTERS

Opinion of Bond Counsel

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

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

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

Disclosure Compliance History

On July 31, 2013, the Village filed a material event notice regarding the status of the ratings of the bond insurers on various bonds issued by the Village. Since the fall of 2008, there have been in excess of 25 rating actions on bond insurers reported by Moody's, Standard & Poor's and Fitch. Due to widespread knowledge of the downgrades to such bond insurers, material event notices were not filed pursuant to every rating action.

All of the outstanding bonds of the Village were issued pursuant to a "Limited Disclosure Undertaking". The 2012 Refunding Bonds of the Village were also issued with a "Limited Disclosure Undertaking". Such bonds required the Village to file its audits (or unaudited financial statements) and budgets, for each fiscal year.

The 2013 audit was filed less than 10 days late, the 2013 and 2015 unaudited financial statements were not filed as required in lieu of the audited financial statements. The audited financial statements for the fiscal years ending February 28, 2013 through and including 2016 were filed more than 30 days after they were available. The Village has filed various event notices for the failure to file such financial information in a timely manner.

BOND RATING

The Village has applied to S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, for a rating on the Bonds and such application is pending at this time. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

MUNCIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Louise Schrader, Village Treasurer, Village of Lindenhurst, 430 South Wellwood, Lindenhurst, NY 11757, Phone (631) 957-7500, Fax (631) 957-4605 and email: lschrader@villageoflindenhurstny.gov, or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: http://www.munistat.com.

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

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

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

VILLAGE OF LINDENHURST, NEW YORK

By: s/s LOUISE SCHRADER
Village Treasurer

July , 2017

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending February 28:				
	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	$ 5,754,166	$ 5,994,432	$ 6,508,482	$ 6,587,269	$ 7,215,737
Other Tax Items	32,198	60,175	55,164	50,802	63,784
Non-Property Taxes	820,929	834,603	856,691	872,452	901,908
Departmental Income	2,499,709	2,528,707	2,549,618	2,557,654	2,552,139
Intergovernmental Charges	270,095	248,227	257,125	260,918	268,150
Use of Money and Property	74,807	155,318	92,631	91,089	96,723
Licenses & Permits	227,058	277,341	367,484	347,497	366,229
Fines & Forfeitures	205,373	195,469	219,469	231,629	274,941
Sale of Property & Compensation for Loss	579,465	730,408	622,577	123,089	227,847
Miscellaneous	52,116	84,154	210,283	41,635	27,900
Federal Aid	1,826,719	391,271	1,064,094	29,970	
State Aid	832,481	830,532	834,546	1,141,379	878,512
Total Revenues	13,175,116	12,330,637	13,638,164	12,335,383	12,873,870
Expenditures:					
General Government Support	1,469,768	1,577,995	1,719,747	1,638,821	1,979,627
Public Safety	1,687,226	1,866,594	1,811,604	1,899,464	2,209,952
Health			3,900	3,575	3,900
Transportation	2,158,417	2,278,128	2,295,354	2,115,084	2,243,163
Economic Assistance and Opportunity		8,917		6,051	33,420
Culture and Recreation	1,242,101	918,421	1,444,020	887,476	834,183
Home and Community Services	2,017,993	1,341,269	731,896	822,154	771,684
Employee Benefits	2,775,650	2,918,860	3,026,674	3,085,815	3,134,102
Debt Service	959,006	1,857,934	1,111,957	1,224,727	1,538,884
Total Expenditures	12,310,161	12,768,118	12,145,152	11,683,167	12,748,915
Other Financing Sources (Uses):					
Proceeds From:					
Transfers In	850	430			
Transfers Out			(9,000)		
Total Other Financing Sources (Uses)	850	430	(9,000)	0	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	865,805	(437,051)	1,484,012	652,216	124,955
Fund Balance Beginning of Year	1,733,378	2,599,183	2,162,132	3,646,144	4,298,360
Prior Period Adjustments					
Fund Balance End of Year	$ 2,599,183	$ 2,162,132	$ 3,646,144	$ 4,298,360	$ 4,423,315

Source: Audited Annual Financial Reports of the Village (2013-2017)
NOTE: This Schedule NOT audited.

Balance Sheet-General Fund
Fiscal Year Ending February 28:

	2016	2017
Assets:		
Unrestricted Cash	$ 3,833,983	$ 3,718,669
Restriced Cash	75,000	43,660
Receivables		
Accounts	435,345	429,391
Taxes	259,956	249,225
Due From Other Funds	171,595	563,801
Due From State and Federal	71,892	13,136
Prepaids	58,931	61,270
Total Assets:	$ 4,906,702	$ 5,079,152
Liabilities:		
Accounts Payable	$ 148,321	$ 153,820
Accrued Liabilities	76,424	93,037
Other Liabilities	144,914	159,755
Deferred Revenue	238,683	249,225
Total Liabilities and Deferred Revenues	608,342	655,837
Fund Equity:		
Nonspendable	58,931	61,270
Restricted	75,000	43,660
Assigned Fund Balance	747,172	816,984
Unassigned Fund Balance	3,417,257	3,501,401
Total Fund Equity	4,298,360	4,423,315
Total Liabilities, Deferred Revenues and Fund Equity	$ 4,906,702	$ 5,079,152

Source: Audited Annual Financial Report of the Village (2016-2017)

BUDGET SUMMARIES

	2016-2017	2017-2018
Revenues:		
Real Property Taxes	$ 7,178,787	$ 7,390,210
Other Tax Items	31,155	46,635
Utility Gross Receipts Tax	925,000	925,000
Departmental Income	2,996,070	3,102,085
Use of Money and Property	82,000	84,000
Licenses & Permits	195,100	285,100
Fines & Forfeitures	285,220	226,000
Sale of Property	58,000	47,100
Miscellaneous	8,723	49,875
State Aid	574,800	546,200
County Mortgage Tax	250,000	270,000
Appropriated Surplus		143,000
Total Revenues	$ 12,584,855	$ 13,115,205
Expenditures:		
General Government Support	$ 1,851,411	$ 1,911,475
Public Safety	2,095,786	2,113,150
Public Works & Highways	2,078,583	2,054,970
Economic Development	7,500	10,000
Culture and Recreation	835,673	818,530
Home and Community Services	940,022	975,600
Employee Benefits	3,271,300	3,635,220
Interfund Transfers	5,000	5,000
Debt Service	1,499,580	1,591,260
Total Expenditures	$ 12,584,855	$ 13,115,205

Source: Adopted Budgets of the Village

VILLAGE OF LINDENHURST

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

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 LINDENHURST
TABLE OF CONTENTS

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Lindenhurst (Village), as of and for the year ended February 28, 2017, 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.

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

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 Lindenhurst, as of February 28, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the schedules of funding progress – other postemployment benefits, the Village's proportionate share of the net pension liability, and Village contributions on pages 3 through 12 and 45 through 48, 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 July 7, 2017, on our consideration of the Incorporated Village of Lindenhurst's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Incorporated Village of Lindenhurst's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

July 7, 2017

The Incorporated Village of Lindenhurst's (Village) discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended February 28, 2017, in comparison with the year ended February 29, 2016, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

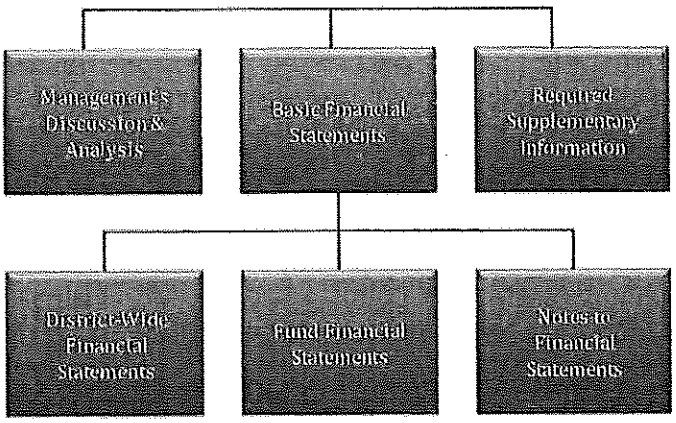
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2017 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements, increased by $920,951. This was due to an excess of revenues over expenses based on the accrual basis of accounting.
- The Village's expenses for the year, as reflected in the government-wide financial statements, totaled $13,529,858. General revenues of $9,693,626 and program revenues of $4,757,183 amount to 67.08% and 32.92% of total revenues, respectively.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by $124,955. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting. The resulting total fund balance at February 28, 2017 was $4,423,315.
- The Village redeemed $640,000 in BANs from general fund appropriations in the current year.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (MD&A) (this section), the basic financial statements and required supplementary information. The basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the 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 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 funds.

Governmental Funds

Governmental fund financial statements utilize 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, claims and judgments, compensated absences, 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, you 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 four governmental funds: general fund, special revenue fund (community enhancement program), special grant fund (community development block grant) 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 accrual basis of accounting. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the Village's 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 $920,951 between fiscal year 2017 and 2016. A summary of the Village's Statements of Net Position follows:

	2017	2016	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 6,417,412	$ 6,888,292	$ (470,880)	(6.84)%
Capital Assets, Net	28,419,365	28,337,120	82,245	0.29 %
Total Assets	34,836,777	35,225,412	(388,635)	(1.10)%
Deferred Outflows of Resources	1,652,674	123,053	1,529,621	1243.06 %
Current and Other Liabilities	7,201,720	8,162,112	(960,392)	(11.77)%
Long-Term Liabilities	2,692,589	3,459,293	(766,704)	(22.16)%
Net Other Post-employment Benefits Obligation	2,940,632	2,605,897	334,735	12.85 %
Net Pension Liability - Proportionate Share	1,764,197	360,917	1,403,280	388.81 %
Total Liabilities	14,599,138	14,588,219	10,919	0.07 %
Deferred Inflows of Resources	209,116		209,116	N/A
Net Investment in Capital Assets	19,513,982	18,896,948	617,034	3.27 %
Restricted	355,986	315,943	40,043	12.67 %
Unrestricted	1,811,229	1,547,355	263,874	17.05 %
Total Net Position	$ 21,681,197	$ 20,760,246	$ 920,951	4.44 %

Current and other assets decreased by $470,880, as compared to the prior year. This decrease is primarily reflected in a $422,102 cash decrease and a $51,117 decrease in accounts receivable, taxes receivable and amounts due from state and federal, offset by an increase of $2,339 in prepaids.

Capital assets, net increased by $82,245, as compared to the prior year. This increase is due to capital asset additions in excess of depreciation expense.

Deferred outflows of resources represents contributions to the retirement plan subsequent to the measurement date and actuarial adjustments at the plan level that will be amortized in future years.

Current and other liabilities decreased by $960,392, as compared to the prior year. The Village redeemed $640,000 in bond anticipation notes payable from general fund appropriations. Additionally, accounts payable decreased $353,711 from the prior year. These decreases were offset by increases in accrued liabilities and collections in advance of $18,478 and $14,841, respectively.

Long-term liabilities decreased by $766,704, as compared to the prior year. This decrease is primarily the result of the scheduled repayment of the current maturity of the long-term liabilities, principally serial bonds.

Net other postemployment benefits (OPEB) increased by $334,735 as compared to the prior year. This increase is the result of the current year OPEB costs on the full accrual basis of accounting in excess of the amount reflected in the governmental funds on the modified accrual basis (pay as you go). The accompanying Notes to Financial Statements, Note 12 "Postemployment Healthcare Benefits" provides additional information.

Net pension liability – proportionate share increased by $1,403,280 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.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years.

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

	Increase (Decrease)
Capital assets additions - total	$ 2,057,282
Additions financed by debt	(220,015)
Additions financed by appropriations	1,837,267
Principal reduction of construction debt	754,804
Depreciation expense	(1,975,037)
	$ 617,034

The restricted amount of $355,986 relates to the Village's reserve and restricted balances. The increase of $40,043 represents the excess of revenues over expenses in amounts restricted for community enhancement programs of $71,383, offset by the use of $31,340 from the employee benefit accrued liability reserve for current year retirement payouts.

The unrestricted amount of $1,811,229 relates to the balance of the Village's net position.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended February 28, 2017 and February 29, 2016 is as follows:

	2017	2016	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 3,399,103	$ 3,367,684	$ 31,419	0.93 %
Operating Grants	4,268	326,932	(322,664)	(98.69)%
Capital Grants	1,353,812	1,055,975	297,837	28.20 %
General Revenues				
Real Property Taxes	7,226,279	6,647,785	578,494	8.70 %
State Sources	874,244	844,417	29,827	3.53 %
Other	1,593,103	1,410,696	182,407	12.93 %
Total Revenues	14,450,809	13,653,489	797,320	5.84 %
Expenses				
General Government Support	2,745,134	2,259,792	485,342	21.48 %
Public Safety	2,813,014	2,570,452	242,562	9.44 %
Health	3,900	3,575	325	9.09 %
Transportation	4,444,040	4,340,766	103,274	2.38 %
Economic Opportunity & Development		6,051	(6,051)	(100.00)%
Culture & Recreation	1,729,390	1,792,376	(62,986)	(3.51)%
Home & Community Services	1,648,435	1,670,701	(22,266)	(1.33)%
Debt Service - Interest	145,945	167,569	(21,624)	(12.90)%
Total Expenses	13,529,858	12,811,282	718,576	5.61 %
Increase in Net Position	$ 920,951	$ 842,207	$ 78,744	9.35 %

The Village's net position increased by $920,951 and $842,207 for the years ended February 28, 2017 and February 29, 2016, respectively.

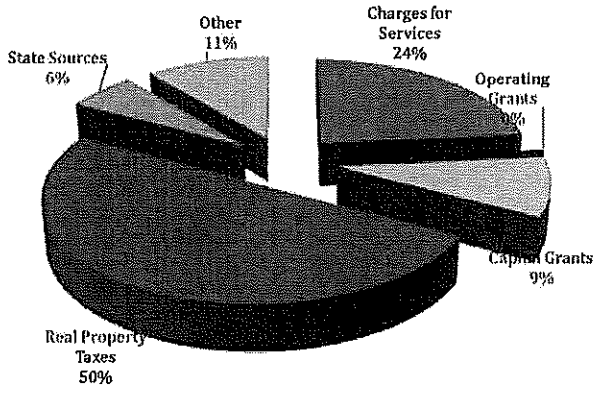
As indicated on the pie charts that follow, real property taxes is the largest component of revenues recognized (50% and 49% of the total revenues for the years 2017 and 2016, respectively). Transportation is the largest component of expenses incurred (i.e., 33% and 34% for the years 2017 and 2016, respectively).

Revenues increased $797,320 over the prior year. Increases in property taxes of $578,494 and other revenue of $182,407 were offset by a decrease in operating grants of $322,664, which mainly consisted of federal aid.

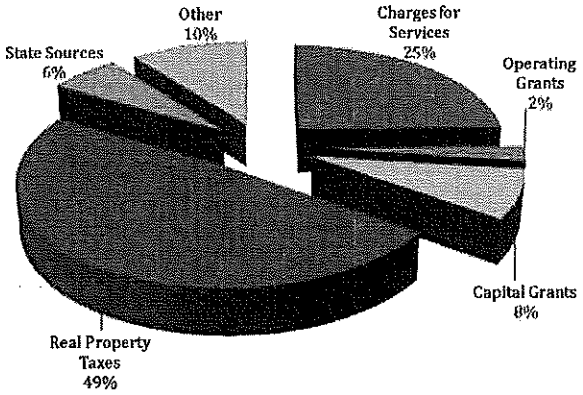
Expenses increased $718,576 over the prior year. The main increase was $485,342 in general support. The Village purchased land at an approximate cost of $200,000 and employee benefits allocated to the various functions increased overall.

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

February 28, 2017

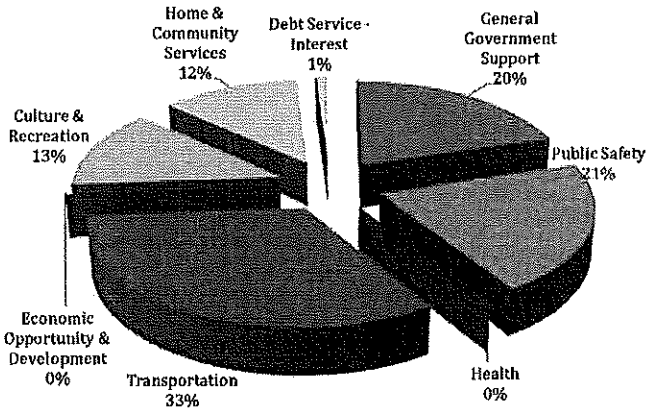


February 29, 2016

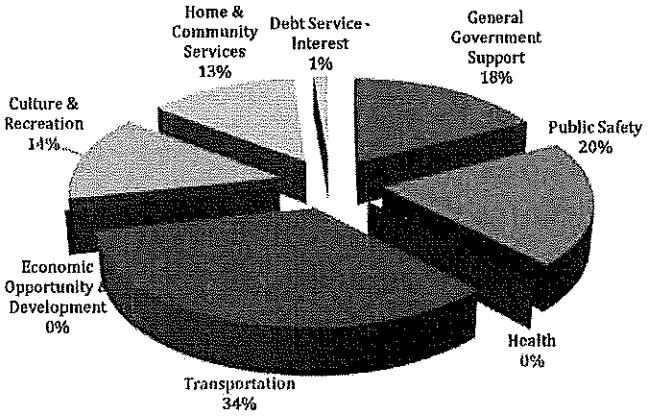


A graphic display of the distribution of expenses for the two years follows:

February 28, 2017



February 29, 2016



4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUND BALANCE

At February 28, 2017, the Village's governmental funds reported a combined fund balance deficit of $989,922, which is a deficit decrease of $480,835 from the prior year. This deficit decrease is due to an excess of revenues and other financing sources over expenditures based upon the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2017	2016	Increase (Decrease)
General Fund			
Nonspendable: Prepaids	$ 61,270	$ 58,931	$ 2,339
Restricted for:			
Employee benefit accrued liability	43,660	75,000	(31,340)
Assigned: Appropriated fund balance	143,000		143,000
Assigned: Unappropriated			
Capital improvement	80,338	100,000	(19,662)
Technology	12,893	3,893	9,000
Community development	318,904	350,824	(31,920)
Neighborhood	81,175	66,175	15,000
DPW sanitation equipment	92,755	194,915	(102,160)
Fire department	3,625	20,000	(16,375)
Encumbrances	84,294	11,368	72,926
Unassigned fund balance	3,501,401	3,417,254	84,147
	4,423,315	4,298,360	124,955
Special Revenue Fund			
Restricted for special projects	312,326	240,943	71,383
Capital Projects Fund			
Restricted: Unspent bond proceeds	542,956	677,113	(134,157)
Unassigned fund balance (deficit)	(6,268,519)	(6,687,173)	418,654
	(5,725,563)	(6,010,060)	284,497
Total Fund Balance (deficit)	$ (989,922)	$ (1,470,757)	$ 480,835

A. General Fund

The net change in the general fund – fund balance is an increase of $124,955. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

B. Special Revenue Fund

The net change in the special revenue fund – fund balance is an increase of $71,383, which was a result of revenues in excess of expenditures.

C. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of $284,492, which was a result of revenues in excess of expenditures.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2016 -2017 Budget

The Village's general fund original budget for the year ended February 28, 2017, was $12,584,855. This was increased by prior year encumbrances of $11,368 and budget revisions totaling $328,607 for a final budget of $12,924,830.

The budget was funded through estimated revenues. The majority of this funding source was in estimated property taxes and estimated charges for home and community services.

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, assignments, 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	$ 3,417,254
Fund Balance Appropriated for Budget Revision	(60,000)
Revenues Over Budget	289,015
Expenditures and Encumbrances Under Budget	91,621
Increase in Nonspendable Fund Balance	(2,339)
Net Transfers to Assigned Fund Balance	(91,150)
Appropriated to Fund the 2017-18 Budget	(143,000)
Closing, Unassigned Fund Balance	$ 3,501,401

Opening, Unassigned Fund Balance

The $3,417,254 shown in the table is the portion of the Village's February 29, 2016 fund balance that was retained as unassigned fund balance. This was 27.15% of the Village's 2016-2017 approved original budget of $12,584,855.

Fund Balance Appropriated for Budget Revision

The Village authorized the use of $60,000 from the prior year's unassigned fund balance to increase the current year's BAN principal payments.

Revenues Over Budget

The 2016-2017 revised budget for revenues was $12,584,855. Actual revenues received for the year were $12,873,870. The actual revenues were more than estimated or budgeted revenue by $289,015. This variance contributes directly to the change to the unassigned portion of the general fund - fund balance from February 29, 2016 to February 28, 2017.

Expenditures and Encumbrances Under Budget

The 2016-2017 final budget for expenditures including prior year encumbrances of $11,368 and budget revisions of $328,607 as of February 28, 2017, was $12,924,830. Actual expenditures as of February 28, 2017, were $12,748,915 and outstanding encumbrances were $84,294. Combined, the expenditures plus encumbrances for 2016-2017 were $12,833,209. The final budget was under expended by $91,621. This under expenditure contributes to the change to the unassigned portion of the general fund - fund balance from February 29, 2016 to February 28, 2017.

Increase in Nonspendable Fund Balance

Nonspendable fund balance increased to reflect the increase in deferred expenditures (i.e., prepaids), which has the effect of decreasing the unassigned fund balance.

Net Transfers to Assigned Fund Balance

During the 2016-2017 fiscal year, the Village increased assigned fund balance by $91,150 for the following: $9,000 for technology, $20,000 for public safety, $47,150 for sanitation and $15,000 for neighborhood.

Appropriated Fund Balance

The Village has chosen to use $143,000 of its available February 28, 2017 fund balance to partially fund the 2018 approved operating budget. As such, the unassigned portion of the February 28, 2017 fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown in the above table, the Village will begin the 2017-18 fiscal year with an unassigned fund balance of $3,501,401, which is 26.70% of the Village's 2017-18 approved original budget of $13,115,205. This is an increase of $84,147 over the unassigned balance as of February 29, 2016.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At February 28, 2017, 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 $2,057,282 in excess of depreciation of $1,975,037 recorded for the year then ended. A summary of the Village's capital assets, net of depreciation at February 28, 2017 and February 29, 2016 is as follows:

	2017	2016	Increase (Decrease)
Land	$ 1,398,464	$ 1,191,562	$ 206,902
Construction work in progress	197,873	141,873	56,000
Buildings	5,833,381	6,036,499	(203,118)
Building improvements	260,838	165,772	95,066
Machinery and equipment	571,025	645,360	(74,335)
Infrastructure	16,386,821	16,149,618	237,203
Improvements other than buildings	2,702,743	2,984,700	(281,957)
Vehicles	1,068,220	1,021,736	46,484
Capital assets, net	$ 28,419,365	$ 28,337,120	$ 82,245

B. Debt Administration

At February 28, 2017, the Village had total bonded debt outstanding of $2,405,000. This debt is backed by the full faith and credit of the Village. The net decrease of outstanding debt represents principal payments. A summary of the outstanding debt at February 28, 2017 and February 29, 2016 is as follows:

Issue Date	Interest Rate	2017	2016	Increase (Decrease)
12/1/2006	3.625%	$ 770,000	$ 905,000	$ (135,000)
1/15/2009	2.000%	1,045,000	1,235,000	(190,000)
12/5/2012	2.000%	590,000	1,000,000	(410,000)
		$ 2,405,000	$ 3,140,000	$ (735,000)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Trustees approved a $13,115,205 general fund budget for the year ending February 28, 2018. This is an increase of $530,350 or 4.21% over the previous year's budget. The increase is principally in employee benefits ($363,920) and debt service for BAN repayment ($103,000).

The Village budgeted non-property tax revenues at a $175,872 increase over the prior year's estimate. Additionally, the Village appropriated $143,000 in fund balance to partially fund the budget. A property tax increase of 2.94% (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:

Mayor Michael A. Lavorata
Incorporated Village of Lindenhurst
430 South Wellwood Avenue
Lindenhurst, NY 11757

INCORPORATED VILLAGE OF LINDENHURST
Statement of Net Position
February 28, 2017

ASSETS	
Cash	
Unrestricted	$ 3,719,880
Restricted	1,236,433
Receivables	
Accounts receivable	429,391
Taxes receivable	249,225
Due from state and federal	721,213
Prepaids	61,270
Capital assets not being depreciated	1,596,337
Capital assets being depreciated, net of accumulated depreciation	26,823,028
Total Assets	34,836,777
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,652,674
LIABILITIES	
Payables	
Accounts payable	324,109
Accrued liabilities	136,648
Notes payable	
Bond anticipation notes	6,580,000
Unearned credits	
Collections in advance	160,963
Long-term liabilities	
Due and payable within one year	
Bonds payable	750,000
Capital lease payable	20,935
Due and payable after one year	
Bonds payable	1,655,000
Compensated absences payable	266,654
Net other postemployment benefits obligation	2,940,632
Net pension liability - proportionate share	1,764,197
Total Liabilities	14,599,138
DEFERRED INFLOWS OF RESOURCES	
Pensions	209,116
NET POSITION	
Net investment in capital assets	19,513,982
Restricted	
Employee benefit accrued liability	43,660
Special projects	312,326
	355,986
Unrestricted	1,811,229
Total Net Position	$ 21,681,197

See Notes to Financial Statements

INCORPORATED VILLAGE OF LINDENHURST
Statement of Activities
For The Year Ended February 28, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS					
General government support	$ 2,745,134	$ 382,360	$	$	$ (2,362,774)
Public safety	2,813,014	307,583		11,412	(2,494,019)
Health	3,900				(3,900)
Transportation	4,444,040	146,164		1,146,341	(3,151,535)
Culture and recreation	1,729,390	143,465	4,268		(1,581,657)
Home and community services	1,648,435	2,419,531		196,059	967,155
Debt service - interest	145,945				(145,945)
Total Functions and Programs	$ 13,529,858	$ 3,399,103	$ 4,268	$ 1,353,812	(8,772,675)
GENERAL REVENUES					
Real property taxes					7,226,279
Other tax items					63,784
Non-property tax items					901,908
Use of money and property					96,723
Fines and forfeitures					274,941
Sale of property and compensation for loss					227,847
Miscellaneous					27,900
State sources					874,244
Total General Revenues					9,693,626
Change in Net Position					920,951
Total Net Position - Beginning of year					20,760,246
Total Net Position - End of year					$ 21,681,197

See Notes to Financial Statements

INCORPORATED VILLAGE OF LINDENHURST
Balance Sheet - Governmental Funds
February 28, 2017

	General	Special Revenue	Special Grant	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	$ 3,718,669	$	$	$ 1,211	$ 3,719,880
Restricted	43,660	312,326		880,447	1,236,433
Receivables					
Accounts receivable	429,391				429,391
Taxes receivable	249,225				249,225
Due from other funds	563,801				563,801
Due from state and federal	13,136			708,077	721,213
Prepaids	61,270				61,270
Total Assets	$ 5,079,152	$ 312,326	$ -	$ 1,589,735	$ 6,981,213
LIABILITIES					
Payables					
Accounts payable	$ 153,820	$	$	$ 170,289	$ 324,109
Accrued liabilities	93,037				93,037
Due to other funds				563,801	563,801
Notes payable					
Bond anticipation note				6,580,000	6,580,000
Unearned credits					
Collections in advance	159,755			1,208	160,963
Total Liabilities	406,612	-	-	7,315,298	7,721,910
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	249,225				249,225
Total Deferred Inflows of Resources	249,225	-	-	-	249,225
FUND BALANCES					
Nonspendable: Prepaids	61,270				61,270
Restricted for:					
Employee benefit accrued liability	43,660				43,660
Special projects		312,326			312,326
Unspent bond proceeds				542,956	542,956
Assigned					
Appropriated fund balance	143,000				143,000
Unappropriated:					
Capital improvement	80,338				80,338
Technology	12,893				12,893
Community development	318,904				318,904
Neighborhood	81,175				81,175
DPW sanitation equipment	92,755				92,755
Fire department	3,625				3,625
Other fund balance	84,294				84,294
Unassigned: Fund balance (deficit)	3,501,401			(6,268,519)	(2,767,118)
Total Fund Balances (Deficit)	4,423,315	312,326	-	(5,725,563)	(989,922)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,079,152	$ 312,326	$ -	$ 1,589,735	$ 6,981,213

See Notes to Financial Statements

INCORPORATED VILLAGE OF LINDENHURST
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
February 28, 2017

Total Governmental Fund Balances (Deficit)		$ (989,922)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some of the Village's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.		249,225
The cost 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 Village as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 77,519,311	
Accumulated depreciation	(49,099,946)	
		28,419,365
Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds.		
Deferred outflows of resources	1,652,674	
Net pension liability - employees' retirement system	(1,764,197)	
Deferred inflows of resources	(209,116)	
		(320,639)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(12,359)	
Accrued interest on BANs payable	(30,157)	
Accrued interest on capital lease payable	(1,095)	
Bonds payable	(2,405,000)	
Capital lease payable	(20,935)	
Compensated absences	(266,654)	
Net other postemployment benefits obligation	(2,940,632)	
		(5,676,832)
Total Net Position		$ 21,681,197

See Notes to Financial Statements

INCORPORATED VILLAGE OF LINDENHURST
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended February 28, 2017

	General	Special Revenue	Special Grant	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	$ 7,215,737	$	$	$	$ 7,215,737
Other tax items	63,784				63,784
Non-property tax items	901,908				901,908
Departmental income	2,552,139				2,552,139
Intergovernmental charges	268,150				268,150
Use of money and property	96,723				96,723
Licenses and permits	366,229				366,229
Fines and forfeitures	274,941				274,941
Sale of property and compensation for loss	227,847				227,847
Miscellaneous	27,900	212,585			240,485
State sources	878,512			709,763	1,588,275
Federal sources			90,682	553,367	644,049
Total Revenues	12,873,870	212,585	90,682	1,263,130	14,440,267
EXPENDITURES					
General government support	1,979,627			28,922	2,008,549
Public safety	2,209,952			97,846	2,307,798
Health	3,900				3,900
Transportation	2,243,163			1,373,025	3,616,188
Economic opportunity and development	33,420			55,120	88,540
Culture and recreation	834,183	141,202			975,385
Home and community services	771,684		90,682	63,720	926,086
Employee benefits	3,134,102				3,134,102
Debt service					
Principal	1,394,804				1,394,804
Interest	144,080				144,080
Total Expenditures	12,748,915	141,202	90,682	1,618,633	14,599,432
Excess (Deficiency) of Revenues Over Expenditures	124,955	71,383	-	(355,503)	(159,165)
OTHER FINANCING SOURCES AND USES					
Proceeds of debt - BANs redeemed from appropriations				640,000	640,000
Total Other Financing Sources and Uses	-	-	-	640,000	640,000
Net Change in Fund Balance	124,955	71,383	-	284,497	480,835
Fund Balances (Deficit) - Beginning of year	4,298,360	240,943		(6,010,060)	(1,470,757)
Fund Balances (Deficit) - End of year	$ 4,423,315	$ 312,326	$ -	$ (5,725,563)	$ (989,922)

See Notes to Financial Statements

INCORPORATED VILLAGE OF LINDENHURST
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For The Year Ended February 28, 2017

Net Change in Fund Balance		$ 480,835
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).		
Change in unavailable revenue	$ 10,542	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in net position.		
Decrease in compensated absences payable	11,900	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in net other postemployment benefits obligation	(334,735)	
		(312,293)
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 expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	2,057,282	
Depreciation expense	(1,975,037)	
		82,245
Long-Term Debt Transactions Differences		
Bond anticipation notes redeemed from governmental fund appropriations are an other funding sources in the governmental funds, but do not affect the Statement of Activities.	(640,000)	
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	735,000	
Repayment of capital lease payable	19,804	
Repayment of bond anticipation notes payable	640,000	
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. Accrued interest from February 29, 2016 to February 28, 2017 increased by	(1,865)	
		752,939
Pension Differences		
The increase in the proportionate share of the collective pension expense of the state retirement plan reported in the Statement of Activities did not affect current financial resources and, therefore, is not reported in the governmental funds.		(82,775)
Change in Net Position of Governmental Activities		$ 920,951

See Notes to Financial Statements

INCORPORATED VILLAGE OF LINDENHURST
Statement of Fiduciary Net Position -
Fiduciary Fund
February 28, 2017

	Agency
ASSETS	
Cash	$ 98,298
Service award program assets	4,255,375
Total Assets	$ 4,353,673
LIABILITIES	
Other liabilities	$ 4,353,673
Total Liabilities	$ 4,353,673

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Incorporated Village of Lindenhurst (the "Village"), which was established in 1923, 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 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 of the Village 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. The more significant of these accounting policies are as follows:

A. Financial Reporting Entity

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

The following basic services are provided: Highway, Fire Protection, Sanitation, Village Justice Court, Building and Zoning and other general services.

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 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 direct expenses and program 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 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:

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 measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the Village's governmental fund types:

General Fund - is the principal operating fund of the Village and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – is used to account for the proceeds of specific revenue sources (other than special grant funds and capital projects funds) that are legally restricted to expenditures for specified purposes and the financial activities of the Village's Community Enhancement program.

Special Grant Fund – is used to account for the activities related to the Community Development Block Grant.

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

Fiduciary Funds – are used to account for assets held by the Village in a trustee or custodial capacity. 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. The Village uses the following fiduciary fund:

Agency Funds – These funds are strictly custodial in nature and do not involve the measurement of results of operations. The trust and agency fund is used to account for money (and/or property) received and held in the capacity of trustee, custodian, 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 when a liability is incurred, regardless of when the related cash transaction takes place. Property taxes are recognized as revenues in the year for which they are levied. Charges for services are recognized in the year the services are provided. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 180 days of the end of the current fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related liability is incurred, except for principal and interest on general long term debt, as well as expenditures related to compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the 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 February 15th and become a lien on March 1st. The Village collects its own taxes. Taxes are collected during the month of March without penalty. A 5% penalty is assessed on taxes paid after April 1st, and an additional 1% is assessed each month on taxes paid after April. 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. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas including other postemployment benefits, pension reporting, compensated absences, and useful lives of long lived assets.

G. Cash

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

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

H. 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.

I. 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 and payables activity is provided subsequently in these Notes to Financial Statements.

J. Prepaid Items

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 prepaids in both the government-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. Under the consumption method, a current asset for the 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 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.

All capital assets, except land, 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	$ 5,000	40 years
Improvements other than buildings	5,000	15 years
Machinery and equipment	5,000	10 years
Vehicles	5,000	10 - 15 years
Infrastructure		
Drainage system	5,000	40 years
Roads	5,000	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 two items that qualify for reporting in this category. The first is related to pensions and represents the effect of the net change in the Village's proportion of the collective net pension liability, the difference during the measurement period between the Village's contributions and its proportionate share of total contributions to the pension system not included in pension expense and the net difference between projected and actual earnings on pension plan investments. The second item is the Village's contributions to ERS subsequent to the measurement date.

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. 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 period(s) 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. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the government-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension liability and difference during the measurement periods between the Village's contributions and its proportionate share of total contributions to the pension systems not included in pension and the net difference between projected and actual earnings on pension plan investments.

O. Employee Benefits – Compensated Absences

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive the value of unused accumulated sick leave.

The liability for compensated absences has been calculated using the vesting method and accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

This compensated absence liability for sick leave is reported on the Government-wide Statement of Net Position as a long-term liability. A liability for these amounts is recorded in the Balance Sheet to the extent payments become due because of employee retirement or resignation.

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 collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the Village provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. Collective bargaining agreements and individual employment contracts determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. 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 accounts for these postemployment benefits in accordance with GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. In the government-wide statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

Village employees may choose to participate in the Village's elective deferral compensation plan established under Internal Revenue Code Section 457.

Eligible Village volunteer firefighters are provided with pension-like benefits under the Village's Length of Service Award Program.

Q. Short-Term Debt

The Village may issue budget notes for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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 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 all other amounts that do 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 prepaids, which are accounted for 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:

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Restricted for Special Projects

Fund balance in the special revenue fund results from the proceeds of specific revenue sources that are restricted for expenditures for specific purposes under the Village's Community Enhancement Program. These funds are accounted for in the special revenue fund.

Restricted – Unspent Bond Proceeds

Unspent bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects 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 may include 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 for specific purposes for which amounts had been restricted or assigned.

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 assignment and then from the unassigned fund balance.

2. 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 liabilities, including pensions.

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 four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences and other postemployment benefits.

Capital Related Differences

Capital related differences include the difference between proceeds for 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 Differences

Pension differences occur as a result of changes in the Village's proportion of the collective net pension liability, differences between the Village's contributions and its proportionate share of the total contributions to the pension system, differences between projected and actual earnings on pension investments and Village contributions to the pension system subsequent to the measurement date.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policies

The Village's budget policies are as follows:

- The Village's administration submits a tentative budget to the Board of Trustees. 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 January 15th. 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 February 1st.
- 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), which may be incurred. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the fiscal year end 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 and appropriation of fund balances. 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. The following supplemental appropriations occurred during the year:

Funded by Restricted Reserves:	
Reserve for employee benefits	$ 31,340
Appropriations funded by assigned fund balance:	
Fire Department vehicles	185,685
Downtown revitalization	31,920
Parks department yearly restoration	19,662
Encumbrances from prior year	11,368
Prior years' surplus - BAN principal payment	60,000
	$ 339,975

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 the time, as the liability is incurred or the commitment is paid.

C. Over Expenditure of a Certain Appropriation

The general fund appropriation for general government support was over expended. The general fund budget in total was not over expended.

D. Capital Projects Fund Deficit

The capital projects fund shows an unassigned deficit fund balance of $(6,268,519). This will be funded when the Village obtains permanent financing for its current construction projects.

4. 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 States 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 February 28, 2017 are $603,161,100, which consisted of $170,241,367 in repurchase agreements, $173,115,106 in U.S. Treasury Securities, $39,971,460 in U.S. Treasury bills, $204,103,289 in collateralized bank deposits, with various interest rates and due dates, and $15,729,878 in municipal bonds.

The following amounts are included as cash:

Fund	Carrying Amount
General	$ 50,269

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. 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.

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended February 28, 2017, were as follows:

	Balance 2/29/2016	Additions	Reductions	Balance 2/28/2017
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,191,562	$ 206,902	$	$ 1,398,464
Construction work in progress	141,873	56,000		197,873
Total capital assets not being depreciated	1,333,435	262,902	-	1,596,337
Capital assets being depreciated				
Buildings	14,547,588	10,539		14,558,127
Building improvements	227,454	112,186		339,640
Machinery and equipment	1,517,510	32,272		1,549,782
Infrastructure	44,656,623	1,377,925		46,034,548
Improvements other than buildings	6,979,449	4,780		6,984,229
Vehicles	6,466,153	256,678	(266,183)	6,456,648
Total capital assets being depreciated	74,394,777	1,794,380	(266,183)	75,922,974
Less accumulated depreciation for:				
Buildings	8,511,089	213,657		8,724,746
Building improvements	61,682	17,120		78,802
Machinery and equipment	872,150	106,607		978,757
Infrastructure	28,507,005	1,140,722		29,647,727
Improvements other than buildings	3,994,749	286,737		4,281,486
Vehicles	5,444,417	210,194	(266,183)	5,388,428
Total accumulated depreciation	47,391,092	1,975,037	(266,183)	49,099,946
Capital assets, net	$ 28,337,120	$ 82,245	$ -	$ 28,419,365

Depreciation expense is charged to governmental functions as follows:

General government support	$ 78,567
Public safety	352,474
Transportation	1,212,634
Culture and recreation	258,871
Home and community services	72,491
Total governmental activities depreciation expense	$ 1,975,037

The Village evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At February 28, 2017, the Village has not recorded any such impairment losses.

6. INTERFUND TRANSACTIONS

Interfund balances at February 28, 2017, are as follows:

	Interfund	
	Receivable	Payable
General Fund	$ 563,801	$
Capital Projects Fund		563,801
Total	$ 563,801	$ 563,801

7. SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Balance 2/29/2016	Additions	Reductions	Balance 2/28/2017
BAN	8/12/16	0.68%	$ 6,390,000	$	$ (6,390,000)	$
BAN	1/20/17	1.00%	830,000		(830,000)	
BAN	8/11/17	0.87%		6,055,000		6,055,000
BAN	1/18/18	1.46%		525,000		525,000
			$ 7,220,000	$ 6,580,000	$ (7,220,000)	$ 6,580,000

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

Interest paid	$ 51,608
Less interest accrued in the prior year	(24,486)
Plus interest accrued in the current year	30,157
Total interest expense on short-term debt	$ 57,279

8. LONG-TERM LIABILITIES

Long-term liability balances and activity, excluding amounts due to ERS, pensions and other postemployment benefits, for the year are summarized as follows:

	Balance 2/29/2016	Additions	Reductions	Balance 2/28/2017	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 3,140,000	$	$ (735,000)	$ 2,405,000	$ 750,000
Capital lease payable	40,739		(19,804)	20,935	20,935
Other long-term liabilities					
Compensated absences	278,554		(11,900)	266,654	
	$ 3,459,293	$	$ (766,704)	$ 2,692,589	$ 770,935

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. All liabilities are liquidated by the general fund. The maturity of compensated absences is not determinable.

The following is a statement of the Village's bond issues with corresponding maturity schedules:

Issue Date	Final Maturity	Interest Rate	Outstanding at February 28, 2017
12/1/2006	12/1/2021	3.625%	$ 770,000
1/15/2009	1/15/2022	2.000%	1,045,000
12/5/2012	8/1/2019	2.000%	590,000
			$ 2,405,000

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

Fiscal Year Ending February 28,	Principal	Interest	Total
2018	$ 750,000	$ 71,437	821,437
2019	440,000	54,988	494,988
2020	455,000	41,087	496,087
2021	375,000	27,688	402,688
2022	385,000	14,300	399,300
Total	$ 2,405,000	$ 209,500	$ 2,614,500

Capital Leases

The Village has entered into a lease purchase agreement as lessee for construction of a new fire training tower to be used by the Lindenhurst Fire Department.

The lease purchase agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

Asset	
Improvements other than buildings	$ 165,119
Less: accumulated depreciation	(104,576)
Total	$ 60,543

The future minimum lease obligations and the net present value of these minimum lease payments as of February 28, 2017, were as follows:

Fiscal Year Ending February 28,	
2018	$ 22,132
Total minimum lease payments	22,132
Less: amounts representing interest	(1,197)
Present value of minimum lease payments	$ 20,935

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

Interest paid	$ 92,472
Less interest accrued in the prior year	(17,260)
Plus interest accrued in the current year	13,454
Total interest expense on long-term debt	$ 88,666

9. PENSION PLANS - NEW YORK STATE

A. New York State and Local Employees' Retirement System

Plan Description

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.

Provisions and Administration

Obligation 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 serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of business of the ERS and for the custody and control of its funds. 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 on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or may be obtained by writing to: New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

B. Funding Policies

Plan members who joined the system 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 salaries paid. Under the authority of the NYSRSSL, 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 and each of the two preceding years.

The Village's share of the required contributions, based on covered payroll paid for the Village's year ended February 28th, for the current year and two preceding years was:

Year	Contribution
2017	$ 490,691
2016	566,440
2015	596,053

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

At February 28, 2017, 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, 2016. 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 ERS 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, 2016
Village's proportionate share of the net pension liability	$ 1,764,197
Village's portion of the Plan's total net pension liability	0.0109917%
Change in proportion since the prior measurement date	0.0003081

For the year ended February 28, 2017, the Village recognized pension expense of $664,975 for ERS. At February 28, 2017, 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	$ 8,915	$ 209,116
Changes of assumptions	470,458	
Net difference between projected and actual earnings on pension plan investments	1,046,618	
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	126,683	
Total	$ 1,652,674	$ 209,116

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending February 28, 2018. 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 Ended	
2018	$ 368,714
2019	368,714
2020	368,714
2021	337,416
	$ 1,443,558

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, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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, 2016
Asset type		
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Real estate	8.0%	8.25%
Alternative investments	19.0%	6.75-11.00%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	100.0%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% (the discount rate used at the prior year's measurement date of March 31, 2015 was 7.5%). 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 ERS' 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 asset/(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 :

	1% Decrease (6.00)%	Current Assumption (7.00)%	1% Increase (8.00)%
Village's proportionate share of the net pension asset (liability)	$ (3,978,135)	$ (1,764,197)	$ 106,487

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, 2016
Employers' total pension asset/(liability)	$ (172,303,544)
Plan fiduciary net position	156,253,265
Employers' net pension asset/(liability)	$ (16,050,279)
Ratio of plan fiduciary net position to the employers' total pension asset/(liability)	90.68%

Payables to the Pension Plan

Employer contributions are paid annually based on the ERS' fiscal year, which ends on March 31st. Accrued and paid retirement contributions as of February 28, 2017, represent the projected employer contribution for the period of April 1, 2016 through February 28, 2017 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

10. PENSION PLANS – OTHER

Deferred Compensation Plan

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended February 28, 2017 totaled $100,850.

11. LENGTH OF SERVICE AWARDS PROGRAM

The Village's financial statements are for the year ended February 28, 2017. However, the information contained in this note is based on information for the Village's Length of Service Award Program (the "Plan") for the Plan year ended December 31, 2016, which is the most recent year for which complete information is available.

The Village established a defined benefit plan for the active volunteer firefighters in the Village of Lindenhurst. The Plan took effect on January 1, 1992. The Plan was established pursuant to Article 11-A of New York State General Municipal Law. The Plan provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the Plan.

Plan Description

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the Plan. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the Plan's entitlement age. The Plan's entitlement age is age 62. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the Plan in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system ("Point System") established by the Village on the basis of a statutory list of activities and point values. A Participant may also receive credit for five (5) years of firefighting service rendered prior to the establishment of the Plan on January 1, 1992 (called "Prior Service"). In order to receive Prior Service credit, a Participant must have been an active volunteer fire fighter on January 1, 1992 and must have earned a year of service credit under the Point System during 1992.

Benefits

A Participant's benefit under the Plan is Life Annuity with 10 years certain equal to $20 multiplied by the Participant's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

Fiduciary Investment and Control

Service credit is determined based on information certified to the Board of Trustees of the Village by each fire company having members who participate in the Plan. Each fire company must maintain all required records on forms prescribed by the Board of Fire Commissioners.

The Board of Trustees of the Village has retained and designated Hometown/RSA Consultants to assist in the administration of the Plan. The designated Plan administrator's functions include calculating the amount to be contributed at the end of each year based upon the criteria set forth in the Plan Document. Disbursements of Plan assets for the payment of benefits or administrative expenses must be approved by the Board of Trustees and delivered to the Custodian through a Payment Schedule. The Board of Trustees of the Village has retained and designated Hometown/RSA Consultants as the Custodian of the Plan's assets. Hometown/RSA Consultants shall make payments to Plan Participants and their beneficiaries in accordance with the Payment Schedule.

Plan assets are required to be held in trust by Length of Service Award Program legislation, for the exclusive purpose of providing benefits to Participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Plan. The trust agreement is dated January 1, 1992 as amended, and the Trustees are the Board of Fire Commissioners of the Village. Authority to invest Plan assets is vested in the Board of Fire Commissioners of the Village. Subject to restrictions in the Plan document, Plan assets are invested in accordance with a statutory "prudent person" rule. The Plan document restricts the Trustee from investing in securities or obligations issued by the Village, other than a de minimis amount held in common investment vehicles in which the Trustee invests. The Village is required to retain an actuary to determine the amount of the Village's contributions to the plan. The actuary retained by the Village for this purpose is BPAS Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary, dated April 2017.

Plan financial condition as of and for the year ended December 31, 2016:

Funded Status of the Plan	
Actuarial present value of benefits	$ 9,353,561
Less: total assets available for benefits	(4,288,702)
Unfunded actuarial present value of benefits	$ 5,064,859
Funded ratio	45.85%
Assets Available for Benefits	
Cash	$ 208,744
Annuities	3,745,689
Cash Value of Life Insurance	334,269
Total assets available for benefits	$ 4,288,702
Receipts and Disbursements	
Plan assets, beginning of year	$ 4,111,083
Changes during the year:	
Plan contributions	475,000
Stripped cash values	25
Investment income earned	125,074
Changes in cash value of insurance	11,774
Plan benefit withdrawals	(424,435)
Fees	(9,819)
Plan assets, end of year	$ 4,288,702

Prior Service Costs

Prior service costs are being amortized over a range of 10 to 20 years at a discount rate of 5.0%.

Contributions

The amount of the Village's contribution for 2016 recommended by the actuary based on the December 31, 2016 report was a minimum of $631,312 and a maximum of $836,222. The lower figure is based on a 22-year amortization of the remaining unfunded liability. The higher figure is based on a 10-year amortization of the remaining unfunded liability.

The total amount of the Village's actual contribution was $475,000.

The recommended contribution amounts for 2017 based on the December 31, 2016 report are a maximum of $867,703 and a minimum of $655,646.

Administration Fees

Fees paid to designated Plan administrator / actuary: $9,819.

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the Village's contribution is the "Unit Credit Cost Method". The assumptions used by the actuary to determine the Village's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment: 5.00%

Tables used for:

Withdrawal:	None
Disability:	None
Retirement:	RP2-RP-2000 Mortality Table
Death (Active):	None
Death (Inactive):	None
Other:	None

12. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. Plan Description

The Village provides medical, Medicare part B reimbursement, vision and dental coverage (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program – Empire Plan. The plan does not issue a stand-alone financial report.

B. Funding Policy

The Village assumes its share of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are made. For the year ended February 28, 2017, the Village recognized a general fund expenditure of $206,262 for insurance premiums for 20 currently enrolled retirees. Currently, there is no provision in the law to permit the Village to fund other postemployment benefits by any means other than the "pay as you go" method.

C. Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 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.

Annual required contribution (ARC)	$ 569,330
Interest on net OPEB obligation	52,118
Adjustment to ARC	(80,451)
Annual OPEB cost (expense)	540,997
Contributions made	(206,262)
Increase in net OPEB obligation	334,735
Net OPEB obligation - beginning of year	2,605,897
Net OPEB obligation - end of year	$ 2,940,632

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended February 28, 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
February 28, 2017	$ 540,997	38.1%	$ 2,940,632
February 29, 2016	530,865	35.0%	2,605,897
February 28, 2015	461,529	29.7%	2,260,730

D. Funded Status and Funding Progress

As of February 29, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $6,601,097 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $6,601,097. The covered payroll (annual payroll of active employees covered by the plan) was $3,065,437, and the ratio of the UAAL to the covered payroll was 215.34%.

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

E. Actuarial Methods and Assumptions

The valuation of February 28, 2017, is an update derived from estimates from the previous valuation dated February 29, 2016, based on the fact that there were no material changes to any of the benefit packages, the cost sharing structures or the census.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 28, 2017, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 2.0% discount rate and an annual healthcare cost trend rate of 8.0% for health and pharmacy, 3.5% for dental and 3.0% for vision initially, reduced by decrements to an ultimate rate of 4.7% for health and pharmacy and 3.0% for dental and vision after 30 years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis.

13. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $143,000 has been appropriated to reduce taxes for the year ending February 28, 2018.

14. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At February 28, 2017, the Village encumbered the following amounts:

Restricted	
Capital projects fund	$ 32,426
Assigned: Unappropriated Fund Balance	
General Fund	
General government support	$ 79,935
Culture and recreation	4,359
	$ 84,294

B. 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 past audits, the Village believes disallowances, if any, would be immaterial.

C. 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 February 28, 2017, which could affect future operating budgets of the Village.

D. Litigation

The Village is a defendant in several lawsuits arising from the normal conduct of its affairs. The administration is of the opinion that settlements, if any, of the aforementioned litigation will not have a material adverse impact on the financial position of the Village.

15. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through July 7, 2017, 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 LINDENHURST
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended February 28, 2017

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Real property taxes	$ 7,208,942	$ 7,208,942	$ 7,215,737	$ 6,795
Other tax items	73,935	73,935	63,784	(10,151)
Non-property tax items	925,000	925,000	901,908	(23,092)
Departmental income	2,561,560	2,561,560	2,552,139	(9,421)
Intergovernmental charges	266,375	266,375	268,150	1,775
Use of money and property	82,000	82,000	96,723	14,723
Licenses and permits	325,300	325,300	366,229	40,929
Fines and forfeitures	185,500	185,500	274,941	89,441
Sale of property and compensation for loss	121,920	121,920	227,847	105,927
Miscellaneous	9,523	9,523	27,900	18,377
State sources	824,800	824,800	878,512	53,712
Total Revenues	12,584,855	12,584,855	12,873,870	$ 289,015
APPROPRIATED FUND BALANCE				
Prior years' surplus		60,000		
Prior years' assigned		237,267		
Appropriated reserves		31,340		
Prior year's encumbrances		11,368		
Total Appropriated Fund Balance	-	339,975		
Total Revenues and Appropriated Fund Balance	$ 12,584,855	$ 12,924,830		

				Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
General government support	$ 1,851,401	$ 1,994,100	1,979,627	$ 79,935	$ (65,462)
Public safety	2,091,886	2,212,870	2,209,952		2,918
Health	3,900	3,900	3,900		-
Transportation	2,078,583	2,259,983	2,243,163		16,820
Economic opportunity and development	7,500	35,070	33,420		1,650
Culture and recreation	835,673	878,885	834,183	4,359	40,343
Home and community services	940,032	846,442	771,684		74,758
Employee benefits	3,271,300	3,149,600	3,134,102		15,498
Debt service					
Principal	1,334,805	1,394,805	1,394,804		1
Interest	164,775	144,175	144,080		95
Total Expenditures	12,579,855	12,919,830	12,748,915	84,294	86,621
OTHER FINANCING USES					
Operating transfers out	5,000	5,000			5,000
Total Expenditures and Other Uses	$ 12,584,855	$ 12,924,830	12,748,915	$ 84,294	$ 91,621
Net Change in Fund Balance			124,955		
Fund Balances - Beginning of year			4,298,360		
Fund Balances - End of year			$ 4,423,315		

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 LINDENHURST
Schedule of Funding Progress - Other Postemployment Benefits
February 28, 2017

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
February 28, 2010	$ -	$ 5,488,706	$ 5,488,706	0%	$ 2,465,183	222.6%
February 28, 2013	-	5,268,936	5,268,936	0%	2,905,241	181.4%
February 29, 2016	-	6,601,097	6,601,097	0%	3,065,437	215.3%

INCORPORATED VILLAGE OF LINDENHURST
Schedule of the Village's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years

Employees' Retirement System

	2017	2016
Village's proportion of the net pension liability	0.0109917%	0.0106836%
Village's proportionate share of the net pension liability	$ 1,764,197	$ 360,917
Village's covered payroll	$ 3,136,672	$ 3,024,910
Village's proportionate share of the net pension liability as a percentage of its covered payroll	56.24 %	11.93 %
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%

INCORPORATED VILLAGE OF LINDENHURST
Schedule of Village Contributions
Last Ten Fiscal Years

Employees' Retirement System

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 490,691	$ 566,440	$ 596,053	$ 634,352	$ 524,709	$ 454,149	$ 328,958	$ 263,601	$ 264,456	$ 287,069
Contributions in relation to the contractually required contribution	490,691	566,440	596,053	634,352	524,709	454,149	328,958	263,601	264,456	287,069
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered payroll	$ 3,136,672	$ 3,024,910	$ 2,965,874	$ 3,053,723	$ 2,864,833	$ 2,714,644	$ 2,958,787	$ 3,292,001	$ 3,030,693	$ 2,905,254
Contributions as a percentage of covered payroll	16%	19%	20%	21%	18%	17%	11%	8%	9%	10%

See Paragraph on Required Supplementary Information Included in Auditor's Report

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 Lindenhurst
Lindenhurst, 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 Lindenhurst (Village), as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Incorporated Village of Lindenhurst'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 Lindenhurst's internal control. Accordingly, we do not express an opinion on the effectiveness of the Incorporated Village of Lindenhurst'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Incorporated Village of Lindenhurst'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 Lindenhurst in a separate letter dated July 7, 2017.

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

July 7, 2017

APPENDIX C

FORM OF BOND COUNSEL OPINION

Hawkins Delafield & Wood LLP
28 Liberty Street
New York, New York 10005

August 10, 2017

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Lindenhurst (the "Village"), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $7,797,000 Public Improvement Serial Bonds-2017 (the "Bonds"), dated and delivered on the date hereof.

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

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

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

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

such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

Except as stated in paragraphs 2 and 3 above, we express no opinion regarding any other federal, state or local tax consequences with respect to the Bonds or the ownership or disposition thereof. Further, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Bonds, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

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

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

"Issuer" shall mean the **Village of Lindenhurst,** in the County of Suffolk, a municipal corporation of the State of New York.

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

"Purchaser" shall mean the financial institution referred to in the Certificate of Award, executed by the Village Treasurer as of July 27, 2017.

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

"Securities" shall mean the Issuer's **$7,797,000 Public Improvement Serial Bonds-2017**, dated August 10, 2017, maturing in various principal amounts on August 1 in each of the years 2018 to 2036, inclusive, and delivered on the date hereof.

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

(i) (A) no later than nine months after the end of each fiscal year, commencing with the fiscal year ending February 28, 2017, the Annual Information relating to such fiscal year, and (B) no later than nine months after the end of each fiscal year, commencing with the fiscal year ending February 28, 2017, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System

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

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "The Village," "Economic and Demographic Information," "Indebtedness of the Village," "Finances of the Village," "Tax Information" and "Litigation" and Appendix A.

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

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

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

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

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

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

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

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to

the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 10, 2017.

VILLAGE OF LINDENHURST

By_____
Village Treasurer and Chief Fiscal Officer