PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2018

RENEWALS **BOND ANTICIPATION NOTES**

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 Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018. In addition, in the opinion of Bond Counsel to the Village, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

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

VILLAGE OF WESTHAMPTON BEACH
SUFFOLK COUNTY, NEW YORK

(the "Village")

$1,000,000

BOND ANTICIPATION NOTES – 2018

(the "Notes")

Dated Date: May 22, 2018 Maturity Date: May 22, 2019

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

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

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

Payment: Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry Notes shall be payable at the office of the Village Clerk. See "*Book-Entry System*" herein. Payment of the principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on May 10, 2018 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about May 22, 2018 in New York, New York, or as otherwise agreed to by the Village and the purchaser.

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

VILLAGE OF WESTHAMPTON BEACH
SUFFOLK COUNTY, NEW YORK

165 Mill Road
Westhampton Beach, NY 11978
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* * *

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

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OFFICIAL STATEMENT

Relating to

VILLAGE OF WESTHAMPTON BEACH
SUFFOLK COUNTY, NEW YORK

$1,000,000 BOND ANTICIPATION NOTES – 2018
(the "Notes")

This Official Statement, including the cover page and appendices thereto, has been prepared by the Village and presents certain information relating to the Village's $1,000,000 Bond Anticipation Notes – 2018 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes are general obligations of the Village. The Village has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein)**.**

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

Paying agent fees, if any, for those Notes registered to the purchaser will be paid by the purchaser(s).

The Village will act as Fiscal Agent for any Notes, issued in book-entry form. The Village's contact information is as follows: Elizabeth Lindtvit, Village Clerk/Treasurer, Village of Westhampton Beach, 165 Mill Road, Westhampton Beach, NY 11978, Phone (631) 702-1551, Fax (631) 288-4332 and email: elindtvit@westhamptonbeach.org.

Optional Redemption

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

Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Village takes no responsibility for the accuracy thereof. In addition, the Village will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

Date of Authorization	Purpose	Amount Outstanding	Amount to be Paid	Amount to be Issued
03/02/2017	Improvements to Marina Bulkhead	$1,250,000	$250,000	$1,000,000

Security and Source of Payment

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

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

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. **(**See "*Tax Levy Limit Law*," herein).

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 Notes.

If and when an owner of any of the Notes should elect to sell a Note 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 Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note 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 Notes. 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 Notes, 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 Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village, without providing 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 Notes. (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 Notes.

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Village default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note 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 Notes, 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 Notes 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 Note, the owner of such Note 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 Notes 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 Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. 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 Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

Bankruptcy proceedings by the Village could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Village after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. 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 Notes, 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 Notes 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 finance 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 Notes 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 of 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 OF WESTHAMPTON BEACH

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

Description

The Village, incorporated in 1928, has a land area of 2.9 square miles and a population of 1,847 (2016 U.S. Census). It is located in the Town of Southampton, on the south fork of Long Island, about 80 miles east of New York City. The Village has its own police and volunteer fire departments and maintains its local streets. The Village is basically residential in character with a sizeable seasonal population. Most residences are single family homes, although there are several large cooperative and condominium complexes located within the Village. Commercial development is concentrated in the central business district. Westhampton Beach Union Free School District provides educational facilities for the Village and surrounding areas.

New York State Route 27A and County Road 31 both traverse the Village. The Suffolk County Airport is located just outside the Village and provides service for business and pleasure aircraft.

Government

The Village was incorporated in 1928. One independently governed school district, which relies on its own taxing powers granted by the State to raise revenues is located partially within the Village. The school district uses the Town of Southampton assessment roll as its basis for taxation of property located within the Village.

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

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

The Village Clerk-Treasurer is appointed to a two-year term and the Attorney to a one year term.

Utilities and Other Services

Electricity and natural gas are supplied to the Village by the PSEG Long Island and National Grid, respectively. Water treatment and distribution is provided by the Suffolk County Water Authority. Police protection is provided by the Village Police Department; fire protection is provided by the Westhampton Beach Fire District; such District was formed by the dissolution and combination of the Westhampton Fire District, the Westhampton Beach Fire Company, the Quogue Fire Protection District and the Ocean Bay Fire Protection District pursuant to the proposition approved by the voters of the Village on October 15, 2002. Funds and assets of the Westhampton Beach Fire Company which were held by the Village have been transferred to the Fire District.

Employees

The Village provides services through approximately 37 full-time employees and 40 part-time employees.

The Patrolmen's Benevolent Association represents 13 Village police officers under a contract which expired May 31, 2017; renewal of such contract is in negotiation. The Association of Municipal Employees represents 12 Village employees under a contract which expires May 31, 2018.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

Year	Village	Town of Southampton	Suffolk County	New York State
1990	1,573	45,351	1,321,864	17,990,455
2000	1,902	55,216	1,390,791	18,976,457
2010	2,021	56,537	1,482,548	19,378,102
2016	1,847	57,730	1,501,373	19,697,457

Selected Wealth and Income Indicators

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

	Per Capita Money Income			
	1990	2000	2010	2016[a]
Town of Southampton	$16,726	$31,320	$47,111	$48,013
County of Suffolk	18,481	26,577	35,755	38,779
State of New York	16,501	23,389	30,948	34,212

	Median Household Income			
	1990	2000	2010	2016[a]
Town of Southampton	$43,929	$65,144	$89,560	$79,537
County of Suffolk	53,244	72,112	96,220	90,128
State of New York	39,741	51,691	67,405	60,741

Source: U.S. Bureau of the Census.

a. Based on American Community Survey 5-Year estimates (2012-2016).

Selected Listing of Major Employers in the Village

Name of Employer	Nature of Business	Number of Employees
Westhampton Beach UFSD	Public Schools	310
Seafield Center	Healthcare	147
Village of Westhampton Beach	Local Government	77
Best Market	Supermarket	70
Dunn Engineering	Engineering	65
Family Counseling Services	Healthcare	26

Unemployment Rate Statistics

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

Annual Averages:	Town of Southampton (%)	Suffolk County (%)	New York State (%)
2013	7.0	6.5	7.7
2014	5.8	5.3	6.4
2015	5.1	4.8	5.3
2016	4.7	4.3	4.8
2017	4.8	4.4	4.6
2018 (2 Month Average)	7.5	5.4	5.1

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the periods of probable usefulness of the objects or purposes as determined by statute or weighted average maturity thereof; 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 *"Security and Source of Payment"*, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of May 1, 2018)

Fiscal Year Ending May 31:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2015	$2,647,324,941	100.00	$ 2,647,324,941
2016	2,639,125,202	100.00	2,639,125,202
2017	2,726,657,399	100.00	2,726,657,399
2018	2,735,018,088	100.00	2,735,018,088
2019	2,832,630,133	100.00	2,832,630,133

Total Five Year Full Valuation	$13,580,755,763
Average Five Year Full Valuation	2,716,151,153
Debt Limit - 7% of Average Full Valuation	190,130,581
Inclusions:	
General Purpose Bonds	525,000
Bond Anticipation Notes	1,250,000
Total Inclusions	1,775,000
Exclusions:	
Appropriations	250,000
Total Exclusions	250,000
Total Net Indebtedness Before Issuance of the Notes	1,525,000
The Notes	1,000,000
Less: BANs to be redeemed by the issuance of the Notes	1,000,000
Net Effect of the Notes	0
Total Indebtedness After Issuance of the Notes	1,525,000
Net Debt Contracting Margin	$188,605,581
Percent of Debt Contracting Margin Exhausted (%)	0.80

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending May 31:	Principal	Interest	Total
2018	$300,000	$28,594	$328,594
2019	300,000	16,969	316,969
2020	75,000	9,563	84,563
2021	75,000	6,375	81,375
2022	75,000	3,188	78,188
Totals	$825,000	$64,688	$889,688

a. Does not include payments made to date.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Village has $1,250,000 in bond anticipation notes outstanding. The proceeds of the Notes, along with available funds in the amount of $250,000 will redeem such Notes.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Village has no authorized but unissued debt outstanding.

Capital Project Plans

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

The Village is in the planning stages for the improvements to marina bulkhead, the paving of Main Street, its curbs and sidewalks and improvements to drainage system under Main Street. The improvements to the Marina bulkhead will be financed by the issuance of the Notes. The Main Street projects are projected to start within the next year.

Trend of Outstanding Debt

	2014	2015	2016	2017	2018
Bonds	$2,750,000	$2,250,000	$1,750,000	$1,350,000	$ 825,000
BANs	0	0	0	0	1,000,000
Capital Lease	198,792	117,649	53,869	13,523	0
Total Debt Outstanding	$2,948,792	$2,367,649	$1,803,869	$1,363,523	$1,825,000

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	12/06/2017	0.29	$ 5,279,6930	$ 4,067,687
Town of Southampton	05/27/2017	5.78	7,102,421	6,342,415
Westhampton Beach UFSD	11/15/2017	46.39	10,438,214	9,394,393
Totals			$22,820,328	$19,804,494

Debt Ratios

(As of May 1, 2018)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$ 1,775,000	$ 961	0.063
Net Direct Debt	1,525,000	826	0.054
Total Direct & Applicable Total Overlapping Debt	24,595,328	13,316	0.868
Net Direct & Applicable Net Overlapping Debt	21,329,494	11,548	0.753

a. Exclusive of the Notes.
b. The current estimated population of the village is 1,847.
c. The full valuation of taxable real property in the Village for 2018-19 is $2,832,630,133

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 audited financial statement is available is the fiscal year ended May 31, 2017 and is attached hereto as Appendix B. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village also prepares an Annual Financial Report Update Document for submission to the State Comptroller. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

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

The Village presently maintains the following governmental funds: General Fund, Water Sewer Funds, 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 Treasurer is responsible for the preparation and submission of the tentative annual budget to the Board no later than April 1. The Village Board reviews the tentative budget and prepares a preliminary budget and a public hearing is held thereon no later than April 15. Subsequent to the public hearing, revisions (if any) are made. The budget is then adopted by the Village Board by May 1 as final for the year beginning June 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 June 1 - May 31 fiscal year for operating and reporting purposes.

Revenues

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

Real Property Taxes

See "*Tax Information*", herein.

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 statements of the Village, the Village received 4.84% of its total General Fund operating revenue from State aid in the fiscal year ending May 31, 2017 and expects to receive approximately 3.09% in 2018 and 3.00% in 2019. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

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 budgeted amounts for 2018 and 2019.

Fiscal Year Ending May 31:	Total Revenue	State Aid	State Aid To Revenues (%)
2013	$ 9,780,884	$368,573	3.77
2014	9,832,534	394,875	4.02
2015	9,672,147	415,810	4.30
2016	10,229,906	485,536	4.75
2017	10,276,953	497,645	4.84
2018 (Budgeted)	10,359,285	319,930	3.09
2019 (Budgeted)	10,665,753	319,930	3.00

Source: Audited financial statements (2012 through 2016), and adopted budget for fiscal years ended May 31, 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 May 31, 2014, the audited financial statements show the total revenues in the General Fund were $9,832,534 and the total expenditures were $8,860,150, resulting in an operating surplus of $782,384 after transfers. The total overall fund balance in the General Fund increased from $2,465,315 to $3,247,699.

2014-15 Results of Operations

For the fiscal year ended May 31, 2015, the audited financial statements show the total revenues in the General Fund were $9,672,147 and the total expenditures were $8,457,672, resulting in a surplus of $559,475 after transfers. The total overall fund balance in the General Fund increased from $3,247,699 to $3,807,174.

2015-16 Results of Operations

For the fiscal year ended May 31, 2016, the audited financial statements show the total revenues in the General Fund were $10,229,906 and the total expenditures were $8,314,500, resulting in a surplus of $1,752,406 after transfers. The total overall fund balance in the General Fund increased from $3,807,174 to $5,559,580.

2016-17 Results of Operations

For the fiscal year ended May 31, 2017, the audited financial statements show the total revenues in the General Fund were $10,276,953 and the total expenditures were $8,733,173, resulting in a deficit of $19,220 after transfers. The total overall fund balance in the General Fund decreased from $5,559,581 to $5,418,749.

2017-18 Budget

The Budget for the fiscal year ending May 31, 2018 was adopted in 2017 and included a 2% property tax increase and an appropriation of $350,000 in fund balance for the 2017-18 Budget year. A summary of the 2017-2018 Budget is attached in Appendix A.

2018-19 Budget

The Budget for the fiscal year ending May 31, 2019 was adopted in 2018 and included a 2% property tax increase and an appropriation of $350,000 in fund balance for the 2017-18 Budget year. A summary of the 2018-2019 Budget is attached in Appendix A.

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: 3.3%) in 2017. More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. There have been no audits in the last five fiscal years.

Employee Pension System

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). The Retirement System is a cost-sharing multiple public employee 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, as discussed below, whose benefits vest after ten years or credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Village. Under the previous method, the Village was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Village is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Village that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

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

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

Members of the PFRS are divided into four tiers. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. PFRS members that were hired between July 1, 2009 to January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. PFRS members hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution. PFRS members hired after April 1, 2012 are in Tier 6, which also originally has a 3% contribution requirement for members for fiscal year 2012-2013; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: $45,000.00 or less contributes 3%; $45,000.01 to $55,000.00 contributes 3.5%; $55,000.01 to $75,000.00 contributes 4.5%; $75,000.01 to $100,000.00 contributes 5.75%; and more than $100,000.00 contributes 6%.

The Village has decided not to amortize any pension contributions.

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

Payments to the Retirement Systems

Fiscal Year Ending May 31:	ERS	PFRS
2014	$357,824	$474,320
2015	358,018	513,015
2016	342,275	293,674
2017	257,170	383,996
2018	284,254	418,264
2019 (Budgeted)	280,335	417,270

Other Post Employment Benefits

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

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

The following table shows the components of the Village’s annual OPEB cost for the fiscal year ending in 2017, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation:

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ending May 31, 2017:
Annual required contribution (ARC)	$600,581
Interest on net OPEB obligation	55,552
Adjustment to ARC	(60,383)
Annual OPEB cost (expense)	595,750
Less: Contributions made	(546,185)
Change in net OPEB obligation	49,565
Net OPEB obligation-beginning of year	1,388,810
Net OPEB obligation-end of year	$1,438,375

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 May 31, 2017 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed (%)	Net OPEB Obligation
May 31, 2017	$ 595,750	92.0	$1,438,375
May 31, 2016	1,021,724	49.0	1,388,810
May 31, 2015	672,361	73.0	864,832

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the Village's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2013 through 2017, and budgeted for 2018 and 2019.

Fiscal Year Ending May 31:	Total Revenue	Property Taxes	Property Taxes To Revenues (%)
2013	$ 9,780,884	$7,930,265	81.08
2014	9,832,534	8,086,655	82.24
2015	9,672,147	7,991,648	82.63
2016	10,229,906	8,170,919	79.87
2017	10,276,953	8,124,051	79.05
2018 (Budgeted)	10,359,285	8,286,205	79.99
2019 (Budgeted)	10,665,753	8,462,172	79.34

Source: Audited financial statements (2013 through 2017), and adopted budget for fiscal years ended May 31, 2018 and 2019.

Tax Collection Procedure

Tax payments are due on June 1st each year and are payable without penalty up to and including July 1. Penalties for tax delinquencies are imposed at the rate of 5% for the balance of July and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction of thereof thereafter. In March of each year tax liens are sold at auction pursuant to proceedings set forth in the Real Property Tax Law. Consequently, there are usually no uncollected taxes at the end of the fiscal year.

Tax Levy Limit Law

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

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places.

The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

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

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2017-2018 fiscal year is as follows;

Five-year Average Full Valuation	$2,716,151,153
Tax Limit - 2% thereof	54,323,023
Tax Levy for General Village Purposes	8,462,171
Less: Exclusions	0
Tax Levy Subject to Tax Limit	$8,462,171
Constitutional Tax Margin	$45,860,852
Percentage of Tax Limit Exhausted	15.58%

Tax Levies, Collection Records and Tax Rates

	Fiscal Year Ending May 31:				
	2014	2015	2016	2017	2018
Taxes on Roll	$7,993,292	$7,902,205	$8,159,963	$8,062,731	$8,286,203
Amount Uncollected	52,675	27,152	48,072	27,770	-
Total:	$8,045,966	$7,929,357	$8,208,034	$8,090,500	$8,286,203
Tax Rate per $1,000 Assessed Valuation	2.9536	3.0211	3.0811	2.9765	3.0264

Selected Listing of Large Taxable Properties[a]
2017-2018 Assessment Roll

Name	Type	Assessed Valuation
Ironman Realty, LLC.	Commercial	$13,493,200
123 Dune Road, LLC.	Commercial	12,737,700
West 66, LLC.	Commercial	12,075,900
Westhampton Bath & Tennis Club	Hotel	11,143,100
EE Geduld	Residential	10,191,000
DLV DD, LLC.	Commercial	9,912,900
PSEGLI Property Tax Department	Commercial	9,406,949
Stanley Fleishman	Residential	8,945,700
Suzanne Doft	Residential	8,225,000
Linda H. Golden	Residential	8,161,600
129 Dune Road, LLC.	Commercial	7,871,300
Seafield Center, Inc.	Commercial	7,798,900
1 Dune Road, LLC.	Commercial	7,792,000
Best Market	Commercial	7,304,600
Andrew Herenstein	Residential	7,219,200
	Total [a]	$142,279,049

a. Represents 5.02% 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, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have an adverse material effect on the financial conditions of the Village.

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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018. The Tax Certificate of the Village (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes 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 Notes, 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 Notes 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 Notes 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 Notes. 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 Notes, 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 Notes in order that interest on the Notes 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 Notes, 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 Notes 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 Notes 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 Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. 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 Notes.

Prospective owners of the Notes 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 Notes 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 Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes 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 Notes having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Notes 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 Notes. In general, under Section 1288 of the Code, OID on a Discount Note 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 Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. 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 Note even though there will not be a corresponding cash payment.

Owners of Discount Notes 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 Notes.

Note Premium

In general, if an owner acquires a Note 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 Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note 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 note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note 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 Note may realize a taxable gain upon disposition of the Premium Note 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 Note should consult their own tax advisors regarding the treatment of note 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 note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. 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 Note 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 Series B Notes 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 Notes under Federal or state law or otherwise prevent beneficial owners of the Notes 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 Notes.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Village with respect to the Notes, which will be available at the time of delivery of the Notes, substantially as set forth in Appendix C.

DISCLOSURE UNDERTAKING

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

RATING

The Notes are not rated. The Village is currently rated "Aa1" by Moody's Investors Service ("Moody's"), 7 WTC at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-4055 and Fax: (212) 298-6761. These ratings reflect only the view of the rating agencies and any desired explanation of the significance of such rating should be obtained from Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Village on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the 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 Village Treasurer's office, Elizabeth Lindtvit, Village Clerk/Treasurer, Village of Westhampton Beach, 165 Mill Road, Westhampton Beach, New York 11978, telephone number (631) 288-4332, email elindtvit@westhamptonbeach.org v, or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: http://www.munistat.com.

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

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

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

By: s/s ELIZABETH LINDTVIT
Village Clerk/Treasurer
Village of Westhampton Beach
Westhampton Beach, New York

May , 2018

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General Fund

	Fiscal Year Ending May 31:				
	2013	2014	2015	2016	2017
Assets					
Cash	$ 2,786,919	$ 3,691,518	$ 3,796,555	$ 5,887,217	$ 5,492,456
Accounts Receivable	43,265	4,673	288	2,222	2,421
Due from Other Funds		26,735	127,608	2,434	2,057
Due from Other Governments	317,880	188,075	75,784	86,183	96,133
Due from Fiduciary Fund					73,978
Tax Sale Certificates	733	733	732	995	799
Total Assets	$ 3,148,797	$ 3,911,734	$ 4,000,967	$ 5,979,051	$ 5,667,844
Liabilities					
Accounts Payable	$ 130,667	$ 171,683	$ 42,508	$ 212,720	$ 55,058
Accrued Liabilities	32,747	11,591	20,061	29,475	18,960
Retained Percentages, Contracts Payable	961	961			
Due to Other Funds	5,000		5,000	168,000	
Due to NYS Retirement System	145,212	132,103	119,300		114,171
Due to Other Governments	83,413	1,215	6,635	9,275	7,153
Compensated Absenses	285,481	346,491			
Deferred Revenue					53,753
Total Liabilities	683,481	664,044	193,504	419,470	249,095
Fund Balances					
Restricted		750,000	1,150,000	1,150,000	1,550,000
Assigned	542,176	396,962	363,074	350,088	383,300
Unassigned	1,923,140	2,100,738	2,294,101	4,059,493	3,485,449
Total Fund Equity (Deficit)	2,465,316	3,247,700	3,807,175	5,559,581	5,418,749
Total Liabiities and Fund Equity	$ 3,148,797	$ 3,911,744	$ 4,000,679	$ 5,979,051	$ 5,667,844

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

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

	Fiscal Year Ending May 31: 2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	$ 7,930,265	$ 8,086,655	$ 7,991,648	$ 8,170,919	$ 8,124,051
Other Tax Items	125,107	78,401	78,401	90,301	102,201
Non-Property Taxes	76,293	97,544	109,619	87,367	92,601
Departmental Income	457,912	516,138	492,472	570,722	673,461
Licenses & Permits	265,205	393,757	375,171	493,367	572,676
Intergovernmental Charges					15,000
Use of Money and Property	38,815	30,995	27,570	47,734	34,345
Fines & Forfeitures	149,556	122,413	132,143	141,026	123,364
Sale of Property & Compensation for Loss	17,413	1,731	1,210	8,431	1,274
Refund of Prior Year Expenditures	77,560	90,158	32,165	130,756	30,870
Miscellaneous	883	3,749	8,551	947	9,465
State Sources	368,573	394,875	415,810	485,536	497,645
Federal Sources	273,302	16,118	7,387	2,800	
Total Revenues	9,780,884	9,832,534	9,672,147	10,229,906	10,276,953
Expenditures:					
General Government Support	1,694,443	1,682,670	1,518,441	1,543,933	1,647,764
Public Safety	2,590,185	2,557,855	2,370,915	2,418,570	2,544,646
Transportation	1,088,387	1,168,017	1,363,381	1,368,355	1,440,839
Culture & Recreation	176,101	185,513	186,539	242,642	351,859
Home & Community Service	79,139	124,608	123,715	172,358	113,593
Employee Benefits	2,335,279	2,453,685	2,246,900	2,064,288	2,271,797
Debt Service - Principal	633,682	581,143	563,780	440,346	313,523
Debt Service - Interest	124,634	106,659	84,001	64,008	49,152
Total Expenditures	8,721,850	8,860,150	8,457,672	8,314,500	8,733,173
Excess (Deficiency) of Revenues Over Expenditures	1,059,034	972,384	1,214,475	1,915,406	1,543,780
Other Financing Sources (Uses)					
Operating Transfers In					
Operating Transfers Out	(5,000)	(190,000)	(655,000)	(163,000)	(1,563,000)
Total Other Financing Sources (Uses)	(5,000)	(190,000)	(655,000)	(163,000)	(1,563,000)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	1,054,034	782,384	559,475	1,752,406	(19,220)
Fund Balance Beginning of Year	1,411,281	2,465,316	3,247,700	3,807,175	5,559,581
Prior Period Adjustments					(121,612)
Fund Balance Beginning of the Year (Restated)					5,437,969
Fund Equity - End of Year	$ 2,465,316	$ 3,247,700	$ 3,807,175	$ 5,559,581	$ 5,418,749

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

Budget Summaries

		2017-2018 General Fund		2018-2019 General Fund
Revenues:				
Real Property Taxes	$	8,286,204	$	8,462,172
Estimated Revenue		1,723,081		1,853,581
Appropriated Fund Balance		350,000		350,000
Total Revenues	$	10,359,285	$	10,665,753
Expenditures:				
General Government Support	$	1,966,399	$	2,101,671
Public Safety		2,977,870		2,831,291
Transportation		1,661,998		1,698,061
Economic Opportunity & Development		7,500		10,000
Culture & Recreation		351,968		410,880
Home & Community Service		192,400		199,400
Employee Benefits		2,763,950		2,863,950
Debt Service		337,200		450,500
Interfund Transfers		100,000		100,000
Total Expenditures	$	10,359,284	$	10,665,753

Source: Adopted Budget of the Village.

VILLAGE OF WESTHAMPTON BEACH

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 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 WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
Year Ended May 31, 2017

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As management of the Incorporated Village of Westhampton Beach (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2017.

FINANCIAL HIGHLIGHTS

As reflected in the government-wide financial statements, the assets and deferred outflows of the Village exceeded its liabilities and deferred inflows at May 31, 2017 fiscal year by $20,074,863 (net position), of which $824,376 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Village's fund designation and fiscal policies.

As reflected in the fund financial statements as of the close of the current fiscal year, the Village's government funds reported an ending fund balance of $7,946,815 (an increase of $657,350 in comparison with the prior year). Of this amount, $4,078,066 is restricted, $383,300 is assigned, and $3,485,449 is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, 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 presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

The government-wide financial statements distinguish functions and programs of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from programs that are intended to recover all or a significant portion of their costs through user fees and charges.

The governmental activities of the Village include general government support, police, justice court, roads and highways, building department, beach, community beautification, community development, and marina and dock.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions and programs reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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, readers may better understand the long-term effect of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds 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 three governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Fund and Special Revenue Fund.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements and reconciliations can be found on pages 12 – 15 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Village's own programs.

The fiduciary fund financial statement can be found on page 16 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 34 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Incorporated Village of Westhampton Beach, assets and deferred outflows exceeded liabilities and deferred inflows by $20,074,863 at the close of the most recent fiscal year.

VILLAGE'S NET POSITION

	Governmental Activities		
As of May 31,	**2017**	**2016**	**Change**
Current and Other Assets	$ 8,195,910	$ 7,662,547	$ 533,363
Capital Assets	16,222,421	15,824,853	397,568
Deferred Outflows	1,212,827	2,103,410	(890,583)
Total Assets and Deferred Outflows	$25,631,158	$25,590,810	$ 40,348
Other Liabilities	$ 504,874	$ 580,317	$ (75,443)
Long Term Liabilities	4,720,083	6,125,698	(1,405,615)
Deferred Inflows	331,338	348,971	(17,633)
Total Liabilities and Deferred Inflows	5,556,295	7,054,986	(1,498,691)
Net Position:			
Net investment in capital assets	15,172,421	14,461,330	711,091
Restricted	4,078,066	3,001,496	1,076,570
Unrestricted	824,376	1,072,998	(248,622)
Total Net Position	$20,074,863	$18,535,824	$ 1,539,039

Currently, the largest portion of the Village's net position of $15,172,421 reflects its net investment in capital assets (e.g. land, buildings, improvements and machinery and equipment.) Capital assets are used to provide service to citizens; consequently these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net investment in capital assets increased over the prior year by $711,091, primarily as a result of additions to capital assets during the current fiscal year, as well as the reduction of the capital related debt, offset by current depreciation.

A portion of the Village's net position, $4,078,066, represents resources that are subject to external restriction on how they may be used. Increases of $1,076,570 were the result of transfers from the General Fund.

The remaining balance of unrestricted net position totaling $824,376 may be used to meet the Village's ongoing obligations to citizens and creditors.

VILLAGE'S CHANGES IN NET POSITION

For the year ended May 31,	Governmental Activities 2017	2016	Increase (Decrease)
Revenues:			
Program Revenues/Charges for Services	$ 1,407,471	$ 1,230,198	$ 177,273
Operating Grants	5,508	2,800	2,708
Capital Grants	186,094	194,985	(8,891)
General Revenues:			
Property Taxes	8,124,051	8,170,919	(46,868)
Non-property Tax Items	194,802	177,668	17,134
Unrestricted Investment Earnings	28,629	26,067	2,562
State Aid	306,043	290,551	15,492
Miscellaneous	41,609	140,134	(98,525)
(Loss) on Capital Asset Dispositions	(23,883)	(160,135)	136,252
Total Revenues	10,270,324	10,073,187	197,137
Expenses:			
General Government	1,923,744	1,775,337	148,407
Police and Other Public Safety	3,230,948	3,588,960	(358,012)
Justice Court	168,398	195,591	(27,193)
Roads and Highways	2,175,650	2,475,200	(299,550)
Building Department	541,676	605,550	(63,874)
Beach	536,246	456,895	79,351
Community Beautification	81,870	248,560	(166,690)
Community Development	8,000	5,400	2,600
Marina and Dock	21,301	-	21,301
Interest on Short-Term Debt	43,360	57,992	(14,632)
Total Expenses	8,731,193	9,409,485	(678,292)
Change in Net Position	1,539,131	663,702	875,429
Net Position – Beginning (Restated)	18,535,732	17,872,122	663,610
Net Position – Ending	$20,074,863	$18,535,824	$1,539,039

Revenue Categories:

Program Revenues – includes charges for services which provide a direct benefit to the purchaser, including fees for recreational and community events and building permits. Revenue contributed by external governments that are restricted to supporting these types of programs are also classified as program revenues as either operating or capital grants.

General Revenues – includes revenues that are available to fund the overall government and to provide a benefit to all taxpayers in the Village. This includes real property taxes and miscellaneous funds that may be generated during the course of the year, such as sales on excess equipment and insurance property loss claims received.

The Village's revenues increased by $197,137. This increase is primarily due to increases in program revenues and charges for services.

Expense Categories:

The Village's expenses decreased by $678,292. This decrease is primarily due to overall decreases in all functions with the exception of general government and beach.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balance of $7,946,815, an increase of $657,350 in comparison to the prior year. Of this total amount, $3,485,449 constitutes unassigned fund balance, which is available for spending at the Village's discretion.

General Fund – The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,485,449, while total fund balance reached $5,418,749. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40% of total fund expenditures, while total fund balance represents 62% of that total fund expenditures.

The fund balance of the Village's General Fund decreased during the current fiscal year by $19,220 to $5,418,749. The key factors in this decrease were transfers to the Capital Fund of $1,563,000.

Special Revenue Fund – The fund balance in the Special Revenue Fund increased during the current fiscal year by $332 to $918,244. The key factor in this was the use of revenues, fees and interest earnings exceeding expenditures of Parkland reserves.

Capital Fund – The fund balance in the Capital Fund increased during the current fiscal year by $676,238 to $1,609,822. The key factor in this was transfers in from the General Fund and interest exceeding the purchase of equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's General Fund adopted budget for the year ended May 31, 2017 was $10,102,631. This amount includes appropriated fund balance in the amount of $350,000 and encumbrances carried forward from the prior year in the amount of $88.

The budget was funded through a combination of anticipated revenues and transfers. The major funding sources were real property taxes of $8,150,821, departmental income of $619,528, licenses and permits of $269,200, State Aid of $355,593, and appropriated fund balance of $350,000.

The General Fund performed favorably compared to budgeted revenues and expenditures.

Actual revenues of $10,276,953 compared to the original budget of $9,752,543 with a positive variance to budget of $524,410. This variance consisted primarily of additional building and other permit revenue and State Aid received during the current year.

Actual expenditures for the year were $10,696,173 compared to the original budget of $10,102,631 with a negative variance to budget of $593,542. This variance is primarily the result of actual line items being less than projected except for transfers to other funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Village's investment in capital assets for its governmental activities as of May 31, 2017, amounts to $16,222,421 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, infrastructure, structures, machinery and equipment, and vehicles and equipment.

As of May 31,	2017	2016
Land	$ 3,344,521	$ 3,344,521
Construction in Progress	887,813	-
Land Improvements	533,857	642,181
Infrastructure	5,963,286	6,148,427
Structures	4,590,275	4,761,095
Machinery and Equipment	149,500	182,957
Vehicles and Equipment	753,169	745,582
Total	$16,222,421	$15,824,763

Additional information on the Village's capital assets is shown in Note 6 on page 26 of this report.

DEBT ADMINISTRATION

The Village borrows money in order to acquire land or equipment or construct buildings and improvements or infrastructure. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The Village pledges its full faith and credit for the payment of principal and interest.

As of May 31,	2017	2016
Serial Bonds	$1,050,000	$1,350,000
Net Pension Liability	1,320,554	2,078,632
Capital Lease – Equipment Purchase	-	13,523
Compensated Absences	1,211,154	1,608,256
Postemployment Benefits	1,438,375	1,388,810
Total	$5,020,083	$6,439,221

Additional information on the Village's outstanding debt is shown in Note 7 on pages 27 - 28 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2017/2018 budget appropriations are $10,359,285 which is 2.54% more than the current year's adopted budget. Most of the appropriations budget is about equal to the prior year with the exception of general government has been increased $98,520; public safety has been increased $199,726; transportation has been increased $103,555; recreation has been decreased $42,885; employee benefits has been increased $58,250; debt service has been decreased $11,425 and interfund transfers has been decreased $163,000. Property tax collections will increase by $170,383, about 2.1 percent.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions concerning any information provided in this report should be addressed to the Village at 165 Mill Road, Westhampton Beach, NY 11978.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Trustees of the
Incorporated Village of Westhampton Beach:

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Westhampton Beach, New York (the "Village"), as of and for the year ended May 31, 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 the 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 internal control. Accordingly, we express no such opinion. An audit 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.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of Westhampton Beach, as of May 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 – Section V to the financial statements, the beginning net position was restated to correct an error involving the omission of a prior year accrual for pension costs in previously issued financial statements. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7, the schedule of funding progress other postemployment benefits on page 37, budgetary comparison information on page 38, the schedule of the Village's proportionate share of the net pension liability on page 39, the schedule of the Village's contributions – ERS on page 40, and the schedule of the Village's contributions – PFRS on page 41, be presented to supplement the basic financial statements. Such information, although are not 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 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 Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Westhampton Beach's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Satty, Levine & Ciacco CPAs PC

Satty, Levine & Ciacco, CPAs P.C.
Jericho, New York
November 10, 2017

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2017

		GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash	$	8,006,429
Accounts receivable		2,421
Taxes sale certificates		799
Due from fiduciary fund		90,128
Due from other governments		96,133
TOTAL CURRENT ASSETS		8,195,910
NON-CURRENT ASSETS:		
Land and construction in progress		4,232,334
Other capital assets, net of depreciation		11,990,087
TOTAL NON-CURRENT ASSETS		16,222,421
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions		1,212,827
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,212,827
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	25,631,158
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$	55,058
Accrued liabilities		18,960
Accrued interest payable		9,532
Due to NYS retirement		114,171
Due to other governments		7,153
Due within one year		300,000
TOTAL CURRENT LIABILITIES		504,874
NON-CURRENT LIABILITIES:		
Proportionate share of net pension liability		1,320,554
Compensated absences		1,211,154
Post employment benefits other than pensions		1,438,375
Due in more than one year		750,000
TOTAL NON-CURRENT LIABILITIES		4,720,083
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues		53,753
Deferred inflows of resources - pensions		277,585
TOTAL DEFERRED INFLOWS OF RESOURCES		331,338
NET POSITION		
Net investment in capital assets		15,172,421
Restricted for:		
Parking trust		53,670
Parkland trust		864,574
Capital reserve		1,609,822
Employee benefit liability reserve		1,550,000
Unrestricted		824,376
TOTAL NET POSITION		20,074,863
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$	25,631,158

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES:					
General government	$ 1,923,744	$ 81,617	$ -	$ -	$ (1,842,127)
Police and other public safety	3,230,948	84,130	5,508	-	(3,141,310)
Justice court	168,398	123,364	-	-	(45,034)
Roads and highways	2,175,650	-	-	186,094	(1,989,556)
Building department	541,676	572,676	-	-	31,000
Beach	536,246	373,198	-	-	(163,048)
Community beautification	81,870	13,000	-	-	(68,870)
Community development	8,000	-	-	-	(8,000)
Marina and dock	21,301	159,486	-	-	138,185
Interest on long-term debt	43,360	-	-	-	(43,360)
TOTAL GOVERNMENTAL ACTIVITIES	$ 8,731,193	$ 1,407,471	$ 5,508	$ 186,094	(7,132,120)

GENERAL REVENUES:	
Property taxes-levied for general purposes	8,124,051
Non-property tax items	194,802
Unrestricted investment earnings	28,629
State aid	306,043
Miscellaneous	41,609
(Loss) on capital asset dispositions	(23,883)
TOTAL GENERAL REVENUES	8,671,251
CHANGE IN NET POSITION	1,539,131
NET POSITION - BEGINNING (Restated)	18,535,732
NET POSITION - ENDING	$ 20,074,863

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2017

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS:				
Cash	$ 5,492,456	$ 902,094	$ 1,611,879	$ 8,006,429
Accounts receivable	2,421	-	-	2,421
Due from other funds	2,057	-	-	2,057
Due from fiduciary fund	73,978	16,150	-	90,128
Due from other governments	96,133	-	-	96,133
Tax sale certificates	799	-	-	799
TOTAL ASSETS	$ 5,667,844	$ 918,244	$ 1,611,879	$ 8,197,967
LIABILITIES:				
Accounts payable	$ 55,058	$ -	$ -	$ 55,058
Accrued liabilities	18,960	-	-	18,960
Due to other funds	-	-	2,057	2,057
Due to NYS retirement	114,171	-	-	114,171
Due to other governments	7,153	-	-	7,153
TOTAL LIABILITIES	195,342	-	2,057	197,399
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue	53,753	-	-	53,753
TOTAL DEFERRED INFLOWS OF RESOURCES	53,753	-	-	53,753
FUND BALANCES:				
Restricted:				
Parking trust	-	53,670	-	53,670
Parkland trust	-	864,574	-	864,574
Capital reserve	-	-	1,609,822	1,609,822
Employee benefit reserve	1,550,000	-	-	1,550,000
Assigned fund balances:				
Appropriated fund balance	350,000	-	-	350,000
Encumbrances	33,300	-	-	33,300
Unassigned fund balance	3,485,449	-	-	3,485,449
TOTAL FUND BALANCES	5,418,749	918,244	1,609,822	7,946,815
TOTAL LIABILITIES AND FUND BALANCES	$ 5,667,844	$ 918,244	$ 1,611,879	$ 8,197,967

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2017

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 7,946,815
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		16,222,421
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(9,532)
Long term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds balance sheet:		
Serial Bonds	(1,050,000)	
Compensated Absences	(1,211,154)	
Other Post Employment Benefits	(1,438,375)	(3,699,529)
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	1,212,827	
Deferred Inflows of Resources	(277,585)	
Net Pension Liability - Employees' Retirement System	(1,320,554)	(385,312)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 20,074,863

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	**SPECIAL REVENUE**	**CAPITAL FUND**	**TOTAL**
REVENUES:				
Real propery taxes	$ 8,124,051	$ -	$ -	$ 8,124,051
Other tax items	102,201	-	-	102,201
Non-property tax items	92,601	-	-	92,601
Departmental income	673,461	13,000	-	686,461
Licenses and permits	572,676	-	-	572,676
Intergovernmental charges	15,000	-	-	15,000
Use of money and property	34,345	3,202	1,051	38,598
Fines and forfeitures	123,364	-	-	123,364
Sale of property and compensation for loss	1,274	-	-	1,274
Refund of prior year expenditures	30,870	-	-	30,870
Miscellaneous local sources	9,465	-	-	9,465
State aid	497,645	-	-	497,645
TOTAL REVENUES	10,276,953	16,202	1,051	10,294,206
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,563,000	1,563,000
TOTAL REVENUES AND OTHER FINANCING SOURCES:	10,276,953	16,202	1,564,051	11,857,206
EXPENDITURES:				
General government support	1,647,764	-	-	1,647,764
Public safety	2,544,646	-	-	2,544,646
Transportation	1,440,839	-	77,306	1,518,145
Culture and recreation	351,859	15,870	810,507	1,178,236
Home and community services	113,593	-	-	113,593
Employee benefits	2,271,797	-	-	2,271,797
DEBT SERVICE:				
Principal	313,523	-	-	313,523
Interest	49,152	-	-	49,152
TOTAL EXPENDITURES	8,733,173	15,870	887,813	9,636,856
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	1,543,780	332	676,238	2,220,350
OTHER FINANCING USES:				
Transfers out	(1,563,000)	-	-	(1,563,000)
TOTAL OTHER FINANCING USES	(1,563,000)	-	-	(1,563,000)
(DEFICIENCY) EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(19,220)	332	676,238	657,350
FUND BALANCE - BEGINNING OF THE YEAR (Restated)	5,437,969	917,912	933,584	7,289,465
FUND BALANCE - END OF THE YEAR	$ 5,418,749	$ 918,244	$ 1,609,822	$ 7,946,815

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 657,350
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		1,208,320
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(786,779)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		313,523
The net effect of various transactions involving capital assets (i.e. retirements and sales) is to (decrease) net position.		(23,883)
Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. The change in the liability is recognized.		5,793
On the statement of activities the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.		(49,565)
Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Changes in Long-term Compensated Absences		397,102
Changes in the Village's proportionate share of pension liabilities have no effect on current financial resources and therefore are not reported in the governmental funds. In addition, changes to the Village's deferred outflows and inflows related to pensions do not affect current financial resources and are also not reported in the governmental funds.		
Deferred Outflows of Resources	(890,583)	
Deferred Inflows of Resources	71,386	
Net Pension Liability - Employees Retirement Systems	758,078	
Net change from actual evaluation date to measurement date	(121,611)	(182,730)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,539,131

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
MAY 31, 2017

	AGENCY FUNDS
ASSETS	
Cash	$ 141,460
TOTAL ASSETS	$ 141,460
LIABILITIES	
Deposits held	$ 51,332
Due to governmental funds	90,128
TOTAL LIABILITIES	$ 141,460

See indepdent auditors' report and notes to the financial statements.

Note 1. Summary of Significant Accounting Policies

A. Organization

The Incorporated Village of Westhampton Beach (the "Village") was incorporated in 1928. The Village operates under a Board of Trustees form of government and provides the following services as authorized by its charter: general government, police, justice court, roads and highways, building department, beach, community beautification, community development, marina and dock.

The financial statements of the Village were prepared in accordance with generally accepted accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing governmental accounting and financial reporting principals for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

B. Financial Reporting Entity

The Incorporated Village of Westhampton Beach is governed by the 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 chief executive officer and the Treasurer serves as chief fiscal officer.

All governmental activities and function/programs performed for the Incorporated Village of Westhampton Beach are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting consists of (a) the primary government which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 61.

C. Basis of Presentation

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 transaction 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 Statement of Activities, compared with the current financial resource measurement focus of the governmental funds.

Government-wide Financial Statements

The Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Village. The effect of interfund activity, within the governmental column has been removed from these statements.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three components-net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other tax items are not included in program revenues but are reported instead as general revenues.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements
The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

1. General fund is the general operating fund of the Village. It is used to account for and report all financial resources except those required to be accounted for in another fund.

2. Special Revenue fund is used to account for and report the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund of the Village includes the Parkland Trust, which is used to account for activities related to improvements and land acquisitions for the parks. In addition the special revenue fund includes the Parking Trust, which is used to account for activities related to improvements and collections for parking lots.

3. Capital fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including for the acquisition or construction of major capital assets.

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income and financial position. All assets and liabilities are included on the Statement of Fiduciary Net Position. These activities are not included in the government-wide financial statements because their resources are not available to be used. The Village has presented the following Fiduciary Fund:

1. Agency Funds account for assets held by the Village in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Agency Funds consist of deposits held by the Village.

D. Basis of Accounting
Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured (i.e. expenditures or expenses.)

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except that:

a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.

b. Principal and interest on indebtedness are not recognized as an expenditure until due.

c. Compensated absences such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

E. Budgetary Data

Budgets are adopted annually. All budget amounts provided in this report have been modified where necessary. The Village's procedures in establishing the budgetary data reflected in the financial statements are as follows:

a. On or before March 31st, the budget officer prepares estimates for each administrative unit.

b. No later than March 31st, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1st. This tentative budget includes proposed expenditures and the means of financing for the General Fund.

c. A public hearing is conducted by the Board of Trustees to obtain comments.

d. No later than May 1st, the Board of Trustees adopts the budget of the Incorporated Village of Westhampton Beach.

All modifications of the budget must be approved by the Board of Trustees. (However, the Treasurer is authorized to transfer certain budget amounts within departments.)

F. Cash, Cash Equivalents and Investments

The Village primarily maintains its cash and investments in individual segregated accounts grouped by fund. All investments with an original maturity of three months or less when purchased are considered cash equivalents. Cash on deposit with financial institutions is collateralized in accordance with state statutes.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

H. 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 the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

Note 1. Summary of Significant Accounting Policies (Continued)

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

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is provided subsequently in these Notes.

I. Receivables

Receivables include amounts due from Federal, State and other governments or entities for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

J. Prepaid Items

Prepaid items in the fund and government-wide statements represent expenses paid that will benefit the subsequent period.

K. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets purchased or acquired with an original cost of $5,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost if the actual historical cost is not available. Contributed assets are reported at a fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure assets for governmental activities after December 31, 1980, consisting of certain improvements other than buildings, including roads, curbs, sidewalks, drainage system, street lighting and sewer system are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 years
Infrastructure	10-50 years
Structures	20-40 years
Machinery and Equipment	5-15 years
Vehicles and Equipment	8-10 years

The Village evaluated 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 May 31, 2017, the Village has not recorded any such impairment losses.

L. Collections in Advance

Collections in advance represent a liability for fees which pertain to services that will be provided by the Village in the next fiscal year.

M. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Village reports one item which qualifies for reporting in this category. This is related to pension transactions reported in the government-wide statement of net position. This represents the difference between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and the Village's contributions to the pension system subsequent to the measurement date.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Deferred Inflows and Deferred Outflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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 reports two items which qualifies for reporting in this category. The governmental funds report unavailable revenues for real property taxes. This amount is deferred and will be recognized as am inflow of resources in the period that the amounts become available. The Village reports the second item, which arises from pension transactions reported in the government-wide statement of net position. This represents changes in proportion and differences between employer contributions and proportionate share of contributions.

N. Grant Advances

Grant advances represent a liability for grant revenues collected in advance of eligible grant expenditures.

O. Compensated Absences

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employee have been recorded in the statements of net position. Payment of vacation time and sick leave is dependent upon many factors and vary according to the appropriate bargaining unit; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave when such payments become due.

As of May 31, 2017, the estimated value of the accumulated vacation time and sick leave totaled $1,211,154. Of this amount, $1,550,000 has been accrued and reserved in the General Fund, in the Employee Benefit Reserve Fund.

P. Other Benefits

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

In addition to providing pension benefits, the Village provides post-employment health insurance coverage for retired employees. In the government-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting. The cost of providing these benefits is recorded as an expenditure in governmental funds in the year paid.

Q. Short-Term Debt

The Village may issue Bond Anticipation Notes (BAN's) 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term liabilities and obligations are liquidated through future budgetary appropriations of the general fund.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the Statement of Net Position.

Note 1. Summary of Significant Accounting Policies (Continued)

S. Insurance

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

T. 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 acquisition, construction or improvement of those assets.

Restricted net position – 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 net position – reports all other net position that do not meet the definition of “restricted” or invested in capital assets and are deemed to be available for general use by the Village.

Fund balance consists of five classifications; nonspendable, restricted, committed, assigned and unassigned; however the Village only utilizes the following three:

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. Restricted fund balances, including reserves in accordance with New York State law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund.

Restricted reserves currently in use by the Village include the following:

Parking Trust – the parking trust reserve fund reports funds which are restricted by Village Law Section 13-300 for activities related to improvements and collections for parking lots.

Parkland Trust – the reserve for parkland trust reports funds which are restricted by General Municipal Law Section 6-1 for capital expenditures related to parks, playgrounds and recreational designated areas.

Capital Reserves – the capital reserve funds include the Building, Fire Department, Highway and Police Department Reserves. These reserves accumulate monies for future capital outlay. These reserves were established pursuant to General Municipal Law Section 6-d.

Employee Benefit Reserve – this reserve is the accumulation of funds which are restricted to the cash outlay to satisfy employee benefits which have been incurred under existing labor contracts and human resource policies adopted by the Village. This reserve is established pursuant to General Municipal Law Section 6-p.

Note 1. Summary of Significant Accounting Policies (Continued)

T. Equity Classifications (Continued)

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 and may also include encumbrances not classified as restricted at the end of the 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, unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Governmental Fund Financial Statements

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, if any, 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.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

U. Newly Adopted Accounting Principles

Effective March 1, 2016, the Village adopted GASB Statement No. 72, Fair Value Measurement and Application. This Statement provides guidance for determining fair value measurement for financial reporting purposes, guidance for applying fair value to certain investments, and disclosures related to all fair value measurements.

Effective March 1, 2016, the Village adopted GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; Statement No. 77, Tax Abatement Disclosures; Statement No. 78, Pensions Provided Though Certain Multiple Employer Defined Benefit Plans; and Statement No. 79, Certain External Investment Pools and Pool Participants. There was no financial reporting impact as a result of the adoption of these Standards.

V. Prior Period Adjustments

During the year ended May 31, 2017, and adjustment was made to restore a prior year accrual for pension costs in the amount of $121,612 that was omitted in the financial statements for the year ended May 31, 2016.

The prior period adjustment is shown as a decrease in the beginning general fund balance on the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balance.

Note 2. Budget Basis of Accounting

The Village Administrator prepares a proposed budget for approval by the Board of Trustees for the General Fund, the only fund with a legally adopted budget. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized in the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). 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. During the year, the Board approved additional appropriations of $1,302,425.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Budgets are established and used for individual Capital Project Fund expenditures as approved by the Board. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Note 3. Real Property Taxes

Village real property taxes are levied annually no later than May 15th, and become a lien on the first day of the levy year. Taxes are collected during the period June 1st to July 1st without penalty or interest. Thereafter penalty and interest are imposed pursuant to the Real Property Tax Law.

After the return of tax warrant and certification to the Board of Trustees of the uncollected tax items, an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law.

Note 4. Cash And Investments

The Village investment policies are governed by state statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 100 percent of the cost of the repurchasing agreement.

Deposits and investments at year-end were entirely covered by federal deposit insurance and/or by collateral held by a custodial bank in the Village's name.

Note 4. Cash And Investments (Continued)

Bank balances for the Village's cash at May 31, 2017 consisted of:

Checking – Interest Bearing	$ 359,742
Checking – Non-Interest Bearing	100,831
Savings – Interest Bearing	321,158
Money Market – Interest Bearing	9,784,299
Money Market – Non-Interest Bearing	1,952,789
Total Balances	$12,518,819
Amount FDIC Insured	$ 850,831
Collateral Held by Village's Custodial Banks	11,667,988
	$12,518,819

Custodial credit risk for deposits exist when, in the event of the failure of a depository financial institution, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Governmental Accounting Standards Board Statement No. 40 directs that deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

Collateral is required for that portion of deposits not covered by Federal Deposit Insurance Corporation or security in the form of a letter of credit (LOC) from the Federal Home Loan Bank (FHLB). Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

At May 31, 2017 the cash in banks were entirely collateralized by the FDIC insurance, FHLB/LOC or securities held by the bank, in trust or third party, in the name of the Village.

Note 5. Interfund Receivables and Payables

The composition if the General Fund interfund balances at May 31, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Fund	$ 2,057
General Fund	Trust Fund	73,978
Special Revenue Fund	Trust Fund	16,150
Total – Fund Financial Statements		91,185
Less: Fund eliminations		(2,057)
Total Interfund Balances – Government Wide Statement of Net Position		$ 90,128

Note 6. Change in Capital Assets

Capital assets transactions for the year ended May 31, 2017 were as follows:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Nondepreciable Capital Assets				
Land	$ 3,344,521	$ -	$ -	$ 3,344,521
Construction in Progress	-	887,813	-	887,813
Total Non Depreciable Capital Assets	3,344,521	887,813	-	4,232,334
Depreciable Capital Assets				
Land Improvements	3,412,221	-	-	3,412,221
Infrastructure	13,867,582	186,094	(60,033)	13,993,643
Structures	6,786,252	-	-	6,786,252
Machinery and Equipment	589,237	-	-	589,237
Vehicles and Equipment	1,612,081	134,413	(174,459)	1,572,035
Total Depreciable Capital Assets	26,267,373	320,507	(234,492)	26,353,388
Less Accumulated Depreciation				
Land Improvements	2,770,040	170,820	-	2,878,364
Infrastructure	7,719,155	349,229	(38,027)	8,030,357
Structures	2,025,157	108,324	-	2,195,977
Machinery and Equipment	406,280	33,457	-	439,737
Vehicles and Equipment	866,499	124,949	(172,582)	818,866
Total Accumulated Depreciation	13,787,131	$ 786,779	$(210,609)	14,363,301
Depreciable Capital Assets, Net of Accumulated Depreciation	12,480,332			11,990,087
Total Net Capital Assets	$15,824,763			$16,222,421

General Government	$ 153,280
Police Department	53,896
Justice Court	400
Roads and Highways	488,719
Beach, Parks and Marina and Docks	89,128
Building Department	1,356
Total governmental activities depreciation expense	$ 786,779

Note 7. Long-Term Debt

The following is a summary of changes in long-term liabilities for the period ended May 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Fund Types					
Serial Bonds	$1,350,000	$ -	$ 300,000	$1,050,000	$300,000
Net Pension Liability	2,078,632	-	758,078	1,320,554	-
Capital Lease-Equipment Purchase	13,523	-	13,523	-	-
Compensated Absences	1,608,256	-	397,102	1,211,154	-
Other Postemployment Benefits	1,388,810	595,750	546,185	1,438,375	-
Totals	$6,439,221	$ 595,750	$2,014,888	$5,020,083	$300,000

Increases and decreases to compensated absences are shown net since it is impractical to determine these items separately.

Serial Bonds - The Village borrows money in order to acquire land, equipment, to construct roads and other improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities are full faith and credit debt of the Village. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The following is a schedule of general obligation bonds:

Description of Issue	Original Issue	Issued Date	Final Maturity	Rate	Amount Outstanding
Six Corners Property	1,400,000	2/03	2/22	4.0%-4.25%	$ 375,000
Village Hall	2,950,000	12/03	9/19	3.375%-3.75%	675,000
Total Serial Bonds					$1,050,000

Future principal and interest payments to maturity are as follows:

Year ending May 31,	Principal	Interest	Total
2018	$ 300,000	$37,031	$ 337,031
2019	300,000	25,416	325,416
2020	300,000	13,781	313,781
2021	75,000	6,375	81,375
2022	75,000	3,178	78,178
	$1,050,000	$85,781	$1,135,781

Capital Lease - Equipment Purchase
In July 2012, the Village entered into a capital lease for highway vehicles. The agreement calls for annual payments of $14,159 for four years and includes both principal and interest. Annual interest is charged at a rate of 4.669%. The Village has the option to purchase the highway vehicles for $1 upon the expiration of the lease in July 2016. The highway vehicles have a cost of $64,719, accumulated depreciation of $36,405 and a net book value of $28,314.

Note 7. Long-Term Debt (Continued)

Other long-term liabilities
In addition to the above long term debt, the local government has the following non-current liabilities:

Compensated Absences – Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employee and have been recorded in the statements of net assets. Payment of vacation time and sick leave is dependent upon many factors and vary according to the appropriate bargaining unit; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave when payments become due. As of May 31, 2017, the estimated value of the accumulated vacation time and sick leave totaled $1,211,154, of this amount $-0- has been accrued and reported in the general fund as accrued liabilities, as well as $1,550,000 in the employee benefit reserve.

Postemployment Benefits – In addition to providing benefits, the Village provides postemployment health insurance coverage for retired employees. Additional information can be found subsequently in these notes.

Note 8. Pension Plan

State Wide Local Government Retirement System
Plan Description
The Village participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance the Public Employees' Group Life Insurance Plan collectively known as NYSLRS. These are cost-sharing multiple-employer retirement systems. The NYSLRS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the NYSLRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the NYSLRS and for the custody and control of its funds. The NYSLRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy
The NYSLRS is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 will contribute 3 percent of their salary for their first ten years of membership, and employees who joined on or after April 1, 2012 (ERS) and (PFRS) will generally contribute 3 to 6 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarial rates expressly used in computing the employers' contributions based on salaries paid during the NYSLRS fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2017	$641,166
2016	$635,949
2015	$858,230

Note 8. Pension Plan (Continued)

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

At May 31, 2017, the Village reported a liability of $1,320,554 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. 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 pension plans relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System to the Village:

	ERS	PFRS
Acturial valuation date	April 1, 2016	April 1, 2016
Net pension liability	$430,874	$889,680
Village's portion of the Plan's total net pension expense	0.0045856%	0.0429247%

For the year ended May 31, 2017 the Village recognized pension expense of $809,811. At May 31, 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	Deferred Outflows of Resurces	Deferred Inflows of Resources
	ERS	ERS	PFRS	PFRS
Differences between expected and actual experience	$ 10,797	$ 65,431	$ 116,711	$ 153,717
Changes in assumptions	$ 147,202	$ -	$ 438,308	$ -
Net differences between projected and actual investment earnings on pension plan investments	$ 86,063	$ -	$ 132,872	$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 130,174	$ 5,794	$ 43,172	$ 52,643
Employer contributions subsequent to the measurement date	$ 39,886	$ -	$ 67,642	$ -
Total	$ 414,122	$ 71,225	$ 798,705	$ 206,360

The Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2017. Other amounts reports as the net balance of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	ERS	PFRS
2018	$ 122,392	$ 175,257
2019	$ 122,392	$ 175,257
2020	$ 102,096	$ 165,340
2021	$ (43,868)	$ (15,688)
2022	$ -	$ 24,539
Thereafter	$ -	$ -
	$ 303,012	$ 524,705

Note 8. Pension Plan (Continued)

Actuarial Assumptions
The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

	ERS	PFRS
Investment rate of return	7.00%	7.00%
COLA	1.3%	1.3%
Salary scale	3.8%	4.5%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience	April 1, 2010-March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2016 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 using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 (for both ERS and PFRS) are summarized below:

Asset Type	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation index bonds	4.00%	1.50%
	100.00%	

Note 8. Pension Plan (Continued)

Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Assumptions (7.0%)	1% Increase (8.0%)
ERS			
Village's proportionate share of the net pension liability/(asset)	$ 1,376,127	$ 430,874	$ (368,335)
PFRS			
Village's proportionate share of the net pension liability/(asset)	$ 2,522,192	$ 889,680	$ (479,597)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	ERS *(Dollars in Thousands)*	PFRS *(Dollars in Thousands)*	Total *(Dollars in Thousands)*
Employers' total pension liability	$ 177,400,586	$ 31,670,483	$ 209,071,069
Plan net position	(168,004,363)	(29,597,831)	$ (197,602,194)
Employers' net pension assets/(liability)	$ 9,396,223	$ 2,072,652	$ 11,468,875
Ratio of plan net position to the employers' total pension liability	94.70%	93.50%	94.50%

ERS and PFRS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Contributions as of May 31, 2017 represent the projected employer contribution for the period of April 1, 2016 through March 31, 2017 based on estimated ERS and PFRS wages, multiplied by the employer's contribution rate, by tier.

Note 9. Other Postemployment Benefits – (OPEB)

Plan Description

The Village sponsors a single employer health care plan that provides postemployment medical benefits for eligible retirees and their spouses through the New York State Health Insurance Plan (NYSHIP) (the "Plan"). Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The Village does not issue a publicly available financial report for the plan; however, the financial activities of NYSHIP are included with the financial statements of the State of New York.

Funding Policy

The Plan provides a specified percentage of the retiree health premium (and, if applicable, the retiree's spouse's premium) charged by the insurance carrier is paid by the Village. Beginning June 1, 2010 retired participants are provided with health coverage under the Empire Plan. Within the Empire Plan, family and individual options are available.

The Plan provides lifetime healthcare insurance for eligible retirees through the Village's group health insurance plan, which covers both active and retired members. The Plan does not issue a publicly available financial report.

Coverage for medical insurance includes prescription drug coverage as part of the medical plan. Dental and vision benefits are offered and subsidized by the Village for police retiring after 2005. Surviving spouses must contribute 25% of the medical insurance cost.

At this time there is no New York State statute providing local governments with the authority for establishing a postemployment benefits trust. Since the Village cannot fund the OPEB liability at this time, the required contribution is based on a projected pay-as-you-go financing requirements. The contribution requirements of Plan members and the Village are established by the Board of Trustees. For the year ended May 31, 2017, the Village recognized a general fund expenditure of $546,185 for currently enrolled retirees.

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 Village (ARC). The Village has elected to calculate the ARC and related information using the projected unit credit actuarial cost method permitted for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty 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 Village's net OPEB obligation to the retiree:

Annual required contribution (ARC)	$ 600,581
Interest on net OPEB obligation	55,552
Adjustment to ARC	(60,383)
Annual OPEB cost (expense)	595,750
Contributions made	(546,185)
Change in net OPEB obligation	49,565
Net OPEB obligation - beginning of year	1,388,810
Net OPEB obligation - end of year	$1,438,375

Note 9. Other Postemployment Benefits – (OPEB) (Continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2017, 2016 and 2015 were as follows:

Fiscal Year Ended	Annual Required Contribution	Annual OPEB Cost	OPEB Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$600,581	$ 595,750	$546,185	92%	$1,438,375
2016	$600,581	$1,021,724	$497,746	49%	$1,388,810
2015	$638,174	$ 672,361	$491,278	73%	$ 864,832

Funded Status and Funding Progress
As of May 31, 2016, the actuarial accrued liability for benefits was $14,859,340, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was $3,952,998, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 376%.

The projection of future benefit payments for an ongoing plan involves 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.

For the May 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% discount rate for the unfunded portion, and an annual healthcare cost rate of 9.0% grading down to 5.0%.

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 5 percent was used. In addition, the Village elected to use the projected unit credit actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at May 31, 2017, is twenty-two years.

Note 10. Commitments and Contingencies

Federal and State Grants
The Village is a recipient of various Federal and State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could result in certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as the rules and regulations of the respective agency for each grant.

Tax Certiorari
There are presently pending against the Incorporated Village of Westhampton Beach a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years. The financial exposures in these cases are indeterminable at this time.

Other
The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

Note 11. Subsequent Events

The Village has evaluated events and transactions that occurred through November 10, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 12. Recent Accounting Pronouncements

The GASB has issued the following Statements which will be effective in future years:

In January 2016, GASB issued Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB No. 14. This Statement changes how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. Specifically, such component units must be "blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. This Statement is effective for reporting periods beginning after June 15, 2016.

In March 2016, GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. This Standard requires that governments who are the recipients of resources under such agreements must record the respective assets, liabilities and deferred inflows of their interest in the agreement at the time of inception. This Statement is effective for reporting periods beginning after December 15, 2016.

In March 2016, GASB issued Statement No. 82, *Pension Issues –An Amendment of GASB Statements No. 67, No. 68. And No. 73.* This Standard clarifies certain issues raised in practice during the application and implementation of the pension standards and enhances consistency by clarifying existing standards. Portions of this Statement are effective for reporting periods beginning after June 15, 2016. Guidance provided under this standard for the "selection of assumptions" is effective for the employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This standard will establish uniform criteria to recognize and measure certain AROs, including those AROs previously reported. The requirements of this standard are effective for the Village beginning after June 15, 2018.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* This standard will enhance the consistency and comparability of fiduciary activity by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this standard are effective for the Village beginning after December 15, 2018.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017.* This standard addressed various practice issues that were noted in the application of practice concerning component units, goodwill, fair value measurement and OPEB benefits. The requirements of this standard are effective for the Village beginning after June 15, 2017.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* This standard will improve consistency in accounting and financial reporting for certain debt extinguishments and enhance the decision usefulness of debt defeasance disclosures. The requirements of this standard are effective for the Village beginning after June 15, 2017.

In June 2017, GASB issued Statement No. 87, *Leases.* This standard will improve consistency in accounting and financial reporting for leases by governments as well as requiring the recognition of certain lease assets and liabilities that were previously classified as operating leases. The requirements of this standard are effective for the Village beginning after December 15, 2019.

The Village is currently evaluating the impact, if any, of the above pronouncements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
MAY 31, 2017

	Parkland Trust	Parking Trust	Total
ASSETS			
Cash	$ 848,424	$ 53,670	$ 902,094
Due from fiduciary fund	16,150	-	16,150
TOTAL ASSETS	$ 864,574	$ 53,670	$ 918,244
LIABILITIES AND FUND BALANCE			
Fund Balances:			
Restricted			
Parkland Trust	$ 864,574	$ -	$ 864,574
Parking Trust	-	53,670	53,670
Total Fund Balance	864,574	53,670	918,244
TOTAL LIABILITIES AND FUND BALANCE	$ 864,574	$ 53,670	$ 918,244

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED MAY 31, 2017

	Parkland Trust	Parking Trust	Total
REVENUES:			
Departmental income	$ -	$ 13,000	$ 13,000
Interest earnings	3,012	190	3,202
TOTA REVENUES	3,012	13,190	16,202
EXPENDITURES:			
Culture and Recreation	15,870	-	15,870
TOTAL EXPENDITURES	15,870	-	15,870
(DEFICIENCEY) EXCESS OF REVENUES OVER EXPENDITURES	(12,858)	13,190	332
FUND BALANCE - BEGINNING OF THE YEAR	877,432	40,480	917,912
FUND BALANCE - END OF THE YEAR	$ 864,574	$ 53,670	$ 918,244

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK – STATE OF NEW YORK

SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS (Unaudited)

YEAR ENDED MAY 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-- Entry Age (b)	Unfunded AAL (UAAL) (b–a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/31/16	$ -	$14,859,340	$14,859,340	0.0%	$3,952,998	376%
5/31/13	$ -	$14,426,470	$14,426,470	0.0%	$3,952,998	365%
5/31/10	$ -	$10,202,700	$10,202,700	0.0%	$4,214,992	242%

Next valuation date will be at 5/31/19.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (Unaudited)
FOR THE YEAR ENDED MAY 31, 2017

	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ENCUMBRANCES	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:					
Real property taxes	$ 8,150,821	$ 8,150,821	$ 8,124,051		$ (26,770)
Other tax items	90,301	90,301	102,201		11,900
Non-property tax items	90,000	90,000	92,601		2,601
Departmental income	619,528	619,528	673,461		53,933
Licenses and permits	269,200	269,200	572,676		303,476
Intergovernmental charges	15,000	15,000	15,000		-
Use of money and property	23,500	23,500	34,345		10,845
Fines and forfeitures	105,000	105,000	123,364		18,364
Sale of property and compensation for loss	-	-	1,274		1,274
Refund of prior year expenditures	25,000	25,000	30,870		5,870
Miscellaneous local sources	600	600	9,465		8,865
State aid	355,593	358,018	497,645		139,627
Federal aid	8,000	8,000	-		(8,000)
TOTAL REVENUES	9,752,543	9,754,968	$ 10,276,953		$ 521,985
OTHER FINANCING SOURCES:					
Appropriated fund balance	350,000	1,650,000			
Prior year encumbrances	88	88			
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 10,102,631	$ 11,405,056			
EXPENDITURES:					
General government support	$ 1,892,879	$ 1,811,675	$ 1,647,764	$ -	$ 163,911
Public safety	2,778,231	2,847,810	2,544,646	-	303,164
Transportation	1,558,442	1,558,442	1,440,839	33,300	84,303
Culture and recreation	394,854	394,854	351,859	-	42,995
Home and community services	185,900	185,900	113,593	-	72,307
Employee benefits	2,680,700	2,280,700	2,271,797	-	8,903
TOTAL EXPENDITURES	9,491,006	9,079,381	8,370,498	33,300	675,583
DEBT SERVICE:					
Principal	300,000	313,523	313,523	-	-
Interest	48,625	49,152	49,152	-	-
TOTAL DEBT SERVICE	348,625	362,675	362,675	-	-
OTHER FINANCING USES:					
Transfers out	263,000	1,563,000	1,563,000	-	-
Contribution to employee benefit reserve fund	-	400,000	400,000	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 10,102,631	$ 11,405,056	$ 10,696,173	$ 33,300	$ 675,583

Explanation of differences between budgetary expenditures and other uses and GAAP expenditures and other uses:

Expenditures and Other Uses:

Actual total expenditures budgetary basis	$ 10,696,173
Differences - Budget to GAAP Contribution to Reserve Funds	400,000
Total expenditures and other uses as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	$ 10,296,173

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(unaudited)
MAY 31, 2017

NYSLRS Pension Plan	2017	2016
Village's proportion of the net pension liability		
ERS	0.0045856%	0.0047361%
PFRS	0.0429247%	0.0445314%
Village's proportionate share of the net pension liability		
ERS	$ 430,874	$ 760,152
PFRS	$ 889,680	$ 1,318,480
Village's covered-employee payroll		
ERS	$ 1,985,903	$ 1,552,284
PFRS	$ 2,059,825	$ 1,555,095
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll		
ERS	21.70%	48.97%
PFRS	43.19%	84.78%
Plan fiduciary net position as a percentage of the total pension liability		
ERS	94.70%	90.68%
PFRS	93.50%	90.24%

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF THE VILLAGE'S PENSION CONTRIBUTIONS - ERS (unaudited)
FOR THE YEARS ENDED MAY 31,

NYSLRS Pension Plan	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 257,170	$ 342,275	$ 358,018	$ 357,825	$ 378,849	$ 251,479	$ 201,030	$ 130,998	$ 149,139	$ 158,552
Contributions in relation to the contractually required contribution	257,170	342,275	358,018	357,825	378,849	251,479	201,030	130,998	149,139	158,552
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered-employee payroll	$ 1,985,903	$ 1,552,284	$ 1,554,986	$ 1,559,373	$ 1,632,580	$ 1,483,214	$ 1,794,425	$ 1,823,918	$ 1,721,290	$ 1,554,572
Contributions as a percentage of covered-employee payroll	12.9%	22.0%	23.0%	22.9%	23.2%	17.0%	11.2%	7.2%	8.7%	10.2%

See independent auditors' report and notes to the financial statements.

INCORPORTATED VILLAGE OF WESTHAMPTON BEACH
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF THE VILLAGE'S PENSION CONTRIBUTIONS - PFRS (unaudited)
FOR THE YEARS ENDED MAY 31,

NYSLRS Pension Plan	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 383,996	$ 293,992	$ 513,014	$ 474,320	$ 492,564	$ 332,632	$ 316,571	$ 238,286	$ 318,521	$ 317,511
Contributions in relation to the contractually required contribution	383,996	293,992	513,014	474,320	492,564	332,632	316,571	238,286	318,521	317,511
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered-employee payroll	$ 2,059,825	$ 1,555,095	$ 1,854,143	$ 1,780,627	$ 1,909,467	$ 1,826,740	$ 2,030,349	$ 2,084,955	$ 2,271,430	$ 2,095,885
Contributions as a percentage of covered-employee payroll	18.6%	18.9%	27.7%	26.6%	25.8%	18.2%	15.6%	11.4%	14.0%	15.1%

See independent auditors' report and notes to the financial statements.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF BOND COUNSEL OPINION

May 22, 2018

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Westhampton Beach (the "Village"), in the County of Suffolk, 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 $1,000,000 Bond Anticipation Notes – 2018 (the "Notes") of the Village 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 upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to 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 Notes 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 Notes 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 Notes 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 for taxable years prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income 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 Notes, restrictions on the investment of proceeds of the Notes 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 Notes 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 Notes, the Village will execute a Tax Certificate relating to the Notes 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 Notes 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 certifications, 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 Notes, and (ii) compliance by the Village with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

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

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Notes, or under state and local tax laws.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement 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 said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"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 Westhampton Beach, 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.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the Village Treasurer as of May 10, 2018.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $1,000,000 Bond Anticipation Note – 2018, dated May 22, 2018, maturing on May 22, 2019, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (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 11776 to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any 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.

(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. 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 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (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 5. 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 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 5 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 6. 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 in accordance with 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.

Section 7. 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 8. 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 May 10, 2018.

VILLAGE OF WESTHAMPTON BEACH

By____

Village Treasurer