PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 16, 2018

NEW ISSUE – SERIAL BONDS

S&P GLOBAL RATINGS.:
See "Bond Rating", herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters". The Bonds will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$5,600,000

VILLAGE OF MALVERNE
NASSAU COUNTY, NEW YORK
(the "Village")

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018

Dated: September 12, 2018

Principal Due: September 1, 2020-2038, inclusive
Interest Due: September 1, 2019 and semiannually thereafter on March 1 and September 1 in each year to maturity

SEE BOND MATURITY SCHEDULE HEREIN

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

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

Form and Denomination: At the option of the purchaser, the Bonds may be issued in registered certificated form in the name of 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 bonds. Individual purchases of the Bonds may be made in denominations of $5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased in book-entry form. See "Book-entry-only System" under "The Bonds," herein.

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

The Bonds are offered when, as and if issued and received by the Purchaser and subject to the receipt of an approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about September 12, 2018.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE VILLAGE FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE.

VILLAGE OF MALVERNE
NASSAU COUNTY, NEW YORK

$5,600,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018

BOND MATURITY SCHEDULE

Year	Amount*	Rate	Yield or Price	CUSIP #
2020	$ 290,000			
2021	300,000			
2022	310,000			
2023	325,000			
2024	325,000			
2025	335,000			
2026	340,000**			
2027	345,000**			
2028	355,000**			
2029	370,000**			
2030	375,000**			
2031	395,000**			
2032	410,000**			
2033	425,000**			
2034	130,000**			
2035	135,000**			
2036	140,000**			
2037	145,000**			
2038	150,000**			

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

VILLAGE OF MALVERNE
NASSAU COUNTY, NEW YORK

99 Church Street
Malverne, New York 11565
Telephone: 516/599-1200
Fax: 516/599-0613

BOARD OF TRUSTEES

Patricia Ann Norris-McDonald, Mayor

Keith M. Corbett, Deputy Mayor
John J. O'Brien
Perry Cuocci
Lauren Touchard

Teresa Emmel, Village Clerk-Treasurer

Attorney for the Village
Joseph Gentile

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: http://www.munistat.com

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

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OFFICIAL STATEMENT

$5,600,000

VILLAGE OF MALVERNE
NASSAU COUNTY, NEW YORK

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018

This Official Statement and the appendices hereto present certain information relating to the Village of Malverne, in the County of Nassau, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of $5,600,000 Public Improvement (Serial) Bonds, 2018 (the "Bonds") of the Village.

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

THE BONDS

Description of the Bonds

The Bonds will be dated September 12, 2018, and will mature on September 1, in each of the years 2020 to 2038, inclusive, in the principal amounts as set forth on the inside cover page hereof.

At the option of the purchaser, the Bonds may be either issued in registered certificated form in the name of 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 bonds. Individual purchases of the Bonds may be made in denominations of $5,000 or integral multiples thereof. For Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See "Book-entry-only System" under "The Bonds," herein.

Interest on the Bonds will be payable September 1, 2019 and semi-annually thereafter on March 1 and September 1 in each year to maturity. For Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the Village to DTC as the securities depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

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

The Village will act as Paying Agent for the Bonds. The Village's contact information is as follows: Teresa Emmel, Village Clerk-Treasurer, Village of Malverne, 99 Church Street, Malverne, New York 11565, telephone number 516/599-1200, email: temmel@malvernevillage.org. However, payment of the principal of and interest on any Bonds registered in the name of the Purchaser will be payable 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.

Optional Redemption

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

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

Book-entry-only System

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

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

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for

the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued and a successor depository is not obtained, the following provisions will apply: The Bonds will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Village as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the bond determinations certificate of the Village Clerk-Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the New York State Local Finance Law.

Continuing Disclosure Undertaking for the Bonds

At the time of delivery of the Bonds, the Village will provide an executed copy of its "Undertaking to Provide Continuing Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Village for the benefit of holders of and owners of beneficial interest in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board ("MSRB") 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:

(1) (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement relating to the Bonds under the headings "The Village", "Economic and Demographic Information", "Indebtedness of the Village", "Finances of the Village", "Tax Information", "Litigation" and all Appendices (other than any related to bond insurance) by the end of the eighth month following the end of each succeeding fiscal year, commencing with the fiscal year ending May 31, 2018, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year

ending May 31, 2018; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Village of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Village of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

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

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village 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 Village, 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 Village.

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

(3) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified.

The Village’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provisions, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Village, and no person or entity, including a holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Village to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

Compliance History

Other than as noted below, the Village is in compliance in all material respects with previous undertakings made pursuant to Rule 15c2-12 during the last five years.

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

Fiscal Year Ending May 31:	Financial & Operating Information	Audited Financial Statements
2017	11/27/2017	01/26/2018
2016	11/23/2016	03/17/2017
2015	11/25/2015	11/12/2015
2014	11/26/2014	11/19/2014
2013	01/10/2014	11/27/2013

On April 19, 2016, the Village filed an event notice with respect to late filing of the 2013 Annual Statement of Financial and Operating Information. On August 6, 2018, the Village filed an event notice with respect to late filings of the Audited Financial Statements for fiscal years ending in 2016 and 2017.

Authorization and Purpose for the Bonds

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

Such projects, and the respective principal amounts of Bonds to be issued for each, are as follows:

Date of Authorization	Purpose	Amount
06/21/2018	Purchase of a Building and Renovations Thereto for Use as a New Police Headquarters	$2,200,000
06/21/2018	Reconstruction/Resurfacing of Roads	1,600,000
06/21/2018	Purchase of Ladder Truck for the Fire Department	1,800,000
		$5,600,000

Nature of Obligation

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

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

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

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

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

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

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

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

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

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

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

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

Tax Levy Limitation Law

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

The Tax Levy Limitations Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Each municipality, prior to adoption of each fiscal year budget, must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any towns with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreement and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the Village are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

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

Execution/Attachment of Municipal Property

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

Authority to File for Municipal Bankruptcy

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

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

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

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

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

State Debt Moratorium Law

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Village is presently not working with the FRB, nor does it reasonably anticipate the need to do so. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any

such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

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

Default Litigation

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

No Past Due Debt

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

THE VILLAGE

Description

The Village is located in Nassau County, in the Town of Hempstead, and is approximately twenty miles from the center of Manhattan in New York City. The Village is accessible by various parkways and State and County highways.

The Village is basically residential in character. Rail transportation is provided by the Long Island Rail Road with a station at Malverne. The Village provides police and fire protection, sanitation services, a public library, parks and playgrounds. Water service is furnished by the Long Island Water Corporation with electric and gas service provided by the PSEG Long Island and National Grid, respectively.

The largest employer is the Malverne School District with approximately 365 employees.

Governmental Organization

The Village was incorporated in 1921. Three independently governed school districts are located partially within the Village which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town of Hempstead's assessment roll as their 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 four years. The four other members of the Board of Trustees are elected to four-year terms, which terms are staggered such that two trustees are elected every other 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 by the Board to a two-year term and is responsible for the overall financial operation of the Village. Additional appointments by the Board include the Attorney, Assessor and other Village employees.

Employees

The Village provides services through approximately 90 employees. Some of the employees are represented as follows:

Name of Union	Expiration Date of Contract	Approx. No. of Members
Malverne Police Benevolent Association	05/31/2020	23
CSEA - Public Works Department	05/31/2021	23
CSEA - Library	05/31/2020	7

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population Trends

Year	Village	Town of Hempstead	Nassau County
2002	8,921	758,942	1,340,289
2004	8,945	760,675	1,344,932
2006	8,965	763,822	1,351,660
2008	9,029	765,234	1,356,729
2010	8,520	759,757	1,339,532
2011	8,517	758,668	1,337,556
2016	8,556	768,708	1,356,801

Sources: U.S. Bureau of the Census Population Reports.

Income Data

	Per Capita Money Income			
	1990	2000	2010	2016[a]
Village of Malverne	$23,429	$31,418	$44,425	$46,330
Town of Hempstead	20,955	28,153	35,433	39,290
County of Nassau	23,352	32,151	39,935	44,548
State of New York	16,501	23,389	30,011	34,212

	Median Household Income			
	1990	2000	2010	2016[a]
Village of Malverne	$60,310	$81,784	$112,007	$105,213
Town of Hempstead	52,286	69,083	87,382	97,034
County of Nassau	54,283	72,030	91,104	102,044
State of New York	32,965	43,393	54,148	60,741

Source: United States Bureau of the Census

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

Selected Listing of Major Employers in the Town of Hempstead[a]

Name of Employer	Nature of Business	Estimated Number of Employees
Verizon Communications	Telecommunications	5,600
Hofstra University	Higher Education	5,545
Nassau Health Care Corp. (NuHealth)	Hospital, Nursing Home	4,110
All Metro Health Care	Home Health Care	4,000
BOCES - Nassau	Education	3,900
South Nassau Communities Hospital	Hospital	3,000
Nassau Community College	Higher Education	2,036
Citi	Commercial Bank	2,000
Adelphi University	Higher Education	1,863
Summit Security Services	Security and Investigations	1,827

Source: Nassau County Planning Department
a. Not necessarily representative of the Village.

Unemployment Rate Statistics

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

Annual Averages:	Town of Hempstead (%)	County of Nassau (%)	New York State (%)
2013	6.4	6.0	7.7
2014	5.4	5.0	6.4
2015	4.5	4.3	5.3
2016	3.7	3.9	4.9
2017	4.3	4.1	4.7
2018 (5 Month Average)	4.3	4.1	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; 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. The amount of such increase is limited by the formulas set forth in the Tax Levy Limitation Law. (See "*Tax Levy Limitation Law*" herein).

Statutory Procedure

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

Pursuant to the Local Finance Law, the Village authorizes the issuance of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Village Board, the finance board of the Village. Customarily, the Village Board has delegated to the Village Clerk-Treasurer, as chief fiscal officer of the Village, the power to authorize and sell bonds and bond anticipation notes in anticipation of the sale of authorized bonds.

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 requirement with respect to the bond resolutions authorizing the issuance of the Bonds.

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of August 16, 2018)

Fiscal Year Ending May 31:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2014	$18,996,263	1.57	$1,209,953,057
2015	19,040,058	1.64	1,160,979,146
2016	19,052,202	1.60	1,190,762,625
2017	19,135,795	1.52	1,258,933,882
2018	19,285,765	1.49	1,294,346,644

Total Five Year Full Valuation	$6,114,975,355
Average Five Year Full Valuation	1,222,995,071
Debt Limit - 7% of Average Full Valuation	85,609,655
Inclusions:	
General Purpose Bonds	4,800,000
Bond Anticipation Notes	0
Total Inclusions	4,800,000
Exclusions:	
Appropriations	505,000
Total Exclusions	505,000
Total Net Indebtedness Before the Issuance of the Bonds	4,295,000
The Bonds	5,600,000
Less: Bond Anticipation Notes to be Redeemed	0
Net Effect of the Bonds	5,600,000
Total Net Indebtedness After the Issuance of the Bonds	9,895,000
Net Debt Contracting Margin	$75,714,655
Percent of Debt Contracting Margin Exhausted (%)	11.56

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending May 31:	Principal	Interest	Total
2019	$ 880,000	$105,607	$ 985,607
2020	615,000	83,932	698,932
2021	450,000	72,282	522,282
2022	455,000	63,232	518,232
2023	455,000	54,132	509,132
2024	370,000	45,767	415,767
2025	370,000	38,020	408,020
2026	370,000	29,972	399,972
2027	285,000	22,756	307,756
2028	185,000	17,806	202,806
2029	185,000	14,106	199,106
2030	185,000	10,291	195,291
2031	185,000	6,244	191,244
2032	185,000	2,081	187,081
	$5,175,000	$566,230	$ $5,741,230

a. Does not reflect payments made to date.

Details of Short-Term Indebtedness Outstanding

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

Authorized But Unissued Indebtedness

As of the date of this Official Statement, the Village has $5,600,000 authorized but unissued outstanding for various village improvements, which will be financed by the issuance of the Bonds.

Capital Project Plans

The Village is generally responsible for providing services as required to the citizens on a Village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system and repairs to such facilities requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates and maintains certain public works facilities that house the Village's Public Works equipment, vehicles and machinery and provide space for maintenance and repair work for such equipment, vehicles and machinery. Improvements, maintenance and repairs to such facilities are authorized to be funded from time to time as the Board deems necessary. The Village expects to continue to finance projects in similar amounts that have prevailed in the past.

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	2014	2015	2016	2017	2018
Bonds	$4,615,000	$3,825,000	$6,730,000	$6,055,000	$5,175,000
BAN's	1,220,000	1,540,000	0	0	0
Other Debt	0	0	0	0	0
Total Debt Outstanding	$5,835,000	$5,365,000	$6,730,000	$6,055,000	$5,175,000

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Nassau	03/31/2018	0.60	$23,462,232	$19,523,784
Town of Hempstead	06/18/2018	1.31	4,046,066	3,284,244
Malverne UFSD	05/31/2018	30.00	3,417,000	3,417,000
Valley Stream UFSD #13	06/30/2017	20.00	945,438	945,438
Valley Stream CHSD	06/30/2017	3.00	231,581	231,581
Totals			$32,102,317	$27,402,047

Debt Ratios
(As of August 16, 2018)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$ 4,800,000	$ 561	0.371
Net Direct Debt	4,295,000	502	0.332
Total Direct & Applicable Total Overlapping Debt	36,902,317	4,313	2.851
Net Direct & Applicable Net Overlapping Debt	31,697,047	3,705	2.449

a. The current estimated population of the village is 8,556.
b. The full valuation of taxable real property in the Village for 2017-18 is $1,294,346,644.

FINANCES OF THE VILLAGE

Independent Audit Procedures

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an Audit is available is the fiscal year ended May 31, 2017 and is attached hererto 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 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 three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Village presently maintains the following governmental funds: General Fund, Special Revenue 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

The primary objectives of the Village of Malverne's investment activities are, in priority order:

to conform with all applicable federal, state, and other legal requirements;
to adequately safeguard principal;
to provide sufficient liquidity to meet all operating requirements; and
to obtain a reasonable rate of return.

A. *Authorization to Invest*

The Village Treasurer shall make investments of idle Village funds in Certificates of Deposit, Time Deposit Accounts, Obligations of New York State, or Obligations of the United States Government with a maturity not to exceed two years with an approved trading partner. A survey of the market shall be made and notations of competing institutions shall be filed.

B. *Trading Partners*

All commercial banks licensed to do business in New York State are eligible to become a trading partner of the Incorporated Village of Malverne upon approval by the Board of Trustees. The Village Treasurer shall periodically review trading partners and investment limits for each partner based on the institution's stability and financial strength and credit worthiness. The approved trading partners will be appointed at the Annual Organization Meeting. Approved trading partners may also be added or deleted during the year upon recommendation by the Village Treasurer with final authority resting upon approval of the Board of Trustees.

C. *Collateral*

Each trading partner is required to place, in a third party financial institution, sufficient acceptable collateral to secure the Village's investments and funds on deposit. Acceptable collateral is defined as insurance of the Federal Deposit Insurance Corporation or obligations of New York State or obligations of the United States or obligations of federal agencies, the principal and interest of which are guaranteed by the United States, or obligations of New York local governments. Collateral shall be delivered to a Custodial Bank with which the Village has entered into a Custodial Agreement. Based upon the Collateral Agreements in place with each designated trading partner, it is agreed that such partners will follow the guidelines as set forth by the Office of the New York State Comptroller.

D. *Reporting*

The Village Treasurer shall present to the Board of Trustees, upon request, a list of the current trading partners and results of interest surveys.

E. *Investment Limit*

The maximum investment shall not exceed $10 million with any one investment trading partner at any given time unless such greater investment would be in the best interest of the Village of Malverne and is fully collateralized. Notification must be provided to the Mayor, for his/her final approval, should the amount with any one trading partner exceed $10 million.

F. In the Absence of the Treasurer

The Village Treasurer, in his/her absence, shall designate the Deputy Treasurer and/or the Senior Account Clerk to perform the investment functions during the term of his/her absence.

Financial Operations

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

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

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a 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. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

State Aid

The Village receives financial assistance from the State. 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 of 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 unaudited financial statements of the Village, the Village received approximately 1.93% of its total General Fund operating revenue from State aid in the fiscal year ending May 31, 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in certain years in order to balance its own budget.

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

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 the 2018 and 2019 budgets.

Year Ended May 31:	Total General Fund Village Revenue	State Aid	State Aid To Revenues (%)
2013	$15,063,306	$427,659	2.84
2014	14,814,995	332,177	2.24
2015	16,623,329	518,280	3.12
2016	16,105,317	431,780	2.68
2017	16,573,382	319,188	1.93
2018 (Budgeted)	16,599,488	252,760	1.52
2019 (Budgeted)	17,000,080	245,212	1.44

Source: Audited Financial Statements of the Village and the Adopted Budgets of the Village.

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.

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. Although investment returns have improved recently, the employer contribution rate for the State's Retirement System may continue to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. To mitigate 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.

Although the pension contribution rates under such legislative programs would reduce near-term payments, it may require higher than normal contributions in later years. This Village has not participated in any of the amortization programs and does not intend to do so in the foreseeable future.

Members of the PFRS are divided into six 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%.

Payments to the Retirement Systems

Fiscal Year Ending May 31:	ERS	PFRS	Total
2014	$583,554	$936,180	$1,519,734
2015	515,035	993,937	1,508,972
2016	549,698	706,814	1,256,512
2017	426,450	871,337	1,297,787
2018	446,699	911,161	1,357,860
2019 (Budgeted)	442,294	917,697	1,359,991

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.

GASB 45 and OPEB. 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.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Village account for its unfunded accrued liability and compliance in meeting its Annual Required Contribution ("ARC"). Actuarial valuation will be required every two years for the Village.

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ending May 31, 2017:
Annual required contribution (ARC)	$1,835,423
Interest on net OPEB obligation	262,009
Less: Adjustments to ARC	(338,268)
Annual OPEB cost (expense)	1,759,164
Less: Contributions made	(855,335)
Increase in net OPEB obligation	903,829
Net OPEB obligation-beginning of year	6,550,227
Net OPEB obligation-end of year	$7,454,056

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 are as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed (%)	Net OPEB Obligation
May 31, 2017	$1,759,164	48.60	$7,454,056
May 31, 2016	1,694,165	48.23	6,550,227
May 31, 2015	1,983,169	44.50	5,673,086

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Village as "No Designation". (Fiscal Score: 3.3%).

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent report was published on April 7, 2017. The purpose of the audit has to examine the Village's procurement process for the period June 1, 2015 through August 3, 2016. A copy of the report, along with the Village's response, can be found on the comptroller's website.

TAX INFORMATION

Real Property Taxes

The Village derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Village are prepared by the Village Assessor. Assessment valuations are determined by the Village assessors and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations.

Tax Collection Procedure

Taxes are due June 1, payable without penalty to July 1. Penalties thereafter are 5% if paid in July and an annual rate determined by the New York State Commissioner of Taxation and Finance for each month and fraction thereof thereafter until paid. Collection may be enforced by civil action or other methods pursuant to law.

The following table sets forth the percentage of the Village's General Fund revenue comprised of real property taxes for each of the fiscal years 2013 through 2017, inclusive and budgets for fiscal years ending 2018 and 2019.

Fiscal Year Ending May 31:	Total Revenue	Property Taxes	Property Taxes to Revenues (%)
2013	$15,063,306	$12,233,290	81.21
2014	14,814,995	12,448,773	84.03
2015	16,623,329	13,068,241	78.61
2016	16,105,317	13,590,147	84.38
2017	16,573,382	13,905,652	83.90
2018 (Budgeted)	16,599,488	14,239,484	85.78
2019 (Budgeted)	17,000,080	14,555,873	85.62

Tax Levy Limit Law

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

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

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of

the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Village first enacts, by a vote of at least sixty percent of the total voting power of the Board of Trustees, a local law to override such limit for such coming fiscal year.

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

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	$1,221,731,809
Tax Limit - 2% thereof	24,434,636
Tax Levy for General Village Purposes	14,508,681
Less: Exclusions	0
Tax Levy Subject to Tax Limit	$14,508,681
Constitutional Tax Margin	$9,925,955

Tax Levies and Rates

	Fiscal Year Ending May 31:				
	2014-15	2015-16	2016-17	2017-18	2018-19
Net Tax Levy	$13,061,480	$13,563,263	$13,888,760	$14,197,984	$14,508,681
Collected During Year	13,052,819	13,568,053	13,884,046	14,188,536	N/A
Percent Collected	99.93%	100.00%	99.97%	99.93%	N/A
Tax Rate per $100 Assessed Valuation	$68.60	$71.19	$72.58	$73.98	$75.23

Selected Listing of Large Taxable Properties
2017-2018 Assessment Roll

Name	Type	Assessed Valuation
American Water Corp	Utility	$465,680
PSEG Long Island	Utility	339,870
Keyspan Corp.	Utility	246,294
Malverne Center LLC.	Stores	55,095
Purchase Associates	Office Building	42,283
ASM Realty	Strip Mall & Bank	35,745
Astoria Federal Savings	Bank Building	32,000
Arlington Realty	Medical Building	30,750
ML Realty 365 Hempstead Ave.	Retail Building	26,700
Malverne Associates	Apartment Stores	25,460
Malverne Owners LLC	Apartment Buildings	24,600
Verizon NY, Inc	Utility	22,114
Rossi Realty Group LLC	Bank Building	21,800
	Total [a]	$1,368,391

a. Represents 7.10% of the total taxable assessed valuation for 2017-18.

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.

MARKET AND RISK FACTORS

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

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

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

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

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

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

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

CYBERSECURITY

The Village, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Village faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Village invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Village digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

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

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

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Recent proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

BOND RATING

The Village has applied to S&P Global Ratings ("S&P") 55 Water Street, New York, New York 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, for a rating on the Bonds and such application is pending at this time. This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. Any such action could have an adverse effect on the market for and market price of the Bonds.

Moody's Investors Services, Inc. ("Moody's") has assigned a rating of "Aa3" to the outstanding bonds of the Village. The Village has not applied to Moody's for a rating on the Bonds. This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. Any such action could have an adverse effect on the market for and market price of the Bonds.

MUNCIPAL ADVISOR

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

OTHER MATTERS

The Village is in the process of complying with estoppel procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance.

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

The fiscal year of the Village is June 1 to May 31.

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Teresa Emmel, Village Clerk-Clerk-Treasurer, Village of Malverne, 99 Church Street, Malverne, New York 11565, telephone number 516/599-1200, email: temmel@malvernevillage.org or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: http://www.munistat.com.

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

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

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.

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

The preparation and distribution of this Official Statement have been approved by the Village Clerk-Treasurer pursuant to the power delegated to him by the authorizing note resolutions to sell and deliver the Bonds.

This Official Statement has been duly executed and delivered by the Village Clerk-Treasurer of the Village of Malverne.

VILLAGE OF MALVERNE, NASSAU COUNTY, NEW YORK

By: s/s TERESA EMMEL
Village Clerk-Treasurer and Chief Fiscal Officer

August , 2018

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet - General Fund
Fiscal Year Ending May 31:

	2014	2015	2016	2017
Current Assets:				
Cash and Cash Equivalents	$ 1,594,975	$ 2,746,741	$ 3,419,292	$ 4,067,220
Other Receivables	79,302	87,718	151,831	152,654
Tax Certificates	4,181	8,661	140	
Due from Other Funds	468,951	63,652	76,316	5,449
Due from Other Governments	62,744			
Prepaid Expenses	139,344	142,380	153,001	168,851
Restricted Assets				40,813
Inventories	13,715	7,872	7,857	4,291
Total Current Assets:	$ 2,363,212	$ 3,057,024	$ 3,808,437	$ 4,439,278
Liabilities and Fund Equity:				
Accounts Payable	$ 167,111	$ 132,800	$ 162,396	$ 172,471
Accrued Liabilities	91,311	57,522	97,374	124,272
Due to Other Funds	102,277			
Due to Other Governments				1,691
Notes Payable	720,000	640,000	560,000	
Deferred Revenues	23,656	32,317	23,796	25,006
Total Liabilities	1,104,355	862,639	843,566	323,440
Equity:				
Assigned		142,334	111,334	1,683,864
Unappropriated	748,345			
Restricted Fund Balance				40,813
Non-Spendable Fund Balance	153,059	150,252	160,858	173,142
Unassigned Fund Balance	357,453	1,901,799	2,692,679	2,218,019
Total Equity	1,258,857	2,194,385	2,964,871	4,115,838
Total Liabilities and Fund Equity	$ 2,363,212	$ 3,057,024	$ 3,808,437	$ 4,439,278

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

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending May 31:				
	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	$ 12,233,290	$ 12,448,773	$ 13,068,241	$ 13,590,147	$ 13,905,652
Real Property Tax Items	59,970	38,925	36,055	42,132	35,300
Non-Property Tax Items	385,999	407,950	1,362,010	328,869	338,784
Departmental Income	652,281	650,466	391,262	381,860	396,576
Intergovernmental Charges			437,582	446,719	462,650
Use of Money & Property	17,135	13,454	6,245	5,859	10,704
Licenses & Permits	165,744	300,523	175,407	232,332	207,000
Fines & Forfeitures	396,545	469,253	489,075	566,882	636,106
Sale of Prop & Comp for Loss	130,314	110,922	114,132	55,471	146,066
Miscellaneous	18,523	18,330	25,040	23,266	115,356
State & Federal Aid	962,771	356,399	518,280	431,780	319,188
Other Sources	40,734				
Total Revenues	$ 15,063,306	$ 14,814,995	$ 16,623,329	$ 16,105,317	$ 16,573,382
Expenditures:					
General Government Support	$ 2,494,025	$ 1,621,579	$ 1,609,654	$ 1,706,627	$ 1,771,212
Public Safety	4,863,375	4,999,907	4,825,284	4,884,073	5,003,221
Health		77,182	71,245	108,083	62,314
Transportation	1,337,077	1,087,348	1,138,004	965,602	947,650
Economic Assistance	11,308	4,602	2,681	5,862	5,550
Culture and Recreation	178,003	208,512	179,649	182,974	169,332
Home and Community Services	1,407,563	1,411,335	1,530,272	1,572,865	1,552,926
Employee Benefits	3,999,255	4,392,570	4,470,624	4,297,563	4,555,552
Debt Service	1,022,804	1,068,943	1,019,983	1,013,873	1,100,320
Total Expenditures	$ 15,313,410	$ 14,871,978	$ 14,847,396	$ 14,737,522	$ 15,168,077
Excess (Deficiency) of Revenues over Expenditures	(250,104)	(56,983)	1,775,933	1,367,795	1,405,305
Other Financing Sources (Uses):					
Bond Anticipation Notes Redeemed		80,000			
Bond Proceeds					560,000
Transfers Out	(712,564)	(691,044)	(840,405)	(597,309)	(814,338)
Total Other Financing Sources	(712,564)	(611,044)	(840,405)	(597,309)	(254,338)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources	(962,668)	(668,027)	935,528	770,486	1,150,967
Fund Balance Beginning of Year	2,889,552	1,926,884	1,258,857	2,194,385	2,964,871
Fund Balance End of Year	$ 1,926,884	$ 1,258,857	$ 2,194,385	$ 2,964,871	$ 4,115,838

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

BUDGET SUMMARIES

	2018-19	2017-18
Revenues:		
Real Property Taxes	$ 14,555,873	$ 14,239,484
Non Property Tax Items	317,000	310,000
Departmental Income	4,275	4,900
Public Safety	595,252	590,702
Transportation	117,000	119,000
Home and Community Services	7,500	6,250
Culture and Recreation	36,000	39,000
Use of Money and Property	15,260	7,540
Licenses & Permits	187,800	193,800
Fines & Forfeitures	520,000	495,000
Sale of Property	38,000	34,500
Miscellaneous	4,675	9,100
State Aid	245,212	252,760
Interfund Transfer	21,963	
Appropriated Surplus	334,270	297,452
Total Revenues	$ 17,000,080	$ 16,599,488
Expenditures:		
General Government Support	$ 2,097,527	$ 2,367,479
Public Safety	5,089,793	4,938,759
Health	69,700	74,568
Transportation	1,106,828	973,931
Culture and Recreation	7,000	3,000
Home and Community Services	1,853,027	1,785,646
Employee Benefits	5,151,564	4,814,991
Interfund Transfers	639,033	632,706
Debt Service	985,608	1,008,408
Total Expenditures	$ 17,000,080	$ 16,599,488

Source: Adopted Budgets of the Village

VILLAGE OF MALVERNE

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 MALVERNE

MALVERNE, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2017

Table of Contents

SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Malverne
Malverne, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Malverne 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. These financial statements are the responsibility of the Incorporated Village of Malverne management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

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

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

CPA SM
America Counts on CPAs

3690 Expressway Drive South
Islandia, NY 11749

Phone: (631) 851-1201
Fax: (631) 851-1206
Email: info@sfhcpa.com
Website: www.sfhcpa.com

Opinion

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 Malverne, as of May 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, funding progress for the retiree health plan, local government's proportionate share of the net pension liability and local government contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Skinnon and Faber, CPA's, P.C.

SKINNON AND FABER, CPA's, P.C.
Islandia, New York
November 16, 2017

INCORPORATED VILLAGE OF MALVERNE

Management's Discussion and Analysis
(Unaudited)

The Board of Trustees of the Incorporated Village of Malverne (the Village), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follows this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a long-term view of the Village's finances. Fund financial statements report how Village activities were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail by providing information about the Village's most significant funds. The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by the required supplementary information, which supports the financial statements with comparisons of the Village's General Fund and Public Library Fund budgets to actual results for the year, as well as the schedule of funding progress for the retiree health plan, the schedule of the local government's proportionate share of the net pension liability and the schedule of local government contributions.

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FINANCIAL HIGHLIGHTS

- For the fiscal year ended May 31, 2017, total General Fund expenditures were $15,168,077. This amount was $302,350 less than budgeted, and represented a $430,555 increase from the prior fiscal year.
- General Fund Revenues of $16,573,382 were $468,065 more than the prior fiscal year.
- Fund Balance of the General Fund increased $1,150,967 to a balance of $4,115,838 as of May 31, 2017.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

A condensed summary of the Village's Statement of Net Position for the current year is detailed below.

Condensed Statement of Net Position – Governmental Activities

	May 31, 2017	May 31, 2016
Assets		
Current and Other Assets	$ 7,271,622	$ 4,146,524
Capital Assets (net)	9,420,629	9,939,346
Total Assets	16,692,251	14,085,870
Deferred Outflows of Resources	2,271,568	4,389,678
Liabilities		
Liabilities	588,536	1,736,786
Long-Term Liabilities	18,301,658	16,049,849
Total Liabilities	18,890,194	17,786,635
Deferred Inflows of Resources	535,885	646,739
Net Position		
Net investment in Capital Assets	5,873,473	6,789,346
Unrestricted (deficit)	(6,335,733)	(6,747,172)
Total Net Position	$ (462,260)	$ 42,174

Net investment in capital assets consists of the Village's investment in capital assets, such as infrastructure, buildings, and machinery and equipment, reduced by accumulated depreciation and associated debt. This figure also includes land, which is not depreciated. More detailed information can be found in the Notes to the Financial Statements.

Changes in Net Position

The Statement of Activities reports the result of the current year's operations and the effect on net position in the accompanying financial statements. A summary of changes in net position from operating results is shown below.

Changes in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	May 31, 2017	**May 31, 2016**
Revenues		
Program Revenues:		
Fees, Fines and Charges for Services	$ 1,795,982	$ 1,716,789
Operating Grants and Contributions	-	9,488
Capital Grants and Contributions	177,829	382,199
General Revenues:		
Property Tax Items	13,940,812	13,623,758
Non-Property Tax Items	338,784	328,869
Use of Money and Property	10,788	6,048
State and Federal Aid	223,002	240,224
Other	302,242	78,737
Total Revenues	16,789,439	16,386,112
Expenses		
Governmental Activities:		
General Government Support	2,719,092	2,673,729
Public Safety	9,221,044	9,071,614
Health	69,852	113,338
Transportation	1,838,781	1,704,903
Economic Opportunity and Development	5,955	6,090
Culture and Recreation	1,117,643	1,151,287
Home and Community Services	2,166,762	2,133,241
Interest on Debt	154,744	115,634
Total Expenses	17,293,873	16,969,836
Change in Net Position	(504,434)	(583,724)
Beginning Net Position	42,174	1,904,557
Beginning Balance Adjustment	-	(290,819)
Net Position - Beginning of Year, as Restated	42,174	1,613,738
Ending Net Position	$ (462,260)	$ 1,030,014

ANALYSIS OF POSITION AND RESULTS OF OPERATION

The Village had an excess of expenses over revenues of $504,434. This excess caused a decrease in net position. No significant individual economic factor affected these operating results.

The Village had an increase in total revenue of $403,327 as compared to the previous year. Notably, the Village had an increase of $223,505 for other revenues. The Village received approximately $96,000 in insurance recoveries. A majority of the revenue related to a case from 2013 that was finally settled. The Village received a refund of approximately $55,000 from overpayment of utilities.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund balance increased by $1,150,967 to a total of $4,115,838. Of this amount, $173,142 is comprised of inventory and prepaid items, which is considered non-spendable. Assigned appropriated for next year's budget totaled $297,452. Assignments totaling $1,349,000 have been made for specific items. Bond premiums of $40,813 were restricted. The remaining fund balance of $2,255,431 is unassigned for Village operations. The Board of Trustees and management of the Village are interested in continuing to improve the financial condition of the Village through careful budgeting and conservative fiscal policies.

The Capital Fund balance increased during the year. As of May 31, 2017, fund balance increased by $3,212,336, to an ending balance of $2,582,905. A majority of the increase related to bond proceeds of $3,020,000. During the year, Capital Fund expenditures totaling $775,794 were made for various improvements and capital assets, including road resurfacing, computer equipment and upgrades, as well as much needed vehicles and equipment for the Department of Public Works. On the revenue side, the Village received state aid in the amount of $76,517. This consisted of two projects: improvements to Westwood Park and Equipment for Office of Emergency Management.

The Public Library Fund balance decreased by $8,050 to an ending balance of $76,424, as of year-end.

BUDGETARY ANALYSIS

A significant budget modification was made to Appropriated Cash Surplus ($208,334). In addition, a $144,487 budget modification was made to cover additional Public Safety expenditures. The following variances exist between the final budget for the fiscal year ended May 31, 2017 and the actual results:

Revenues:

- Departmental Income: Actual revenue was $102,226 more than the final budgeted amount. This variance was caused by conservative budgeting. Total Departmental Income was comparable with the prior year.
- Fines and Forfeitures: Actual revenue was $186,106 more than the final budgeted amount. The Board budgeted conservatively for this item, resulting in actual revenues coming in higher than budgeted.
- Insurance Recoveries and Minor Sales: Actual revenue was $94,886 more than the final budgeted amount. The Village received approximately $78,000 for the settlement of an insurance case from 2013.

Expenditures:

- General Government Support: Actual expenditures for General Government Support were $205,695 less than budgeted. A majority of this difference related to $153,151 remaining in the contingency account at year end.

These variations from budgeted amounts are not expected to affect future services or liquidity.

A detailed schedule showing the budgeted amounts compared to the Village's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The Village's investment in capital assets as of May 31, 2017 totaled $9,420,629 (net of accumulated depreciation). During the year, the Village acquired machinery and equipment with a cost of $382,806, building improvements with a cost of $74,520, as well as infrastructure costs of $144,973. As of May 31, 2017, the Village had total bond indebtedness of $6,055,000. Scheduled payments of $675,000 were made.

INFRASTRUCTURE ASSETS

There were no significant changes in the assessed condition of eligible infrastructure assets.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The current economic conditions of the Village mirrored those of the rest of the region. The Village faces increasing costs and shrinking revenues from non-property tax revenue. The administration has been diligent in containing expenses without sacrificing services to the residents.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact:

Incorporated Village of Malverne
Teresa Emmel, Village Clerk/Treasurer
99 Church Street
Malverne, New York 11565

INCORPORATED VILLAGE OF MALVERNE
Statement of Net Position
May 31, 2017

ASSETS	
Cash and Cash Equivalents	$ 4,242,283
Cash - Special Reserve	2,548,657
Accounts Receivable	152,654
Tax Sale Certificates	-
Inventories	4,291
Prepaid Expenses	320,669
Due from Agency	3,068
Capital Assets (net)	9,420,629
Total Assets	16,692,251
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	2,271,568
Total Deferred Outflows of Resources	2,271,568
LIABILITIES	
Accounts Payable and Accrued Expenses	414,142
Due to Other Governments	1,691
Bond Interest Payable	44,431
Accrued Liabilities	128,272
Long-term Liabilities:	
Bonds:	
Due within one year	880,000
Due in more than one year	5,175,000
Compensated Absences:	
Due within one year	187,815
Due in more than one year	1,690,334
Other Post-employment Benefits:	
Due within one year	-
Due in more than one year	7,454,056
Net Pension Liability:	
Due within one year	-
Due in more than one year	2,914,453
Total Liabilities	18,890,194
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue - County Aid	25,006
Deferred Amounts Related to Pensions	510,879
Total Deferred Inflows of Resources	535,885
NET POSITION	
Net Investment in Capital Assets	5,873,473
Unrestricted (deficit)	(6,335,733)
Total Net Position	$ (462,260)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Statement of Activities
For the Year Ended May 31, 2017

Functions/Programs	Expenses	PROGRAM REVENUES: Fees, Fines and Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	Net (Expense) / Revenue
Governmental Activities:					
General Government Support	$ 2,719,092	$ 339,746	$ -	$ 76,517	$ (2,302,829)
Public Safety	9,221,044	1,305,010	5,500	-	(7,910,534)
Health	69,852	-	-	-	(69,852)
Transportation	1,838,781	-	-	55,898	(1,782,883)
Economic Opportunity and Development	5,955	-	-	-	(5,955)
Culture and Recreation	1,117,643	142,429	-	5,126	(970,088)
Home and Community Services	2,166,762	8,797	-	-	(2,157,965)
Interest on Debt	154,744	-	-	-	(154,744)
Total Governmental Activities	$ 17,293,873	$ 1,795,982	$ 5,500	$ 137,541	(15,354,850)

GENERAL REVENUES:	
Real Property Taxes and Related Tax Items	13,940,812
Non-Property Taxes	338,784
Use of Money and Property	10,788
State and Federal Aid	257,790
Minor Sales and Compensation for Loss	168,641
Other Miscellaneous Revenues	133,601
Total General Revenues	14,850,416
Change in Net Position	(504,434)
Net Position - Beginning of Year	42,174
Net Position - End of Year	$ (462,260)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Balance Sheets
Governmental Funds
May 31, 2017

ASSETS	General	Capital Projects	Public Library	Community Development	Total
Assets:					
Cash and Cash Equivalents	$ 4,067,220	$ 94,639	$ 80,424	$ -	$ 4,242,283
Cash - Special Reserve	40,813	2,507,844	-	-	2,548,657
Accounts Receivable	152,654	-	-	-	152,654
Inventory	4,291	-	-	-	4,291
Prepaid Expense	168,851	-	-	-	168,851
Due From Other Funds	5,449	-	-	-	5,449
Total Assets	$ 4,439,278	$ 2,602,483	$ 80,424	$ -	$ 7,122,185
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 172,471	$ 17,197	$ -	$ -	$ 189,668
Accrued Liabilities	124,272	-	4,000	-	128,272
Due to Other Funds	-	2,381	-	-	2,381
Due to Other Governments	1,691	-	-	-	1,691
Total Liabilities	298,434	19,578	4,000	-	322,012
Deferred Inflows of Resources:					
Deferred Revenue - County Aid	25,006	-	-	-	25,006
Total Deferred Inflows of Resources	25,006	-	-	-	25,006
Fund Balance:					
Nonspendable	173,142	-	-	-	173,142
Restricted	40,813	2,507,844	-	-	2,548,657
Assigned, Appropriated	297,452	-	44,000	-	341,452
Assigned, Unappropriated	1,349,000	75,061	32,424	-	1,456,485
Unassigned	2,255,431	-	-	-	2,255,431
Total Fund Balance	4,115,838	2,582,905	76,424	-	6,775,167
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 4,439,278	$ 2,602,483	$ 80,424	$ -	$ 7,122,185

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Reconciliation of the Governmental Funds Balance Sheets
to the Statement of Net Position
As of May 31, 2017

Total Fund Balance - Total Governmental Funds	$ 6,775,167
This amount differs from the amount of net position shown in the Statement of Net Position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	9,420,629
Deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and, accordingly, are not reported as fund liabilities and are added.	1,760,689
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds and are deducted.	(72,656)
Bond interest payable applicable to governmental activities is not due and payable in the current period and, accordingly, is not reported in the governmental funds. However, these liabilities are included in the liabilities in the government-wide statements and are deducted.	(44,431)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. However, these liabilities are included as liabilities in the government-wide statements and are deducted.	
Serial bonds	(6,055,000)
Compensated absences	(1,878,149)
Other post-employment benefits payable	(7,454,056)
Net pension liability	(2,914,453)
Total Net Position	$ (462,260)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended May 31, 2017

	General	Capital Projects	Public Library	Community Development	Total
Revenues:					
Real Property Taxes	$ 13,905,652	$ -	$ -	$ -	$ 13,905,652
Real Property Tax Items	35,300	-	-	-	35,300
Non-Property Tax Items	338,784	-	-	-	338,784
Departmental Income	396,576	-	22,050	-	418,626
Intergovernmental Charges	462,650	-	71,600	-	534,250
Use of Money and Property	10,704	-	84	-	10,788
Licenses and Permits	207,000	-	-	-	207,000
Fines and Forfeitures	636,106	-	-	-	636,106
Sale of Property and Compensation for Loss	146,066	22,575	-	-	168,641
Miscellaneous Local Sources	115,356	-	-	18,245	133,601
State Aid	319,188	76,517	5,126	-	400,831
Total Revenues	16,573,382	99,092	98,860	18,245	16,789,579
Expenditures:					
General Government Support	1,771,212	98,759	-	-	1,869,971
Public Safety	5,003,221	94,284	-	-	5,097,505
Health	62,314	-	-	-	62,314
Transportation	947,650	212,751	-	-	1,160,401
Economic Assistance and Opportunity	5,550	-	-	-	5,550
Culture and Recreation	169,332	-	537,855	-	707,187
Home and Community Services	1,552,926	-	-	74,795	1,627,721
Employee Benefits	4,555,552	-	189,355	-	4,744,907
Debt Service	1,100,320	370,000	-	-	1,470,320
Total Expenditures	15,168,077	775,794	727,210	74,795	16,745,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,405,305	(676,702)	(628,350)	(56,550)	43,703
Other Financing Sources (Uses):					
Bond Anticipation Notes Redeemed	-	675,000	-	-	675,000
Bond Proceeds	560,000	3,020,000	-	-	3,580,000
Transfers In	-	194,038	620,300	-	814,338
Transfers Out	(814,338)	-	-	-	(814,338)
Total Other Financing Sources (Uses)	(254,338)	3,889,038	620,300	-	4,255,000
Net Change in Fund Balance	1,150,967	3,212,336	(8,050)	(56,550)	4,298,703
Fund Balances at Beginning of Year	2,964,871	(629,431)	84,474	56,550	2,476,464
Fund Balances at End of Year	$ 4,115,838	$ 2,582,905	$ 76,424	$ -	$ 6,775,167

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended May 31, 2017

Net Changes in Fund Balances Shown for Total Governmental Funds		$	4,298,703
This amount differs from the change in net position shown in the Statement of Activities because of the following:			
Capital outlays for acquisition of capital assets are recorded in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital expenditures	602,299		
Depreciation expense	(1,121,016)		(518,717)
Major revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, measurable and available to provide current financial resources. In the Statement of Activities, major revenues are recognized when they are earned and measurable, regardless of when they become available.			(140)
The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			(2,894,993)
Certain expenditures for insurance premiums, interest on debt and inventory type items are recorded in the governmental funds when the payments are due. In the Statement of Activities, these costs are allocated over the applicable time period that they pertain to. Insurance premiums are allocated over the policy period that they are prepaid for; interest on debt in the period the payments become due; and inventory type items over the period the commodities are consumed. This is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.			(36,572)
Deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and, accordingly, are not reported as fund liabilities and are added.			(455,875)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.			
Compensated absences			6,989
Other post-employment benefits (OPEB)			(903,829)
Change in Net Position of Governmental Activities Shown in the Statement of Activities		$	(504,434)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Statement of Fiduciary Net Position
May 31, 2017

	Non-Expendable Trust	Agency
ASSETS		
Cash and Cash Equivalents	$ -	$ 215,894
Service Award Program Assets	1,059,613	-
Total Assets	1,059,613	215,894
LIABILITIES		
Due To Other Funds	-	3,068
Agency Fund Liability	-	212,826
Total Liabilities	-	215,894
NET POSITION		
Restricted	1,059,613	-
Total Net Position	$ 1,059,613	$ -

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended May 31, 2017

Additions:		
Contributions	$	17,857
Interest and dividends		5,455
Net Investment income		9,691
Total Additions		33,003
Deductions:		
Benefits		9,246
Change in benefits payable		17,728
Trustee expense		1,432
Administrative expense		3,085
Net Change in LOSAP		47,638
Total Deductions		79,129
Net Decrease		(46,126)
Net Position:		
Beginning of year		1,105,739
End of year	$	1,059,613

See Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Malverne, which was established in 1921, is governed by its Charter, the Village law and other general laws of the State of New York and various local laws and ordinances. The Board of Trustees is the legislative body responsible for overall operations of the Village. It consists of the Mayor and four trustees. The Mayor serves as Chief Executive Officer and the Treasurer serves as Chief Fiscal Officer.

The following basic services are provided: police, fire protection, playground, public library, parks for recreation and entertainment, collection and disposal of garbage and refuse, snow removal, village planning, street maintenance and lighting, building inspection, court justice, administrative zoning and senior citizen activities.

All governmental activities and functions performed for the Incorporated Village of Malverne are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Government's accounting policies are described below.

B. BASIS OF PRESENTATION

1. Government-Wide Financial Statements:

The government-wide financial statements include a Statement of Net Position and the Statement of Activities. Fiduciary activities of the Village are not included in these statements.

The statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fees, fines, and charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All interfund balances in the Statement of Net

Position have been eliminated except those representing balances between governmental activities and agency activities.

2. Fund Financial Statements:

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, which are segregated for the purpose of carrying on specific activities. The various funds are exhibited by type in the financial statements. The following fund types are used:

Fund Categories

a. GOVERNMENTAL FUNDS - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Village's governmental fund types.

   General Fund - the principal operating fund; includes all operations not required to be recorded in other funds.

   Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

   Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than Capital Projects) that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

      Public Library Fund - to provide entertainment and information to the residents.

      Community Development Fund - to administer and account for community development projects financed by funds from Federal Grants, which are received from Nassau County.

b. FIDUCIARY FUNDS - used to account for assets held by the local government in a trustee or custodial capacity.

   Trust and Agency Funds - used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent. These include expendable trusts, nonexpendable trusts and agency funds.

3. Equity Classifications:

Government-Wide Statements

Equity is classified as net position and displayed in three components:

a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

Fund balance is classified and displayed in five components:

a. Nonspendable – Consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

b. 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.

c. Committed – Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

d. Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. 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.

e. Unassigned – Represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned

classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic measurement focus means all assets and liabilities are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days from year end. Material revenues that are accrued include real property taxes and state aid. If expenditures are the prime factor for determining eligibility, revenue from federal and state grants are accrued when the expenditure is made and the resources are available. Expenses are recorded when the liability is incurred except that:

- Principal and interest on indebtedness are recognized as an expenditure at the time of payment.
- Expenditures for prepaid items and inventory-type items are generally recognized at the time of purchase.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- Pension costs are recognized as an expenditure when billed by the State.

D. CASH AND CASH EQUIVALENTS

The Village considers all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

E. PROPERTY TAXES

Real property taxes are levied annually in June and are subject to interest and penalties after June 30th. A tax sale for unpaid taxes is held during the year at a time fixed by the Board of Trustees after which the unpaid taxes become a lien on the property.

F. BUDGETARY DATA

1. Budget Policies – The budget policies are as follows:

   a. On or before March 31st, the Village Clerk-Treasurer or Budget Officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
   b. On or before April 30th, the governing board adopts the budget.
   c. All modifications of the budget must be approved by the Board of Trustees.

2. Budget Basis of Accounting:

   Except as indicated below, budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

G. INVENTORY

Inventory consists of fuel in storage tanks for use in Village vehicles and is valued at cost, using the first-in, first-out method.

H. CAPITAL ASSETS

Capital assets, which include land, infrastructure, land improvements, buildings, and machinery and equipment are reported at original cost. Depreciation has been recorded using the straight-line method over 2 – 20 years for machinery and equipment, 20 years for land improvements, 40 years for buildings, and 50 years for infrastructure. Land is not depreciated. The Village has established a capitalization threshold for assets of $2,000. General infrastructure assets acquired or constructed prior to June 1, 2004 are not reported in the financial statements.

I. COMPENSATED ABSENCES

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation, sick leave and compensatory absences accumulated by employees have

been recorded in the government-wide financial statements.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; 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 and compensatory absences when such payment becomes due.

J. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's full time employees may become eligible for these benefits.

Healthcare benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other post-employment benefits payable is recorded as a long-term debt in the government-wide statements. The current portion of this debt is estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

K. INSURANCE

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Village carries various insurance policies to mitigate any losses that might occur.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those estimates.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

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 and so will not be recognized as an inflow of resources until that time.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village's cash and cash equivalents consist of cash on hand and, time and demand deposits. 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 specified FDIC-insured commercial banks located in New York State. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include: obligations of the U.S. Treasury, obligations of New York State (or its localities if approved by the State Comptroller), and repurchase agreements. All deposits and investments are carried at cost plus accrued interest.

Third party collateral is required for all deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are the same as the permissible investments mentioned above.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's third party custodial bank. They consisted of:

Deposits: All deposits are carried at cost plus accrued interest.

Bank balances for the Village's deposits with financial institutions as of May 31, 2017 totaled $7,078,610 and are covered by federal deposit insurance or third party collateral as follows:

Amount FDIC Insured	$ 1,500,000
Amount Collateralized	7,090,307
Total Amounts	$ 8,590,307

2. Property Taxes:

There were no tax sale certificates held by the Village as of May 31, 2017.

3. Interfund Receivables, Payables, and Transfers:

Temporary advances between funds and unpaid interfund charges will be reimbursed subsequent to year end. The interfund receivable and payable balances at May 31, 2017 are as follows:

	Amount Receivable	Amount Payable
General Fund	$ 5,449	$ -
Trust and Agency	-	3,068
Capital Projects Fund	-	2,381
Totals	$ 5,449	$ 5,449

During the year, the budgeted transfer of $620,300 from the General Fund to the Public Library Fund was made to support the operations of the Library. In addition, transfers totaling $194,038 were made from the General Fund to the Capital Projects Fund to support the costs of capital projects. Following is a summary of interfund transfers:

	Transfers In	Transfers Out
General Fund	$ -	$ 814,338
Capital Projects Fund	194,038	-
Public Library Fund	620,300	-
Totals	$ 814,338	$ 814,338

4. Changes in Capital Assets:

A summary of changes in capital assets follows:

Capital Assets	Balance May 31, 2016	Additions	Reductions	Balance May 31, 2017
Land	$ 162,033	$ -	$ -	$ 162,033
Land Improvements	1,650,421	-	-	1,650,421
Buildings and Improvements	6,363,281	74,520	-	6,437,801
Machinery and Equipment	10,006,943	382,806	-	10,389,749
Infrastructure	23,099,598	144,973	-	23,244,571
	41,282,276	602,299	-	41,884,575
Accumulated Depreciation				
Land	-	-	-	-
Land Improvements	(1,086,169)	(70,209)	-	(1,156,378)
Buildings and Improvements	(3,165,294)	(229,165)	-	(3,394,459)
Machinery and Equipment	(8,819,031)	(331,148)	-	(9,150,179)
Infrastructure	(18,272,436)	(490,494)	-	(18,762,930)
	(31,342,930)	(1,121,016)	-	(32,463,946)
Totals				
Land	162,033	-	-	162,033
Land Improvements	564,252	(70,209)	-	494,043
Buildings and Improvements	3,197,987	(154,645)	-	3,043,342
Machinery and Equipment	1,187,912	51,658	-	1,239,570
Infrastructure	4,827,162	(345,521)	-	4,481,641
Capital Assets, Net	$ 9,939,346	$ (518,717)	$ -	$ 9,420,629

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities	
General Government Support	$ 177,837
Public Safety	603,376
Health	7,538
Transportation	113,397
Economic Assistance	405
Home and Community Services	76,575
Culture and Recreation	141,888
Total Depreciation Expense – Governmental Activities	$ 1,121,016

B. LIABILITIES

1. Description of Plan:

The Village of Malverne participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides the pension membership, is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS and PFRS are cost sharing, multiple-employer defined benefit pension plans. The System is included in the State's financial report as a pension trust fund

Separately issued financial statements for the System can be accessed on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

ERS

Tier 1	Those persons who last became members before July 1, 1973.
Tier 2	Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
Tier 3	Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.

Tier 5 Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
Tier 6 Those persons who first became members on or after April 1, 2012.

PFRS

Tier 1 Those persons who last became members before July 31, 1973.
Tier 2 Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
Tier 3 Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
Tier 4 N/A
Tier 5 Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
Tier 6 Those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

Benefits

Tiers 1 & 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years

of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4, and 5 members, each year of final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% greater than the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. The cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2017 was approximately 15.5% of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2017 was approximately 24.3% of payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial rate applicable during the year. For the fiscal year ended March 31, 2017, the applicable interest rate was 7%.

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2016-2017	$ 1,297,787
2015-2016	1,256,512
2014-2015	1,508,972

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

At May 31, 2017, the Incorporated Village of Malverne reported a liability of $2,914,453 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 that date. The Incorporated Village of Malverne's proportion of the net pension liability was based on a projection of the Incorporated Village of Malverne's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2017, the Incorporated Village of Malverne's proportion was 0.0105970 percent for ERS and 0.0925739 percent for PFRS.

For the year ended May 31, 2017, the Incorporated Village of Malverne recognized pension expense of $1,753,662. At May 31, 2017, the Incorporated Village of Malverne reported

deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 276,657	$ 482,720
Changes of Assumptions	1,285,454	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	485,445	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	224,012	28,159
	$ 2,271,568	$ 510,879

There were no amounts reported as deferred outflows of resources related to pensions resulting from the Incorporated Village of Malverne contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended May 31:	
2018	$ 623,611
2019	623,611
2020	584,200
2021	(135,645)
2022	64,912
	$ 1,760,689

Actuarial Assumptions

The total pension liability at March 31, 2017 measurement date 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, 2017. The actuarial valuation for both ERS and PFRS used the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.8% in ERS, 4.5% in PFRS
Investment Rate of Return, including inflation	7% compunded annually, net of investment expenses
Cost of Living Adjustments	1.3% anually

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36 %	4.55 %
International equity	14	6.35
Private equity	10	7.75
Real estate	10	5.80
Absolute return strategies	2	4.00
Opportunistic portfolio	3	5.89
Real assets	3	5.54
Bonds and mortgages	17	1.31
Cash	1	-0.25
Inflation-indexed bonds	4	1.50
	100 %	

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS Net Pension Liability	$ 3,180,127	$ 995,718	$ (851,195)
PFRS Net Pension Liability	5,439,503	1,918,735	(1,034,327)

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:

	Employees' Retirement System	Police and Fire Retirement System	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 liability	$ 9,396,223	$ 2,072,652	$ 11,468,875
Ratio of plan net position to the employers' total pension liability	94.7%	93.5%	94.5%

2. Long-Term Debt:

   a. Outstanding bond indebtedness aggregated $6,055,000. Of this amount, $5,175,000 was subject to the constitutional debt limit.

   b. Serial Bonds – The Incorporated Village of Malverne, like most municipalities, borrows money in order to construct improvements, acquire land or purchase buildings and equipment. 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 provision to be

made in future budgets for capital indebtedness represents the amounts authorized by the Village to be collected in future years from taxpayers and others for the liquidation of long-term liabilities.

c. Other Long-Term Debt – In addition to the above long-term debt, the local government had the following non-current liabilities:

- Net Pension Liability – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service.
- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences.
- Other Post-Employment Benefits (OPEB) – Represents post-employment medical insurance benefits to eligible retired participants.

d. Summary Long-Term Debt – The following is a summary of long-term liabilities outstanding at May 31, 2017 by fund type:

	General Fund	Public Library Fund
Serial Bonds	$ 6,055,000	$ -
Total Bonds	6,055,000	-
Net Pension Liability	2,914,453	-
Compensated Absences	1,778,740	99,409
Other Post-Employment Benefits	7,081,353	372,703
Total Long-Term Debt	$ 17,829,546	$ 472,112

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

	Bonds	Compensated Absences	Other Post-Employment Benefits	Net Pension Liability
Payable at beginning of fiscal year	$ 3,150,000	$ 1,885,138	$ 6,550,227	$ 4,464,484
Additions	3,580,000	-	1,759,164	-
Reductions	(675,000)	(6,989)	(855,335)	(1,550,031)
Payable at end of fiscal year	$ 6,055,000	$ 1,878,149	$ 7,454,056	$ 2,914,453

f. Long-Term Debt Maturity Schedule – The following is a statement of serial bonds with corresponding maturity schedules as of May 31, 2017:

Description by Fund	Orignal Date Issued	Original Amount	Rate %	Date Final Maturity	Outstanding
General Fund	12/15/1998	$ 654,000	4.70%	11/1/2019	$ 80,000
General Fund	9/1/2004	2,366,000	3.10%	9/1/2020	300,000
General Fund	11/15/2009	2,000,000	2.00%	5/15/2019	400,000
General Fund	4/25/2012	2,400,000	2.00%	10/15/2027	1,695,000
General Fund	6/14/2016	3,580,000	2.25%	10/15/2027	3,580,000
				Total	$ 6,055,000

g. The following table summarizes the Incorporated Village of Malverne's future debt service requirements as of May 31, 2017:

	Serial Bonds		
Ending Date	Principal	Interest	Total
May 31:			
2018	$ 880,000	$ 128,408	$ 1,008,408
2019	880,000	105,608	985,608
2020	615,000	83,933	698,933
2021	450,000	72,283	522,283
2022	455,000	63,233	518,233
2023-2027	1,850,000	190,649	2,040,649
2028-2032	925,000	50,528	975,528
Total	$ 6,055,000	$ 694,642	$ 6,749,642

C. DEFINED BENEFIT VOLUNTEER FIREFIGHTER AND AMBULANCE SERVICE AWARD PROGRAMS

The Village of Malverne financial statements are for the year ended May 31, 2017. However, the information contained in this note is based on information for the Length of Service Awards Program (LOSAP) for the plan year ending on February 28, 2017, which is the most recent plan year for which complete information is available.

Effective July 1995, the Village established a service award program for active volunteer firefighters of the Malverne Fire Department. Such program consists of a defined benefit contribution plan as a service award. Effective January 2005, the Village established a similar service award program for volunteer ambulance workers.

1. Program Description:

Participation, vesting and service credit
Active volunteer firefighters who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age sixty-five. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Active volunteer ambulance workers who have reached the age of eighteen and who have completed one year of ambulance service are eligible to participate in the program. Participants are 100% vested after earning 5 years of Service Credit. The program's entitlement age is the later of age sixty-five or age after earning 5 years of Service Credit under the Point System. One year of Service Credit for each calendar year with 50 or more points under the Point System. Maximum Service Credit is 40 years (including any Prior Service Credit). There is a maximum of 5 years of credit for service prior to the effective date of the Program.

Benefits
A firefighter's benefit under the program is a life annuity with 10 years certain equal to $20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed thirty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

An ambulance worker's benefit under the program is a life annuity guaranteed for 5 or 10 years. The accrual rate is $15 multiplied by the person's total number of years of ambulance service. The number of years of ambulance service used to compute the benefit cannot exceed forty. Benefits are payable when a participant reaches entitlement age. In the event of disability or death, lump sum payments are available.

2. Fiduciary Investment and Control:

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for the firefighters is Harbridge Consulting Group, LLC. Portions of the following information are derived from a report prepared by the actuary dated June 2016. The actuary retained by the sponsor for the ambulance worker's is PENFLEX, Inc. Portions of the following information are derived from a report prepared by the actuary dated December 2016.

3. Program Financial Condition:

Assets and Liabilities

Actuarial Present Value of Benefits	$ 1,638,761
Total Net Position Available for Benefits	770,806
Total Unfunded Benefits	867,955
Less: Unfunded Liability for Prior Service	(867,955)
Unfunded Normal Benefits	$ -

Prior Service Costs

Prior service costs are being amortized over a range of ten to twenty years at a discount rate of 5%.

Contributions

Firefighter
Amount of sponsor's contribution recommended by actuary: $153,635 - $196,874
Amount of sponsor's actual contribution: $151,200

Ambulance
Amount of sponsor's actual contribution: $17,922

4. Funding Methodology and Actuarial Assumptions:

Normal Costs

The actuarial valuation methodology used by both actuaries, to determine the sponsor's contribution, is the Unit Credit Cost Method. The assumptions used by the actuaries to determine the sponsor's contribution and the actuarial present value of benefits are:

Firefighter:
Assumed rate of return on investment: 5%

Pre-entitlement disability, mortality, turnover: None

Post-entitlement annuity factors: 15CM – 2015 Funding Target – Combined (male);
- IRC 430(h)(3)(A)

Ambulance:
Assumed rate of return on investment: 6%

Pre-entitlement disability, mortality, turnover: None

Post-entitlement annuity factors: RP-2014 Mortality Table projected with Scale MP-2016 to 2020, blended 60% male / 40% female.

D. FUND BALANCE

The government's fund balance classification policies and procedures are as follows:

1. For committed fund balances:
   a. The government's highest level of decision-making authority resides with the Board of Trustees.
   b. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.
2. For assigned fund balances:
   a. The body or official authorized to assign amounts to specific purpose is the Board of Trustees.
   b. The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

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

The Village has made the following fund balance designations:

	General Fund	Public Library Fund	Capital Projects Fund
Non-Spendable Fund Balance:			
Prepaid Expense	$ 168,851	$ -	$ -
Inventory	4,291	-	-
Total Non-Spendable Fund Balance	$ 173,142	$ -	$ -
Restricted Fund Balance:	$ 40,813	$ -	$ 2,507,844
Assigned Fund Balance:			
Terminal Leave - Police Department	$ 420,000	$ -	$ -
Terminal Leave - Clerk	65,000	-	-
Terminal Leave - Justice Court	14,000	-	-
Motorized Equipment	300,000	-	-
Fire Department Equipment	350,000	-	-
Repairs to Village Buildings	200,000	-	-
Operation of Library	-	32,424	-
Future Projects	-	-	75,061
Total Assigned Fund Balance	$ 1,349,000	$ 32,424	$ 75,061

E. POST-EMPLOYMENT HEALTHCARE PLAN

In the government-wide financial statements, the cost of other post-employment benefits (OPEB), like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended May 31, 2010, the Village recognizes the cost of other post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Village's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing in 2010.

The information provided in this note to the financial statements was prepared by USI Consulting Group, an actuarial firm retained by the Village.

Plan Description. The Village operates a single employer defined benefit OPEB plan, which is being funded on a pay-as-you-go basis. Per its contract with employees, the Village will pay various percentages of the premium costs for medical insurance coverage (currently provided through the New York State Health Insurance Plan) at retirement. These percentages are based upon employee classification and hire date. The Village has three classifications for its employees. They are as follows:

Police Benevolent Fund: The Village contributes 100% of the medical premiums for retirees who were hired before July 18, 2014. Retirees hired on or after July 18, 2014 must have at least 5 years of service and be at least age 55 and the Village pays 90% of the medical premiums.

Department of Public Works: The Village contributes 100% of the medical premium for retirees who were hired before June 1, 1992. Retirees hired on or after June 1, 1992 must have at least 5 years of service and be at least age 55 and the Village pays 35% of the medical premiums.

Village: The Village contributes 100% of the medical premiums for retirees who were hired before October 1, 2015. Retirees hired on or after October 1, 2015 must have at least 5 years of service and be at least age 55 and the Village pays 90% of the medical premiums.

The spouse of a retiree is entitled to the same contributions. Upon the death of a retiree, the Village will continue the health insurance for the spouse of the employee. Annual medical premiums (effective 1/1/2015 – 12/1/2015) for the Empire plan are $9,660.60 for Single and $21,706.33 for Family. For the Empire Medicare plan, the annual premiums are $4,822.08 for Single and $12,029.52 for Family. The Village reimburses 100% of the monthly Medicare Part B Premium, $1,258.80 for Single and $2,517.60 for Family. Dental Coverage is provided through CSEA Employee Benefit Fund. The Village covers 100% of two retiree's dental premiums (effective 7/1/2016-6/30/2017) $1,148.28 per year for Single.

Funding Policy. The contribution requirements of plan members and the Village are established by village contracts. For fiscal year 2017, the Village contributed $855,335 to the plan (contribution made was assumed to equal Expected Benefit Payments).

Annual OPEB Cost and Net OPEB Obligation. The Village's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the state's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

Annual required contribution	$ 1,835,423
Interest on net OPEB obligation	262,009
Adjustment to annual required contribution	(338,268)
Annual OPEB cost (expense)	1,759,164
Contributions made	(855,335)
Increase in net OPEB obligation	903,829
Net OPEB obligation—beginning of year	6,550,227
Net OPEB obligation—end of year	$ 7,454,056

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2017 and the preceding two years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost of Payroll
5/31/2017	$ 1,759,164	48.6%	$ 7,454,056	$ 6,515,725	27.0%
5/31/2016	1,694,165	48.2%	6,550,227	6,515,725	26.0%
5/31/2015	1,983,169	44.5%	5,673,086	6,415,279	30.9%

Funded Status and Funding Progress. As of June 1, 2015, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $22,359,297, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $23,359,297. The covered payroll (annual payroll of active employees covered by the plan) was $6,515,725, and the ratio of the UAAL to the covered payroll was 27 percent.

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

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

In the June 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll at a payroll growth rate of 2.5 percent. The remaining amortization period at May 31, 2017 was twenty-three years.

F. CONCENTRATION OF RISK

The Village maintains all cash and cash equivalents in five depositories. FDIC insurance covers all government accounts up to $250,000 (per official custodian) for demand accounts and time and savings accounts. All deposits in excess of the FDIC limit are fully collateralized.

G. COMMITMENTS AND CONTINGENCIES

State Grants

The Village is a recipient of a number of 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 lead to certain disallowances and a request for a return of funds. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the

respective agency for each grant.

Tax Certiorari

There are presently pending against the Village 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. See subsequent events for additional information.

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.

There are no contingencies that the Village is aware of that would have a material impact on the financial statements.

H. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2017, and the date that these financial statements were available to be issued November 16, 2017, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF MALVERNE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2017
(Unaudited)

	Original Budget	Final Budget	Actual
Revenues:			
Real Property Taxes	$ 13,888,760	$ 13,888,760	$ 13,905,652
Real Property Tax Items	44,500	44,500	35,300
Non-Property Tax Items	310,000	310,000	338,784
Departmental Income	294,350	294,350	396,576
Intergovernmental Charges	469,909	471,743	462,650
Use of Money and Property	7,540	7,540	10,704
Licenses and Permits	193,450	193,450	207,000
Fines and Forfeitures	450,000	450,000	636,106
Insurance Recoveries and Minor Sales	45,500	51,200	146,066
Miscellaneous Local Sources	9,600	80,015	115,356
State Aid	244,873	244,873	319,188
Appropriated Cash Surplus	40,000	248,334	-
Total Revenues	15,998,482	16,284,765	16,573,382
Expenditures:			
General Government Support	2,017,701	1,976,907	1,771,212
Public Safety	4,878,438	5,022,925	5,003,221
Health	68,300	68,300	62,314
Transportation	980,043	948,737	947,650
Economic Opportunity and Development	8,700	8,700	5,550
Culture and Recreation	201,018	205,802	169,332
Home and Community Services	1,591,472	1,606,546	1,552,926
Employee Benefits	4,594,685	4,594,685	4,555,552
Debt Service	1,037,825	1,037,825	1,100,320
Total Expenditures	15,378,182	15,470,427	15,168,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	620,300	814,338	1,405,305
Other Financing Sources (Uses):			
Bond Proceeds	-	-	560,000
Transfers Out	(620,300)	(814,338)	(814,338)
Total Other Financing Sources (Uses)	(620,300)	(814,338)	(254,338)
Net Change in Fund Balance	$ -	$ -	1,150,967
Fund Balance at Beginning of Year			2,964,871
Fund Balance at End of Year			$ 4,115,838

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Public Library Fund
For the Year Ended May 31, 2017
(Unaudited)

	Original Budget	Final Budget	Actual
Revenues:			
Departmental Income	$ 20,835	$ 20,835	$ 22,050
Intergovernmental Charges	71,600	71,600	71,600
Use of Money and Property	400	400	84
State Aid	4,250	4,250	5,126
Appropriated Cash Surplus	44,000	44,000	-
Total Revenues	141,085	141,085	98,860
Expenditures:			
Culture and Recreation	579,561	579,561	537,855
Employee Benefits	181,314	181,314	189,355
Total Expenditures	760,875	760,875	727,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	(619,790)	(619,790)	(628,350)
Other Financing Sources (Uses):			
Transfers In	620,300	620,300	620,300
Total Other Financing Sources (Uses)	620,300	620,300	620,300
Net Change in Fund Balance	$ 510	$ 510	(8,050)
Fund Balance at Beginning of Year			84,474
Fund Balance at End of Year			$ 76,424

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Required Supplemental Information
For the Year Ended May 31, 2017
(Unaudited)

Schedule of Funding Progress for the Retiree Health Plan

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)
6/1/2015	-	$ 22,359,297	$ 22,359,297	0.0%	$ 6,515,725	343.2%

See Notes to Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2017
(Unaudited)

Schedule of the Local Government's Proportionate Share of the Net Pension Liability

NYSLRS Pension Plan
For the 2017 Fiscal Year **

		2017	2016
Village's proportion of the net pension liability (asset)	ERS	0.0105970%	0.0112880%
	PFRS	0.0925739%	0.0895952%
Village's proportionate share of the net pension liability (asset)		$ 2,914,453	$ 4,464,484
Village's covered payroll		$ 6,515,725	$ 6,515,725
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		44.73%	68.52%
Plan fiduciary net position as a percentage of the total pension liability		94.50%	90.70%

** The amounts presented for the fiscal year were determined as of the March 31, 2017 measurement date.

Schedule of Local Government Contributions

NYSLRS Pension Plan
For the 2017 Fiscal Year

	2017	2016
Contractually required contribution	$ 1,297,787	$ 1,256,512
Contributions in relation to the contractually required contribution	1,297,787	1,256,512
Contribution deficiency (excess)	$ -	$ -
Village's covered-employee payroll	$ 6,515,725	$ 6,515,725
Contributions as a percentage of covered-employee payroll	19.92%	19.28%

APPENDIX C

BOND COUNSEL OPINION

FORM OF BOND COUNSEL'S OPINION

September 12, 2018

Village of Malverne
County of Nassau,
State of New York

Re: Village of Malverne, Nassau County, New York
$5,600,000 Public Improvement (Serial) Bonds, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $5,600,000 Public Improvement (Serial) Bonds, 2018 (the "Obligation"), of the Village of Malverne, Nassau County, New York (the "Obligor"), dated the date of delivery, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (_____%) per annum as to bonds maturing in the following amounts: $ on September 1, 2020, $ on September 1, 2021, $ on September 1, 2022, $ on September 1, 2023, $ on September 1, 2024, $ on September 1, 2025, $ on September 1, 2026, $ on September 1, 2027, $ on September 1, 2028, $ on September 1, 2029, $ on September 1, 2030, $ on September 1, 2031, $ on September 1, 2032, $ on September 1, 2033, $ on September 1, 2034, $ on September 1, 2035, $ on September 1, 2036, $ on September 1, 2037 and $ on September 1, 2038, with interest thereon payable on September 1, 2019 and semi-annually thereafter on March 1 and September 1 in each year to maturity.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP