

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 15, 2017**

**NEW ISSUE  
BOND ANTICIPATION NOTES**

**RATING: See "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 Notes 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 Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes 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 consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.*

*The Notes WILL be designated as "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.*

**VILLAGE OF ISLAND PARK  
NASSAU COUNTY, NEW YORK**  
**\$3,442,000**  
**BOND ANTICIPATION NOTES, 2018**  
**(the "Notes")**

**Date of Issue: March 6, 2018**

**Maturity Date: March 6, 2019**

The Notes are general obligations of the Village of Island Park, 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 Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to applicable statutory limitations. (See "NATURE OF OBLIGATION" and "Tax Levy Limitation Law" herein.)

At the option of the purchaser, the Notes will be issued in bearer form or as registered notes. If the Notes are issued in registered form, the Notes will be registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes issued in bearer form or registered to the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on the Notes will be payable in lawful money of the United States of America (Federal Funds).

For those Notes issued as book-entry only notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in lawful money of the United States of America (Federal Funds) by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry-Only System" herein.

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

The Notes are offered when, as and if issued and received by the purchaser subject to the receipt of the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Capital Markets Advisors LLC has served as Municipal Advisor to the Village in connection with the issuance of the Bonds. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about March 6, 2018.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE VILLAGE FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). THE VILLAGE WILL COVENANT IN A DISCLOSURE UNDERTAKING TO PROVIDE NOTICE OF CERTAIN INFORMATION (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING" HEREIN).

DATED: February \_\_, 2018

**VILLAGE OF ISLAND PARK  
NASSAU COUNTY, NEW YORK**

**Michael G. McGinty  
Mayor**

**BOARD OF TRUSTEES**

Joseph M. Annarella ..... Deputy Mayor  
Irene P. Naudus ..... Village Trustee  
Matthew F. Paccione ..... Village Trustee  
Barbara A. Volpe-Ried ..... Village Trustee  

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Constance L. Conroy ..... Village Clerk  
Susan B. Boland ..... Corporate Counsel  
Marisa DeJesus ..... Village Treasurer

**BOND COUNSEL**

**Orrick, Herrington & Sutcliffe LLP  
New York, New York**

**MUNICIPAL ADVISOR**



**Capital Markets Advisors, LLC  
Great Neck, New York  
(516) 487-9818**

No person has been authorized by the Village to give any information or to make any representations not 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

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## **OFFICIAL STATEMENT**

### **VILLAGE OF ISLAND PARK, NASSAU COUNTY, NEW YORK**

**relating to**

### **\$3,442,000 BOND ANTICIPATION NOTES, 2018 (the "Notes")**

This Official Statement (the "Official Statement"), which includes the cover page and appendices hereto, presents certain information relating to the Village of Island Park, in the County of Nassau, in the State of New York (the "Village," "County," and "State," respectively), in connection with the sale of \$3,442,000 Bond Anticipation Notes, 2018 (the "Notes").

All quotations from and summaries and explanations of the 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 compilation thereof, and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

## **THE NOTES**

### ***Description of the Notes***

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

At the option of the purchaser, the Notes will be issued in bearer form or as registered notes. If the Notes are issued in registered form, the Notes will be registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes issued in bearer form or registered to the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on herein Notes will be payable in lawful money of the United States of America (Federal Funds).

For those Notes issued as book-entry only notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in lawful money of the United States of America (Federal Funds) by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry-Only System" herein.

### ***Authority for and Purpose of the Notes***

The Notes are issued pursuant to the Constitution and laws of the State, including the Local Finance Law and various bond resolutions adopted by the Village Board on December 14, 2017. The proceeds from the sale of the Notes will be used to provide original financing for various capital purposes in and for the Village as shown in the table on the following page.

<u>Purpose</u>	<u>Amount to Notes</u>
Village Hall Renovation	\$ 300,000
Village Hall Expansion	1,200,000
Village Hall Dry Floodproofing	600,000
Resurfacing of Railroad Parking Lots	250,000
Village Green Gazebo, Landscaping, Walkways, Electric	65,000
Village Green Police Booth	65,000
Improvements to Village Buildings	100,000
Fire Department Training Center	375,000
Public Works Garbage Truck	135,000
Village Hall LED Sign	18,000
Fire Department LED Sign	30,000
Village Hall General Code eCode360	9,115
Building Department HP DeskJet TI300 SD Pro	17,610
Village Hall/Public Works Computer Equipment	10,000
Public Works Trailer	15,700
Public Works Garbage Truck Snow Plow Blade	7,850
Public Works Snow Box	3,300
Public Works Security Canera System	20,000
2 Electric Vehicles/Charging Stations	70,000
Fire Department Boat Lift at Masone Beach	40,000
Cement Work/Curbs throughout the Village	25,000
Relocate Single Trailer to Public Works/Roofs	40,000
Trees throughout the Village	25,000
Village Hall Furniture Building Department/ Offices	<u>20,425</u>
Total	<u>\$3,442,000</u>

### ***Optional Redemption of the Notes***

The Notes are not subject to redemption prior to maturity.

### ***Book-Entry-Only System***

If the Notes are registered to Cede & Co., the Depository Trust Company ("DTC"), New York, New York, DTC will act as securities depository for the Notes (the "Notes") and the Notes will be issued as fully-registered Notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities 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 at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each 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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on 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 or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable

notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE VILLAGE CANNOT AND DO NOT GIVE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

### **NATURE OF OBLIGATION**

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

Holders of any series of bonds or notes 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 Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon 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 applicable statutory limitations. See "TAX LEVY LIMITATION LAW" 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 Notes 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 city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city'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 City'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 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 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 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 all local governments, including school districts (with the exception of New York City, the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are affected indirectly by applicability to their respective City). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation 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 permissible 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. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such 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 Law (June 24, 2011).

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 the 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 an 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 a statutory tax levy limitation 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 city 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 agreements 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.

### **SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

**General Municipal Law Contract Creditors' Provision.** Each Note, 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 Notes in the event of a default in the payment of the principal of and interest on the Notes.

**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 the counties, cities, towns and 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.

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 Notes should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or

adjustment of municipal indebtedness.

The rights of the owners of Notes 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 (including the Notes) 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 City 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, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

**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. 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 noteholders and bondholders, such courts might hold that future events including financial crises 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.

## **MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE**

The financial and economic condition of the Village as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Village's control. There can be no assurance that adverse events in the State 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 Notes. 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 Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefore. The availability of such monies and the

timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefore. (See “State Aid” herein).

Should the Village fail to receive monies expected from the State in the amounts and at the times expected, the Village is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes 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 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 Notes and other debt issued by the Village. Any such future legislation would have an adverse effect on the market value of the Notes (See “TAX MATTERS” herein).

The enactment of Chapter 97 of the Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, school districts, including the Village, and fire districts in the State could have an impact upon operations of the Village and as a result, the market price for the Notes. (See “TAX LEVY LIMITATION LAW” herein.)

## **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 “Not Filed.”

For villages only, visit [http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/munis\\_summary2015.pdf](http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/munis_summary2015.pdf)

For a copy of the Comptroller’s fiscal stress common themes report for villages visit:  
<http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/FiscalStressSummaryResultsVillages.pdf>

For a complete description of the Comptroller’s Fiscal Stress Monitoring System visit:  
<http://osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring.pdf>

For quick facts on the Fiscal Monitoring System, visit:  
<http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/factsheet.pdf>

Note: Reference to websites implies no warranty of accuracy of information therein.

## **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 attorney for the Village, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the Village, would have an adverse material effect on the financial condition of the Village.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Village, threatened against or affecting the Village to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Village with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Village.

## **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 Notes 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 Notes is not a specific preference item for purposes of the federal individual 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 Notes. The Village has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. 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 Notes.

Certain 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 Notes) 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 Notes 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 Notes is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes 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 Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes 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. For example, certain recent legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other 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 Notes. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes.

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

## **DISCLOSURE UNDERTAKING**

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Village has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event during the period in which the Notes are outstanding, 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, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determination with respect to the tax status of the Note, or other material events affecting the tax- status of the Notes
- (g) modifications to rights of Noteholders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the Village
- (m) 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
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

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

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

Event (l) 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 governmental 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 governmental 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 from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Village determines that any such other event is material with respect to the Notes; but the Village does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above or any failure to comply in a timely manner with the requirements of the Rule.

The Village reserves the right to terminate its obligation to provide the aforescribed notice of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The Village acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village's obligations under its material events notices undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages. A Material Event Notices Certificate to this effect shall be provided to the purchaser at closing.

### ***Compliance History***

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Village. Due to widespread knowledge of these rating actions, material event notices were not filed by the Village in each instance.

The Village made a late interest payment on its outstanding debt which was due on October 1, 2015. The payment was made on October 14, 2015. A material event notice has been filed in connection with the late payment.

The Village failed to file its audited financial statements for the fiscal year ended May 31, 2016 in a timely manner. The Village filed its unaudited financial statements within 180 days of the end of the fiscal year, but was unable to provide its audited financial statements within 360 days of the close of its fiscal year. The Village did file its audited financial statements within 30 days of the release of those audited financial statements. The Village received the audit on August 30, 2017, it was filed on September 14, 2017. An event notice has been posted for this filing.

Other than the foregoing, the Village is in compliance in all material respects with all prior undertakings made pursuant to the Rule for the past five years.

### **MUNICIPAL ADVISOR**

Capital Markets Advisors, LLC, Great Neck and New York, New York, (the "Municipal Advisor") is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Village in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Village to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the Village.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

## **RATING**

The Village has not applied to Standard & Poor's Ratings Corporation ("S&P") for a rating on the Notes.

On December 23, 2013, S&P upgraded the Village's underlying credit rating from "A-" with a stable outlook to "A+" with a stable outlook.

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P. There can be no assurance that such rating will continue for any specified period of time or that such rating will be revised or withdrawn, if in the judgment of S&P circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

## **ADDITIONAL INFORMATION**

Additional information may be obtained from the Village Clerk, Constance L. Conroy, 127 Long Beach Road, Island Park, New York 11558, (516) 431-0600, e-mail: [clconroy@villageofislandpark.com](mailto:clconroy@villageofislandpark.com) or from the Village's Financial Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9818 and is also available at [www.capmark.org](http://www.capmark.org).

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

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Village management's beliefs as well as assumptions made by, and information currently available to the Village's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Village's files with the MSRB. When used in Village documents or oral presentations, the words "anticipate," "believe," "intend," "plan," "foresee," "likely," "estimate," "expect," "objective," "projection," "forecast," "goal," "will," or "should," or similar words or phrases are intended to identify forward-looking statements.

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 Notes.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Village, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the Village will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Village, as to which no representation can be made.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://www.capmark.org). 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. Capital Markets Advisors, LLC 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 Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC 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. Capital Markets Advisors, LLC and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is submitted only in connection with the sale of the Notes by the Village and may not be reproduced or used in whole or in part for any other purpose.

VILLAGE OF ISLAND PARK  
NASSAU COUNTY, NEW YORK

By: \_\_\_\_\_  
Marisa DeJesus  
Village Treasurer

DATED: February \_\_, 2018

**APPENDIX A**

**THE VILLAGE**

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## **THE VILLAGE**

### ***General Information***

The Incorporated Village of Island Park, incorporated in 1926, is a waterfront community located in Nassau County, New York on the south shore of Long Island. The Village is approximately 15 miles east from New York City. It has a land area of one-half square mile and a population currently estimated at 4,718.

The Village is a suburban community, primarily residential in character. There is an active business and shopping area that runs along Long Beach Road which is the main artery traversing the Village through its center. Rail service is provided by the Long Island Railroad. Kennedy International Airport is located approximately 9 miles west of the Village and provides domestic and international air service.

The Village provides services to its residents including sanitation and highway. The Village also maintains a Village Court. PSE&G, American Water Company, and Cablevision provide basic utilities. Police protection is provided by the County of Nassau.

### ***Form of Government***

The governing body of the Village is the Board of Trustees (the "Village Board") which consists of the Mayor and four Trustees, all of whom are elected for four-year, staggered terms. Elections are held every two years. The Mayor runs for election every fourth year and is the Chief Executive Officer of the Village. The Village Clerk, Village Treasurer, Village Attorney, and other department heads are appointed by the Mayor with consent of the Village Board.

### ***Elected and Appointed Officials***

The Village Board is the legislative, appropriating, governing and policy determining body of the Village and consists of a Mayor, and four Trustees, all of whom are elected at large to serve four-year terms. The number of terms which a Trustee may serve is not limited. It is the responsibility of the Village Board to enact, by resolution, and by local law after public hearing, all legislation including ordinances and local laws. Annual operating budgets for the Village must be approved by the Village Board; modifications and transfers between budgetary appropriation also must be authorized by the Village Board. The original issuance of all indebtedness is subject to approval by the Village Board.

The Mayor is the chief elected official of the Village and is elected for a four-year term of office with the right to succeed herself or himself. In addition, the Mayor is a full member of and the presiding officer of the Village Board.

The Village Clerk is appointed by the Mayor, subject to the confirmation of the Village Board, to a four-year term and is the Chief Fiscal Officer of the Village. Duties and responsibilities of the position include: collection of taxes, maintenance of the Village's accounting systems and records, which includes the responsibility to prepare and file an annual report with the State Comptroller, custody and investment of Village funds, debt management, custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Village Board and keeps the records of their proceedings.

### ***Employees***

The Village provides services through approximately 18 full-time and 17 part-time employees. Additional part-time workers are added in the summer months in connection with the beach and recreation programs. Employees are not represented by any collective bargaining organization.

## ***Employee Pension Benefits***

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "NYSRSSL"). 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.

NYSRSSL provides that all participating employers in each system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to participating employers. All full-time employees and 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 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

On December 12, 2009, a new Tier V pension level was signed into law. Key components of Tier V include: (1) raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to 62, (2) requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits, (3) increasing the minimum years of service required to draw a pension from 5 years to 10 years, and (4) capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages. The foregoing provisions are applicable to employees hired after January 1, 2010.

Additionally, on March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI 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 VI employees will vest in the system after 10 years of employment and will continue to make employee contributions throughout employment.

The billing cycle for employer contributions to the ERS retirement system do not match budget cycles of the Village; however, the Village is provided with an estimate of the required payment for the subsequent year before its budget is implemented. As a result, the Village is notified of and can include the estimated cost of the employer contribution in its budget. The Village is also required to make 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.

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. The Village has made payments in December in the past and intends to continue to do so.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established by applicable law. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by applicable law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to the new law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance.



Beginning July 1, 2013, a voluntary defined contribution plan option will be made available to all unrepresented employees of New York State public employers hired on or after that date, and who earn \$75,000 or more on an annual basis.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The Village did not amortize any portion of its current pension contribution through the SCO. The Village has not amortized any portion of its pension contributions and has no plans to do so.

### ***Other Post Employment Benefits***

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

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

GASB 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 ARC. Actuarial valuation is required every 2 years for the Village.

The Village is in compliance with the requirements of GASB 45. The Village has determined that its actuarial accrued liability (“AAL”) for OPEB as of May 31, 2016 was approximately \$1,194,285. For financial reporting purposes, the Village has elected to amortize the AAL over 30 years. For the year ended May 31, 2017, the Village’s ARC was approximately \$108,199. 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. 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.

## **FINANCIAL FACTORS**

### ***Budgetary Procedure***

No later than March 31, the Village Clerk submits a tentative budget to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds. After public hearings are conducted to obtain taxpayer comments, no later than May 1<sup>st</sup>, the Village Board adopts the budget pursuant to Law. All modifications of the budget must be approved by the Village

Board. The Budget is not subject to referendum.

***Independent Audits***

The Village retained the firm Satty, Levine & Ciacco, CPA’s, P.C. has performed the Village’s independent audit for the fiscal years ended May 31, 2012 through 2017, inclusive. Excerpts from the audits are included in Appendix B to this Official Statement. In addition, the Village is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

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

The Village has two basic fund categories (Governmental Funds and Fiduciary Funds) and five generic fund types. Governmental Funds are those through which most governmental functions of the Village are financed and include two fund types, as follows. The General Fund is the principal operating fund and includes all operations not required to be recorded in other funds. The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The other fund category, Fiduciary Funds, is used to account for assets held by the Village in a trustee or custodial capacity and includes a Trust and Agency Fund.

***Basis of Accounting***

The Village maintains its records and reports on the modified accrual basis of accounting for recording transactions in all governmental funds. Under this method, (1) revenues are recorded when received in cash except that for revenues which are material and susceptible to accrual (measurable and available to finance the current year’s operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay, and accrued interest are recorded at the time liabilities are incurred.

***Revenue***

The Village derives most of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B, herein.) Property taxes accounted for 54.26% of total general fund revenues for the fiscal year ended May 31, 2017, *based on preliminary results, subject to change*, while State aid accounted for 4.89%.

**Property Tax.** The following table sets forth total general fund revenues and real property taxes received for each of the last five audited fiscal years, the most recent draft audited fiscal year and the amount budgeted for the current fiscal year.

**General Fund Revenues & Real Property Taxes**

Fiscal Year <u>Ended May 31</u>	Total Revenues <sup>(1)</sup>	Real Property Taxes	Real Property Taxes to Revenues
2012	\$3,731,830	\$2,235,257	59.90%
2013	5,544,432	2,244,029	40.47
2014	3,788,700	2,291,519	60.48
2015	5,526,064	2,347,735	42.48
2016	4,903,120	2,384,303	48.63
2017 (Draft)	4,547,938	2,394,055	54.26
2018 (Adopted Budget)	4,794,319	2,451,547	51.10

(1) General Fund, Village-wide.

Source: Audited and Draft Financial Statements and Adopted Budget of the Village. Summary itself not audited.

**State Aid.** The Village receives financial assistance from the State. In its budget for the current fiscal year, approximately 13.93% of the total general fund revenues of the Village are estimated to be received in the form of State aid. 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 any year, 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. Additionally, 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.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. In view of the State’s continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse affect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “Market Factors Affecting Financings of the State and Municipalities of the State” herein.)

The following table sets forth total general fund revenues and State aid revenues received for each of the last five audited fiscal years, the most recent draft audited fiscal year and the amount budgeted for the current fiscal year.

**General Fund Revenues & State Aid Revenues**

Fiscal Year <u>Ended May 31</u>	Total <u>Revenues<sup>(1)</sup></u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2011	\$3,675,580	\$401,904	10.93%
2012	3,731,830	177,271	4.75
2013	5,544,432	257,735	4.65
2014	3,788,700	203,122	5.36
2015	5,526,064	255,698	4.63
2016	4,903,120	397,783	8.11
2017 (Draft)	4,547,938	215,890	4.89
2018 (Adopted Budget)	4,794,319	668,000	13.93

(1) General Fund, Village-wide.

Source: Audited and Draft Financial Statements and Adopted Budget of the Village. Summary itself not audited.

**TAX INFORMATION**

***Real Estate Tax Levying Limitation***

The Village is responsible for levying taxes for Village purposes. The Village’s real property tax levying powers, other than for debt service and certain other enumerated purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable real property of the Village.

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The following table sets forth the computation of the Village's real estate tax levying limitation and the determination of its tax margin for the last five fiscal years.

**Real Property Tax Assessment and Rates**

<u>Fiscal Year</u> <u>Ended May 31</u>	<u>Assessed</u> <u>Valuation</u>	State Equalization <u>Ratio</u>	<u>Full Valuation</u>
2014	\$7,217,741	1.76%	\$ 410,098,920
2015	7,212,870	1.78	405,217,416
2016	7,222,495	1.78	405,758,146
2017	7,267,166	1.72	422,509,651
2018	7,430,158	1.68	<u>442,271,310</u>
		TOTAL	<u>\$ 2,085,855,443</u>
Five-Year Average Valuation			417,171,089
Tax Levying Limitation: 2% of Average Five-Year Full Valuation:			8,343,422
Exclusions Added Thereto:			<u>0</u>
Maximum Taxing Power			8,343,422
Real Estate Tax Levy for Fiscal Year Ended May 31, 2018			<u>2,451,547</u>
Constitutional Net Tax Margin			<u>\$ 5,891,875</u>
Percent of Tax Limitation Exhausted			<u>29.38%</u>

Source: Village Officials and Adopted Budget of the Village.

***Valuations and Tax Data***

The following table shows the trend during the last five years for taxable assessed valuations, state equalization ratios, full valuations, real property taxes and real property tax rates per \$100 assessed valuation.

**Valuations and Tax Data**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Value	\$ 7,217,741	\$ 7,212,870	\$ 7,222,495	\$ 7,267,166	\$ 7,430,158
Equal. Ratio	1.76%	1.78%	1.78%	1.72%	1.68%
Full Value	410,098,920	405,217,416	405,758,146	422,509,651	442,271,310
Tax Levy:	2,319,051	2,281,955	2,412,921	2,415,317	2,451,309
Tax Rate: <sup>(1)</sup>	32.26	32.92	33.41	33.24	32.99

(1) Per \$100 assessed valuation.

Source: The New York State Office of Real Property Services and Village Officials.

***Tax Collection Enforcement Procedure and History***

Property taxes are levied annually no later than April 15 and become a lien on the first day of the levy year. Taxes are payable on June 1. Thereafter penalties and interest are imposed pursuant to the Real Property Tax Law.

After the certification and return of the tax warrant to the Board of the uncollected tax items an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law. Tax Sale Certificates are issued for all uncollected property taxes, in anticipation of the sale of properties in satisfaction of the property tax liens.

**Real Property Tax Levies and Collections**

<u>Fiscal Year Ended May 31:</u>	<u>Gross Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percentage Current Taxes Collected</u>
2014	\$2,328,589	\$2,269,379	97.5%
2015	2,374,921	2,283,909	96.2
2016	2,412,921	2,350,024	97.4
2017	2,415,317	2,385,372	98.8
2018	2,451,309	2,360,565	96.3

Source: Village Officials.

***Ten of the Largest Taxpayers***

The following table sets forth the ten largest taxpayers located in the Village for the 2017-2018 fiscal year.

**Taxable Assessments**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation<sup>(1)</sup></u>	<u>% Total Assessed Valuation</u>
Long Island Power Authority	Utility	\$130,661	1.76%
PSEG-Long Island	Utility	122,046	1.64
PSEG-Long Island	Utility	106,582	1.43
Benjamin Land/Philipson Family, LLC	Nursing Home	90,000	1.21
Quebec Development, LLC	Vacant Land	70,660	0.95
American Water SSC	Utility	51,832	0.70
PSEG – Long Island C	Utility	49,712	0.67
Quebec 41 IP	Apartments	35,000	0.47
A/A/F Samson Management, LLC	Apartments	26,400	0.36
S&S Realty	Apartments	<u>25,000</u>	<u>0.34</u>
		<u>\$709,893</u>	<u>9.55%</u>

<sup>(1)</sup> The Village’s total assessed value for the 2017-2018 fiscal year is \$7,430,158.

Source: Village Officials.

**VILLAGE INDEBTEDNESS**

***Constitutional and Statutory Requirements***

The New York State Constitution and Local Finance Law limit the power of the Village (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the Village and the 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, indebtedness shall be paid in annual installments commencing no later than two years later 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 or, in the alternative, the weighted average period of probable usefulness of the several purposes, for which it is contracted unless the Village determines to issue debt amortizing on the basis of substantially level or declining debt service. No installment may be more than fifty per centum in excess of the smallest prior installment unless the Village determines to issue debt amortizing on the basis of substantially level or declining debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The Village is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under “Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

### ***Statutory Procedure***

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of the issuance of such bonds, by the adoption of a bond resolution approved by at least two-thirds of the members of the Village Board. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Village Board and are approved by at least a three-fifths vote by the members of the Village Board.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The estoppel procedure for the validation of the Notes is in the process of being complied with by the Village.

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 Notes 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 the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes, and provided that such renewals do not extend five years beyond the original date of borrowing. (See “Payment and Maturity” under “Constitutional Requirements” herein).

In general, the Local Finance Law contains provisions providing the Village with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes.

## ***Debt Limit***

Pursuant to the Local Finance Law, the Village has the power to contract indebtedness for any Village purpose authorized by the Legislature of the State provided the aggregate the principal amount thereof shall not exceed seven percentum 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 full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such Board. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

## ***Constitutional Debt-Contracting Limitation***

The following table sets forth the current debt-contracting limitation of the Village.

<b><u>Debt Contracting Limitation</u></b>			
Fiscal Year Ended <u>May 31</u>	Assessed <u>Valuation</u>	State Equalization <u>Ratio</u> <sup>(1)</sup>	Full <u>Valuation</u>
2014	\$7,217,741	1.76%	\$ 410,098,920
2015	7,212,870	1.78	405,217,416
2016	7,222,495	1.78	405,758,146
2017	7,267,166	1.72	422,509,651
2018	7,430,158	1.68	<u>442,271,310</u>
Total Five-Year Full Valuation			<u>\$2,085,855,443</u>
Average Five-Year Full Valuation			417,171,089
Debt Contracting Limitation - 7% of Average Full Valuation			<u>\$ 29,201,976</u>

(1) Equalization rates are established by the New York State Office of Real Property Services and the State Comptroller's Office.

Source: New York State Office of Real Property Services.

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The following table, based on information furnished by the Village, presents the debt-incurring power of the Village and shows that the Village is within its constitutional debt limit, as of February 15, 2018.

**Statement of Debt-Contracting Power**

Debt-Contracting Limitation:	\$29,201,976
Gross Direct Indebtedness:	
Serial Bonds	100,000
Bond Anticipation Notes	<u>2,950,000</u>
Total Gross Direct Indebtedness	<u>\$ 3,050,000</u>
Less Exclusions and Deductions:	
Appropriations	
During Remainder of 2017-18 Fiscal Year	<u>0</u>
Total Net Direct Indebtedness	<u>3,050,000</u>
Debt-Contracting Margin	<u>\$26,151,976</u>
Percentage of Debt-Contracting Power Exhausted	<u>10.44%</u>

***Remedies Upon Default***

NO PRINCIPAL OR INTEREST PAYMENTS ON VILLAGE INDEBTEDNESS ARE CURRENTLY PAST DUE.

Under current law, provision is made for contract creditors (including the holders of the Notes) of the Village to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subject to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

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

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

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



The following table sets forth the amount of direct capital indebtedness outstanding for each of the last five fiscal years.

**Direct Capital Indebtedness Outstanding**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017<sup>(1)</sup></u>
Bonds:	\$ 685,000	\$ 525,000	\$ 595,000	\$ 375,000	\$ 145,000
Bond Anticipation Notes:	<u>304,250</u>	<u>773,250</u>	<u>2,482,745</u>	<u>3,500,000</u>	<u>2,950,000</u>
Totals:	<u>\$ 989,250</u>	<u>\$ 1,298,250</u>	<u>\$ 3,077,745</u>	<u>\$ 3,875,000</u>	<u>\$ 3,095,000</u>

(1) Based on draft audited financial statements.

***Overlapping and Underlying Debt***

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt obligations of the County, as well as the Island Park Union Free School District. Such taxpayers' share of this overlapping debt is based upon the amount of the Village's equalized property values taken as a percentage of each separate units' total values. The table below sets forth both the total outstanding principal amount of debt issued by the Village and the approximate magnitude of the burden on taxable property in the Village of the debt issued and outstanding by such overlapping entities.

**Statement of Direct and Overlapping Indebtedness**

Gross Direct Indebtedness	\$3,050,000
Exclusions and Deductions	<u>0</u>
Net Direct Indebtedness	<u>\$3,050,000</u>

**Overlapping Debt**

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As Of</u>	<u>Village Share</u>	<u>Amount Applicable To Village</u>
Nassau County	\$3,531,503,000	10/31/17	0.18%	\$6,356,705
Island Park UFSD	525,000	06/30/17	20.00	<u>105,000</u>
Total Net Overlapping Debt				6,461,705
Total Net Direct Debt				<u>3,050,000</u>
Total Net Direct and Overlapping Debt				<u>\$9,511,705</u>

***Debt Ratios***

The following table presents certain debt ratios relating to the Village's direct and overlapping indebtedness.

**Debt Ratios**

	<u>Amount</u>	<u>Debt Per Capita<sup>(1)</sup></u>	<u>Debt to Full Value<sup>(2)</sup></u>
Net Direct Debt	\$3,050,000	\$ 646	0.69%
Net Direct and Overlapping Debt	9,511,705	2,016	2.15

<sup>(1)</sup> The population of the Village is 4,718 according to a recent village survey.

<sup>(2)</sup> The full valuation of real property located in the Village for the 2018 fiscal year is \$442,271,310.

### ***Bond Anticipation Notes***

On June 6, 2017, the Village issued \$2,950,000 Bond Anticipation Notes, 2017 which mature on June 6, 2018 for various purposes.

### ***Revenue Anticipation Notes***

There are no Revenue Anticipation Notes outstanding.

### ***Prospective Capital Financings***

Following the issuance of the Notes, the Village does not anticipate issuing additional debt during the remainder of this fiscal year ending May 31, 2018.

### ***Debt Service Schedule***

The following table shows the debt service requirements to maturity on the Village's outstanding general obligation bonded indebtedness for each fiscal year ending May 31.

<b><u>Annual Debt Service Schedule</u></b>			
<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2018 <sup>(1)</sup>	\$ 45,000	\$ 3,619	\$ 48,619
2019	50,000	2,250	52,250
2020	<u>50,000</u>	<u>750</u>	<u>50,750</u>
Totals	<u>\$145,000</u>	<u>\$6,619</u>	<u>\$151,619</u>

(1) For entire fiscal year.

## **ECONOMIC AND DEMOGRAPHIC DATA**

### ***Population***

The following represents the population trends for the Village, Town, County and State, based on recent census data. The Village has a present population of 4,718.

	<b><u>Population Trend</u></b>			
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>Percentage</u> <u>Change</u>
Village	4,732	4,655	4,718	1.35%
Town	755,924	759,757	768,708	1.18
County	1,334,544	1,339,532	1,356,801	1.29
State	18,976,457	19,378,102	19,697,457	1.65

Source: US Census Bureau

## ***Income***

The following table presents median family income for the Village, Town, County and State.

	<b><u>Median Family Income</u></b>		
	<u>2000</u>	<u>2010</u>	<u>2016</u>
Village	\$57,813	\$62,500	85,679
Town	69,083	93,140	97,034
County	72,030	97,049	102,044
State	43,393	57,683	60,741

Source: US Census Bureau

## ***Employment and Unemployment***

The following tables provide information concerning employment and unemployment in the Village, Town, County and State. Data provided for the Town, County and State are not necessarily representative of the Village.

### **Major Employers in the Village**

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
MacKoul & Associates	Co-op and Condo Insurance	34
EmPower Solar	Solar Installation	60
DaVinci's Restaurant	Restaurant	18
Pop's Wine & Spirits	Retail	25

Source: Village Officials.

Data listed in the following three tables is not necessarily representative of the Village.

### **Civilian Labor Force**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town	396,600	397,100	393,500	398,900	398,500
County	693,600	695,100	689,300	699,600	699,000
State	9,612,200	9,623,100	9,570,700	9,591,200	9,584,500

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

### **Yearly Average Unemployment Rates**

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2012	7.4%	7.0%	8.5%
2013	6.2	5.9	7.7
2014	5.0	4.8	6.3
2015	4.4	4.2	5.3
2016	4.1	3.9	4.8

Source: New York State Department of Labor, Bureau of Labor Statistic. Information not seasonally adjusted

### **Monthly Unemployment Rates**

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
January 2017	4.2%	4.1%	4.9%
February	4.5	4.3	5.0
March	3.9	3.7	4.4
April	3.9	3.7	4.2
May	3.9	3.8	4.3
June	4.3	4.1	4.5
July	4.5	4.3	4.9
August	4.5	4.2	4.9
September	4.3	4.1	4.7
October	4.2	4.0	4.6
November	4.5	4.2	4.5
December	4.2	4.0	4.4

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

### ***Utilities***

The residents of the Village receive electricity and natural gas services from PSE&G and National Grid and water services from the Long Island American Water Company.

Sewer service is provided by Nassau County and refuse collection is provided by the Village Sanitation Department.

### ***Transportation***

An extensive network of roads lead to and from the Village, giving surface traffic ready access to the major east-west arteries leading either into New York City, or to eastern Long Island. These include: Northern State Parkway, Meadowbrook Parkway and Long Island Expressway.

“Island Park” is a stop on the Long Island Rail Road and serves many residents who commute to New York City. The scheduled commuting time between the Village and New York City is under 40 minutes.

### ***Education and Culture***

The Island Park Union Free School District provides education to all children in the Village of Island Park, and the children of the hamlets of Harbor Isle, NY and Barnum Island. Grades K-5 attend the Francis X. Hegarty Elementary School and grades 6-8 attend Lincoln Orens Middle School. For high school, Island Park students have the choice of attending Long Beach High School or West Hempstead High School.

**END OF APPENDIX A**

**APPENDIX B**

**SUMMARY OF FINANCIAL STATEMENTS**

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VILLAGE OF ISLAND PARK  
 Adopted Budgets - General Fund  
 Fiscal Year Ended May 31:

	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Tax	\$2,415,317	\$2,451,547
Real Property Tax Items	20,000	20,000
Non Property Tax Items	150,000	165,375
Departmental Income	196,500	271,500
Intergovernmental Charges	625,265	631,518
Use of Money and Property	16,502	22,506
Licenses and Permits	205,000	245,000
Fines and Forfeitures	125,000	188,873
Sale of Property and Comp. for Loss	0	0
Miscellaneous	0	130,000
State Aid	794,354	668,000
Federal Aid	0	0
	<hr/>	<hr/>
Total Revenues	<u>\$4,547,938</u>	<u>\$4,794,319</u>
Expenditures:		
General Government Support	\$1,236,432	\$1,464,871
Public Safety	759,242	815,889
Public Health	650	650
Transportation	139,901	171,613
Cultural and Recreation	167,000	204,000
Home and Community	761,474	803,078
Employee Benefits	915,000	947,108
Interfund Transfer	0	0
Debt Service	568,239	387,110
	<hr/>	<hr/>
Total Expenditures	<u>\$4,547,938</u>	<u>\$4,794,319</u>

Source: Village of Island Park Adopted Budgets. Summary itself isn't audited.

VILLAGE OF ISLAND PARK  
Balance Sheet  
General Fund  
Fiscal Year Ended May 31:

	<u>2015</u>	<u>2016</u>	<u>2017<sup>(1)</sup></u>
<b>Assets:</b>			
Cash and Investments	\$ 1,450,034	\$ 336,733	\$ 259,707
Restricted Cash	-	-	-
Tax Sale Certificates	178,021	210,264	250,827
Accounts Receivable	32,775	40,842	45,425
Prepaid Expenses	40,992	17,084	18,196
Due from Other Funds	165,268	171,467	52,157
Due from Other Governments	14,214	211,543	30,850
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,881,304</u>	<u>\$ 987,933</u>	<u>\$ 657,162</u>
<b>Liabilities and Fund Equity:</b>			
Accounts Payable	\$ 271,836	\$ 400,987	\$ 320,772
Accrued Liabilities	26,603	10,957	-
Due to Other Governments	31,034	24,973	24,973
Due to Fiduciary Funds	2,509	2,509	9,982
Deferred Revenue	178,021	210,264	-
Revenue Anticipation Notes Payable	-	-	500,000
Due to Other Funds	373,485	373,485	-
Bond Anticipation Notes Payable	982,745	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Equity	<u>\$ 1,866,233</u>	<u>\$ 1,023,175</u>	<u>\$ 855,727</u>
Deferred Inflows of Resources	\$ -	\$ -	\$ 250,827
<b>Fund Equity:</b>			
Fund Balance- Nonspendable	\$0	\$0	\$18,196
Fund Balances Unreserved	\$ -	\$ -	\$ -
Fund Balance - Unappropriated	15,071	(35,242)	(467,588)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Equity	15,071	(35,242)	(467,588)
Total Liabilities and Fund Equity	<u>\$ 1,881,304</u>	<u>\$ 987,933</u>	<u>\$ 657,162</u>

(1) Draft Audited Financial Statements.

Source: Audited and Draft Financial Statements of the Village. Summary itself isn't audited.



VILLAGE OF ISLAND PARK  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
General Fund  
Fiscal Year Ended May 31

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017<sup>(1)</sup></u>
Revenues:						
Real Property Taxes	\$ 2,235,257	\$ 2,244,029	\$ 2,291,519	\$ 2,347,735	\$ 2,384,303	\$ 2,394,055
Other Tax Items	22,091	34,708	25,202	18,745	23,069	19,443
Non-Property Taxes	206,703	193,628	207,363	206,586	207,784	225,072
Departmental Income	154,607	136,013	147,011	172,181	228,561	232,744
Intergovernmental Charges	530,277	542,969	560,909	575,040	578,391	674,349
Use of Money and Property	19,921	20,137	18,716	24,011	18,154	20,152
Licenses and Permits	72,928	79,519	124,545	175,849	233,014	227,967
Fines and Forfeitures	124,210	94,435	109,813	109,941	179,884	247,332
Sale of Property and Comp. for Loss	53,129	1,146,987	22,366	45,752	214,149	-
Miscellaneous Local Sources	32,488	19,054	38,691	13,301	53,066	35,108
State Aid	177,271	257,735	203,122	255,698	397,783	215,890
Federal Aid	102,948	775,218	39,443	1,581,225	386,204	120,427
<b>Total Revenue</b>	<b>\$ 3,731,830</b>	<b>\$ 5,544,432</b>	<b>\$ 3,788,700</b>	<b>\$ 5,526,064</b>	<b>\$ 4,904,362</b>	<b>\$ 4,412,539</b>
Expenditures:						
General Government Support	\$ 1,046,777	\$ 2,183,071	\$ 2,035,574	\$ 1,798,962	\$ 1,558,261	\$ 1,141,541
Public Safety	604,994	1,067,985	1,114,384	854,527	804,280	831,129
Health	1,100	-	2,080	1,630	1,510	2,340
Transportation	148,921	126,148	117,851	284,061	133,678	114,947
Economic Assistance and Opportunity	4,300	4,300	4,300	3,880	-	-
Culture and Recreation	110,710	109,061	119,392	159,985	292,086	224,084
Home and Community Services	704,359	976,439	613,537	407,417	863,414	1,163,229
Employee Benefits	586,391	731,058	700,013	765,660	788,083	806,180
Debt Service	365,677	335,477	214,673	195,335	493,236	543,239
<b>Total Expenditures</b>	<b>\$ 3,573,229</b>	<b>\$ 5,533,539</b>	<b>\$ 4,921,804</b>	<b>\$ 4,471,457</b>	<b>\$ 4,934,548</b>	<b>\$ 4,826,689</b>
Excess of Revenues over Expenditures:	\$ 158,601	\$ 10,893	\$(1,133,104)	\$ 1,054,607	\$ (30,186)	\$ (414,150)
Other Financing Sources (Uses):						
Operating Transfers In	147	-	-	-	12,047	-
Operating Transfers Out	-	-	-	-	-	-
Proceeds of Serial Bonds	-	-	-	44,900	-	-
<b>Total Other Sources (Uses)</b>	<b>\$ 147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,900</b>	<b>\$ 12,047</b>	<b>\$ -</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	158,748	10,893	(1,133,104)	1,099,507	(18,139)	(414,150)
Fund Balance - Beg. of Year	\$ 19,385	\$ 178,133	\$ 189,029	\$(1,084,436)	\$ (17,103)	\$ (35,243)
Fund Balance - End of Year	<b>\$ 178,133</b>	<b>\$ 189,026</b>	<b>\$ (944,075)</b>	<b>\$ 15,071</b>	<b>\$ (35,243)</b>	<b>\$ (449,392)</b>

(1) Draft Audited Financial Statements

Source: Audited and Draft Financial Statements of the Village. Summary itself isn't audited

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**APPENDIX C**

**FORM OF BOND COUNSEL'S LEGAL OPINION**

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March 6, 2018

Village of Island Park,  
County of Nassau,  
State of New York

Re: Village of Island Park, Nassau County, New York  
\$3,442,000 Bond Anticipation Notes, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$3,442,000 Bond Anticipation Notes, 2018 (the "Obligation"), of the Village of Island Park, Nassau County, New York (the "Obligor"), dated March 6, 2018, numbered \_\_\_\_, of the denomination of \$\_\_\_\_\_, bearing interest at the rate of \_\_\_\_\_% per annum, payable at maturity, and maturing March 6, 2019.

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 individual 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 under the circumstances and subject to the terms and conditions set forth in such documents.

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