This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 23, 2016

REFUNDING ISSUE | **SERIAL BOND**

MOODY'S: "Aaa" | **See "BOND RATING" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$2,400,000*

VILLAGE OF LAKE SUCCESS

NASSAU COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE #: 510858

$2,400,000* Public Improvement Refunding (Serial) Bonds, 2016

(referred to herein as the "Bonds")

Dated: Date of Delivery | **Due: October 1, 2016-2022**

MATURITIES*

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2016	$ 15,000	%	%		2019	$ 570,000	%	%		2021	$ 240,000	%	%	
2017	315,000				2020	575,000				2022	120,000			
2018	565,000													

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the Village of Lake Success, Nassau County, New York (the "Village"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 1, 2016 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about April 21, 2016.

This Preliminary Official Statement is in a form "deemed final" by the Village for the purpose of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). For a description of the Village's agreement to provide continuing disclosure as described in the Rule, see "Continuing Disclosure" herein.

ROOSEVELT & CROSS INCORPORATED

March ___, 2016

* Preliminary, subject to change.

VILLAGE OF LAKE SUCCESS
NASSAU COUNTY, NEW YORK

VILLAGE OFFICIALS

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

VILLAGE OF LAKE SUCCESS

NASSAU COUNTY, NEW YORK

Relating to

$2,400,000* Public Improvement Refunding (Serial) Bonds, 2016

This Official Statement, which includes the cover page and appendices, has been prepared by the Village of Lake Success, Nassau County, New York (the "Village," "County," and "State," respectively), in connection with the sale by the Village of its aggregate principal amount of $2,400,000* Public Improvement Refunding (Serial) Bonds, 2016 (the "Bonds").

The factors affecting the Village's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Village's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

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

NATURE OF OBLIGATION

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

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

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

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). Chapter 97 of the Laws of 2011, as amended, (the "Tax Levy Limitation Law") applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

* Preliminary, subject to change.

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

The pledge has generally been understood as a promise to levy property taxes subject to applicable statutory limitations to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders 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.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, 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, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered 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**.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village, on payable dates 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 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 Bonds at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond certificates will be printed and delivered to DTC.

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 DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 VILLAGE 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 ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE VILLAGE 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.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law. In the event that such book-entry-only system is discontinued, the following provisions will apply: The Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent to be named by the Village upon termination of the book-entry-only system. Interest on the Bonds will remain payable on October 1, 2016, and semi-annually thereafter on April 1 and October 1 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owners of the Bonds, on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. The Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the Village Administrator/Clerk/Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

THE BONDS

Description of the Bonds

The Bonds are general obligations of the Village, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See “NATURE OF OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The “Record Date” of the Bonds will be the fifteenth day of the calendar month preceding each such interest payment date

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 1, 2016 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Principal and interest will be paid by the School District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.00 or 90.10 of the Local Finance Law, a refunding bond ordinance adopted by the Village Trustees on March 14, 2016 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the $1,300,000 outstanding principal amount of the Public Improvement (Serial) Bonds, 2007 originally issued by the Village in the aggregate principal amount of $3,500,000 maturing in 2017 and thereafter; $1,100,000 outstanding principal amount of the Public Improvement (Serial) Bonds, 2009 originally issued by the Village in the aggregate principal amount of $3,320,000 maturing in 2019 and thereafter (the "Refunded Bonds") and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and statutes of the State, including among others, the Village Law, the Local Finance Law and various bond resolutions for the following purposes and amounts:

$3,500,000 Public Improvement (Serial) Bonds, 2007

Purpose	Amount Originally Issued
Pool Reconstruction	$ 3,500,000

$3,320,000 Public Improvement (Serial) Bonds, 2009

Purpose	Amount Originally Issued
Various Capital Projects	$ 3,320,000

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the "Government Obligations") and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

All proceeds of the Refunded Bonds have been heretofore expended.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Village's refunding financial plan (the "Refunding Financial Plan"). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of direct obligations of the United States of America (the "Government Obligations"). The Government Obligations are to be placed in an irrevocable escrow fund (the "Escrow Deposit Fund") with The Bank of New York Mellon (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the Village and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations so deposited will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal and interest payments and redemption premiums with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the "Payment Dates"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Ordinance and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The Village is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Village and will continue to be payable from Village sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal and interest on the Refunded Bonds, it is not anticipated that such Village sources of payment will be used.

The following is a list of the Refunded Bonds:

$3,500,000 Public Improvement (Serial) Bonds, 2007
CUSIP BASE: 510858

Due October 1st	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CSP
2017	$ 310,000	3.750%	10/1/2016	100.00	HA4
2018	320,000	3.750	10/1/2016	100.00	HB2
2019	330,000	3.750	10/1/2016	100.00	HC0
2020	340,000	3.800	10/1/2016	100.00	HD8
	$ 1,300,000				

$3,320,000 Public Improvement (Serial) Bonds, 2009
CUSIP BASE: 510858

Due January 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CSP
2019	$ 240,000	3.500%	1/15/2018	100.00%	HP1
2020	245,000	3.750	1/15/2018	100.00	HQ9
2021	245,000	3.750	1/15/2018	100.00	HR7
2022	245,000	3.750	1/15/2018	100.00	HS5
2023	125,000	3.750	1/15/2018	100.00	HT3
	$ 1,100,000				

The New York Local Finance Law provides that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding Bonds, such bonds are no longer counted in computing the Village's debt for statutory debt limitation purposes.

Verification of Mathematical Computations

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Village, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Village and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations listed in the underwriter's schedules, used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the Village and its representatives. The Causey Demgen & Moore P.C. verification report will state Causey Demgen & Moore P.C. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds	
	Original Issue Premium	
	Total	
Uses:	Deposit to Escrow Fund	
	Underwriter's Discount	
	Costs of Issuance and Contingency	
	Total	

THE VILLAGE

General Information

The Village of Lake Success was incorporated in December, 1926. It is one of 32 incorporated villages in the Town of North Hempstead, which constitutes the northwestern quarter of Nassau County. The Village borders New York City and is only 16 miles from the heart of Manhattan. Due to the Village's close proximity, wage earners primarily commute to New York City for employment. In area it encompasses 1.8 square miles. Most of the area of Lake Success is developed with homes or golf courses, while the rest of the Village is commercial or industrial property. Banking facilities located in the Village include branch offices of Citibank and The First National Bank of Long Island.

Some of the benefits derived by residents living in the Village are zoning protection, a locally controlled police department, a village level court system, six-day a week garbage collection, a Village park system (including a golf course, 11 tennis courts, ball fields, playgrounds and swimming pools), snow removal, and year round street repair and drainage maintenance.

Rail transportation is provided by Long Island Railroad. Bus service is available to all points in the County and also into New York City. Major highways serving the Village include the Lakeville Road (N-S), the Long Island Expressway (E-W) and the Northern State Parkway (E-W). The area is also covered by an extensive network of County, Town and Village roads.

Source: Village officials.

Population Trends

Year	Village of Lake Success	Nassau County	New York State
1970	3,254	1,428,838	18,236,882
1980	2,396	1,321,582	17,558,072
1990	2,484	1,287,444	17,990,455
2000	2,797	1,344,544	18,976,457
2010	2,934	1,339,532	19,378,102
2014 (estimate)	2,985	1,350,601	19,594,330

Source: 1970-2010 United States Census, 2010-2014 American Community Survey 5-Year Estimates.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from the 2000 Census Reports, 2006-2010 and 2010-2014 American Community Survey 5 Year Estimates.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2010-2014	2000	2006-2010	2010-2014
Village of:						
Lake Success	$ 58,002	$ 74,555	$ 67,944	$107,710	$212,708	$ 172,692
County of:						
Nassau	32,151	41,387	42,949	81,246	107,934	114,235
State of:						
New York	23,389	30,948	32,829	51,691	67,405	71,419

Note: 2011-2015 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2010-2014 American Community Survey data.

Major Employers

The following major employers (employing 100 or more) are located in the vicinity of the Village.

Company Name	City	Description	Number of Employees
Northwell Hospital	New Hyde Park	Hospitals	62,000
Pro Health Ent	New Hyde Park	Otorhinolaryngology Ear Nose Physician	5,000
Dealer Track Technologies Inc	New Hyde Park	Publishers-Computer Software (Mfrs)	3,900
Astoria Financial Corp	New Hyde Park	Holding Companies (Bank)	500
North Shore Univ Hosp Lab	New Hyde Park	Laboratories-Medical	450
St Mary's Home & Cmnty Prgrms	New Hyde Park	Home Health Service	300
IBC/Shell Packaging	New Hyde Park	Package Designing & Development	270
Island Peer Review Inc	New Hyde Park	Health Care Instruction	260
Kimco Realty Corp	New Hyde Park	Real Estate Investment Trusts	257
Canon Solutions America	New Hyde Park	Copying & Duplicating Machines & Supls	220
Ipro	New Hyde Park	Hospitals	201
Fresh Meadow Country Club	Great Neck	Golf Courses	200
William A Shine South High	Great Neck	Schools	200
Garden City Group Inc	New Hyde Park	Legal Service Plans	199
Hain Celestial Group Inc	New Hyde Park	Food Products (Whls)	160
Broadridge Financial Solutions	New Hyde Park	Financial Advisory Services	150
Rampart America LLC	New Hyde Park	Insurance	150
Great Neck Union Free School	Great Neck	Schools	150
Crescent Communications	New Hyde Park	Pay Telephones & Booths Equipment & Svc	125
Great Neck South Middle School	Great Neck	Schools	120
Monter Cancer Ctr Institute	New Hyde Park	Cancer Treatment Centers	110
New York Life	New Hyde Park	Insurance	100
Polar Electro Inc	New Hyde Park	Exercise Equipment-Retail	100
Lakeville School	Great Neck	Schools	100
ATC Healthcare Inc	New Hyde Park	Medical Services-Temporary	61
Associated Global Systems	New Hyde Park	Freight-Forwarding	56
Transervice Lease Corp	New Hyde Park	Truck Renting & Leasing	30

Source: Village officials.

Unemployment Rate Statistics

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

Annual Average

	2009	2010	2011	2012	2013	2014	2015
Nassau County	6.9%	7.1%	6.8%	7.0%	5.9%	4.8%	4.3%
New York State	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%

2015-2016 Monthly Figures

	2015									2016		
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Nassau County	4.2%	4.3%	4.3%	4.7%	4.3%	4.3%	4.0%	3.8%	3.7%	4.2%	N/A	N/A
New York State	5.5%	5.3%	5.2%	5.4%	5.0%	4.8%	4.5%	4.7%	4.7%	5.5%	N/A	N/A

Note: Unemployment rates for February and March 2016 are unavailable as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of Village Government

As prescribed by Village Law, the chief executive officer of the Village is the Mayor who is elected for a term of two years and is eligible to succeed himself. He is also a member of the Board of Trustees. In addition to the Mayor there are six Trustees who are elected for two-year terms. The terms are staggered so that every year, three Trustees run for election. The Mayor runs every second year. The Mayor and Trustees are elected at large.

The Mayor, with the approval of the Board of Trustees appoints a Village Administrator/Clerk/Treasurer to serve a two-year term. The Village Treasurer serves as the tax collector.

Financial Organization

The Village Administrator/Clerk/Treasurer is the Chief Fiscal Officer, the accounting officer, and the budget officer. The Village Accountant oversees monthly bank reconciliations, journal entries, budget adjustments and serves as an advisory accounting officer.

Budgetary Procedures

The budget officer prepares the proposed budget each year, pursuant to the Laws of the State of New York, and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year. The budget is not subject to referendum; however the levy for each adopted budget is subject to the provisions of the Tax Levy Limit Law. See "TAX LEVY LIMITATION LAW" herein.

The Village is within its allowable tax levy limit for the 2015-16 fiscal year.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is permitted to invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Village; (6) obligations of a New York public benefit corporations which are made lawful investments by the Village pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Village moneys held in certain reserve funds established pursuant to law, obligations issued by the Village. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Village's investments are governed by a formal investment policy. The Village's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (C.L.A.S.S.). C.L.A.S.S. is a cooperative investment plan consisting of U.S. Treasury Obligations, other U.S. agencies, CD's and repurchase agreements relating to treasury obligations.

It is the Village's policy to require collateral for demand deposits and certificates of deposit for all deposits not covered by the federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

State Aid

The Village receives minimal financial assistance from the State. In its General Fund adopted budget for the 2015-16 fiscal year, approximately 0.2% of the 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 revenues in order to pay State aid to municipalities and Villages 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 revenues 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 Villages 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.

Employees

The Village provides services through approximately 69 full-time and part-time employees and 41 seasonal employees. The bargaining units, approximate number of members and contract expiration dates are as follows:

Bargaining Unit	Number of Members	Contract Expiration Date
PBA	21	May 31, 2018
CSEA	22	May 31, 2014 (1)
Non-Union Employees	29	N/A

(1) Currently under negotiations.

Source: Village officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems 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. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- 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 age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension form 5 years to 10 years.
- 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 & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The Village's payments to ERS and PFRS since the 2010 year have been as follows:

Fiscal Year	ERS & PFRS
2010	$ 581,858
2011	852,100
2012	976,921
2013	1,223,821
2014	1,355,645
2015	1,367,262
2016 (Budgeted)	1,390,000

Source: Village officials.

The Village currently is budgeting for full retirement payments and does not intend to finance or amortize for pension system payments in the foreseeable future.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Village does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2010 to 2017) is shown below:

Year	ERS	PFRS
2010	7.4%	15.1%
2011	11.9	18.2
2012	16.3	21.6
2013	18.9	25.8
2014	20.9	28.9
2015	20.1	27.6
2016	18.2	24.7
2017	15.5	24.3

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The Village is not participating in the program nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Village, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The Village is not participating in the program nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the Village's employees is not subject to the direction of the Village. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

It should also be noted that the Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, 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.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Village is not certain that municipalities will be mandated to implement GASB 45 since the potential liability will have to be determined by an actuarial and will be astronomical with the potential of bankrupting municipalities.

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The Village contracted with an actuarial firm to prepare its OPEB valuation. Based on the most recent actuarial evaluation dated June 1, 2012 and financial data as of May 31, 2015, the following tables shows the components of the Village's annual OPEB cost, the amount actuarially contributed to the plan, changes in the Village's net OPEB obligation and funding status for the fiscal year ended May 31, 2015:

Annual OPEB Cost and Net OPEB Obligation:	**2015**
Annual required contribution (ARC)	$ 2,224,310
Interest on net OPEB obligation	232,088
Adjustment to ARC	(357,125)
Annual OPEB cost (expense)	2,099,273
Expected Contributions made	(504,353)
Increase in net OPEB obligation	1,594,920
Net OPEB obligation - beginning of year	5,802,200
Net OPEB obligation - end of year	$ 7,397,120
Percentage of annual OPEB cost contributed	24%

Funding Status:	
Actuarial Accrued Liability (AAL)	$ 19,995,325
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 19,995,325
Funded Ratio (Assets as a Percentage of AAL)	0%

Source: GASB 45 Other Post-employment Benefits Interim Actuarial Valuation for Fiscal Year Ending May 31, 2015. The above tables are not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The Village has reserved $0 towards its OPEB liability. The Village funds this liability on a pay-as-you-go basis.

The Village's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Village s finances and could force the Village to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

On February 26, 2015, Comptroller DiNapoli proposed legislation to provide the State and certain local governments, including the Village, with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments and other public corporations. This legislative proposal would provide express statutory authority for the creation of OPEB trusts for New York State and its local governments to provide a mechanism to accumulate funds for OPEB costs, should the State or local government decide to fund these liabilities. The Village cannot predict at this time whether the proposed legislation will be enacted into law.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Bonds are to be issued, is the Village Law and the Local Finance Law.

No principal or interest upon any obligation of this Village is past due.

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

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Village.

Financial Statements

The Village retains independent Certified Public Accountants. The last audit report covers the period ending May 31, 2014 and is attached hereto as "APPENDIX – C". The Village's unaudited financial statements for the fiscal year ended May 31, 2015 is available and can be obtained by contacting the Village or Fiscal Advisors & Marketing, Inc or at http://emma.msrb.org/IssueView/IssueDetails.aspx?id=EA347656. In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Village has complied with the requirements of various State and Federal statutes. Certain financial information of the Village can be found attached as Appendices to the Official Statement.

The Village complies with the Uniform System of Accounts as prescribed for villages in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending May 31, 2005 the Village is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Village is in compliance with Statement No. 34.

New York State Comptroller Report of Examination

State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Village has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no recent State Comptrollers audits of the Village nor are any reviews currently in progress.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Village as "No Designation" (Fiscal score: 6.7%).

Source: Website of the Office of the New York State Comptroller.

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

Projected Results of Operation for the Fiscal Year Ending May 31, 2015

The General Fund year end results for the fiscal year ending May 31, 2015 listed below are preliminary. The figures are not expected to change.

Balance Beginning of Year:	$ 3,999,609
Estimated Revenues:	12,889,600
Estimated Expenditures:	12,776,874
Balance End of Year:	$ 4,112,335

Note: Above figures are from the draft of the Village's Audited Financial Report for the fiscal year ending May 31, 2015. The draft audit is subject to the approval of the Mayor and the Finance Committee.

TAX INFORMATION

Taxable Valuations

Years Ending May 31:	2012	2013	2014	2015	2016
Assessed Valuation	$ 1,324,754,352	$ 1,295,801,306	$ 1,290,979,280	$ 1,303,849,486	$ 1,370,101,498
State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	$ 1,324,754,352	$ 1,295,801,306	$ 1,290,979,280	$ 1,303,849,486	$ 1,370,101,498

Tax Rate per $1,000 (Assessed)

Years Ending May 31:	2012	2013	2014	2015	2016
Homestead	$ 4.64	$ 5.04	$ 5.20	$ 4.94	$ 4.60
Non-Homestead	13.34	13.55	14.23	14.61	14.34

Tax Collection Procedure

Tax payments are due on June 1st each year and are payable without penalty during the month of June. Penalties for tax delinquencies are imposed at the rate of 5% for the first month and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction thereof thereafter. In April of each year tax liens are sold by the Village at auction pursuant to proceedings set forth in the Real Property Tax Law. The Village sells tax liens for any uncollected taxes and since the Village only sells the liens for 100% of the value of the uncollected taxes, the Village is assured of full collections.

Uncollected Taxes

Years Ending May 31:	2012	2013	2014	2015	2016
Total Tax Levy	$ 9,378,307	$ 9,737,099	$ 10,025,238	$ 9,406,182	$ 9,244,182
Uncollected End of Year [1]	88,495	0	0	0	69,000
% Uncollected End of Year	0.94%	0%	0%	0%	0.74%

[1] See 'Tax Collection Procedure' herein.

Source: Village records.

Constitutional Tax Margin

For the fiscal years ending May 31, 2014, through 2016 the constitutional tax margin has been computed as follows:

	2014	2015	2016
Five-Year Average Full Valuation	$ 1,335,900,532	$ 1,305,935,043	$ 1,306,436,944
Tax Limit - 2% thereof	26,718,011	26,118,700	26,128,739
Add: Exclusions	2,251,559	2,103,017	2,371,526
Total Taxing Power	$ 28,969,570	$ 28,221,717	$ 28,500,265
Tax Levy Subject to Limit	10,025,238	9,406,182	9,244,182
Constitutional Tax Margin	$ 18,944,332	$ 18,815,535	$ 19,256,083

Larger Taxpayers 2015 for 2015-2016 Assessment Roll

Name	Type		Assessed Value
We're Developing Corp.	Real Estate		$ 51,700,000
We're Associates, Inc.	Office Building		46,300,000
1111 Marcus Ave	Real Estate		25,416,330
LI Medical Center	Medical Building		23,159,281
M. Parisi & Sons	Office Building		17,841,073
LI Jewish Medical Center	Medical Building		16,710,685
600 Company	Medical Building		14,800,000
Astoria Federal Bank	Financial		14,600,000
Marcus Park, LLC (formerly Astoria Federal)	Commercial		13,500,000
Eli Goldberg	Real Estate		12,226,500
		Total	$ 236,253,869

The taxpayers listed above have a total assessed valuation of $236,253,869 which represents 17.24% of the Village's total assessed value for the 2015-2016 assessment year.

The Village annually budgets approximately $100,000 in order to settle smaller tax certiorari claims. For larger claims the Village's policy is to finance such claims with bond anticipation notes which are paid off over a five year period. In some instances, the Village will convert a tax certiorari borrowing to bond. The Village underwent a real property revaluation in 2008 which has significantly reduced the number of claims and the amount being claimed each year. In addition, annually, the Village undergoes a revaluation. This process has served to decrease the number of claims and allowed the Village to budget more effectively in this area.

Source: Village Tax Rolls.

Additional Tax Information

Real property in the Village is assessed by the Village.

Veterans' and senior citizens' exemptions are offered to those who qualify.

The assessment roll of the Village is constituted approximately as follows: Commercial and Industrial-22% and Residential-78%.

The estimated Village property tax for an average Non-Homestead parcel is $37,636 per year. Average for Homestead in 2015 is $5,894. Range is between $2,272 and $24,846. The Village also received $1,348,372 from 9 PILOTS's.

TAX LEVY LIMITATION LAW

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

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

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

The Village has not exceeded the Governor's mandated tax cap since its enactment.

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

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), 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 Village with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York Village, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective counties) 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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Village (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the Village and its indebtedness (including the Bonds), include the following provisions:

Purpose and Pledge. Subject to certain enumerated exceptions, the Village shall not give or loan any money or property to or in aid of any individual, private corporation or private undertaking or give or loan its credit to or in aid of any foreign or public corporation. The Village may contract indebtedness only for a Village purpose and shall pledge its faith and credit for the payment of the principal of any interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless substantially level or declining debt service is utilized. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its bonds.

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real property 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 method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate 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. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Village is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

In general, the State Legislature has enacted statutes relating to the power and procedure for the Village to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the 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 and Village Law, the Village authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the Council, the finance board of the Village. Customarily, the Council has delegated to the Village Administrator/Clerk/Treasurer, as chief fiscal officer of the Village, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that when a bond ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, my be contested only if:

(1) Such obligations are authorized for a purpose for which the Village is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations, and

(3) An action contesting such validity, is commenced within twenty days after the date of such publication, or,

Such obligations are authorized in violation of the provisions of the Constitution.

The Village generally issues its obligations after the time period specified in 3, above has expired with no action filed that has contested validity. It is a procedure that is recommended by Bond Counsel and followed by the Village, but it is not an absolute legal requirement.

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

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such bonds outstanding, commencing no later than two years from the date of the first of such bonds and provided that such renewals do not exceed 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 and capital notes (see “Details of Outstanding Indebtedness” herein).

Debt Outstanding End of Fiscal Year

Years Ending May 31:	2011	2012	2013	2014	2015
Bonds	$ 17,085,000	$ 15,650,000	$ 16,005,058	$ 14,530,000	$ 12,805,000
Bond Anticipation Notes	3,101,449	2,965,344	467,849	236,067	1,508,934
Other Debt	0	0	0	0	0
Totals	$ 20,186,449	$ 18,615,344	$ 16,472,907	$ 14,766,067	$ 14,313,934

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village evidenced by bonds and notes as of March 23, 2016.

Type of Indebtedness	Maturity	Amount
Bonds	2016-2028	$ 11,035,000
Bond Anticipation Notes		
Various	June 20, 2016	1,091,335
Various	October 16, 2016	966,333
	Total Indebtedness	$ 13,092,668

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 23, 2016:

Five-Year Average Full Valuation of Taxable Real Property			$ 1,317,097,184
Debt Limit - 7% thereof			92,196,803
Inclusions:			
Bonds	$ 11,035,000		
Bond Anticipation Notes	2,057,668		
Total Inclusions		$ 13,092,668	
Exclusions:			
Appropriations	$ 0		
Sewer Debt (1)	0		
Water Debt (2)	0		
Total Exclusions		$ 0	
Total Net Indebtedness Subject to Debt Limit			$ 13,092,668
Net Debt-Contracting Margin			79,104,135
Percent of Debt Contracting Power Exhausted			14.20%

(1) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.

(2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: $2,400,000* of the serial bonds listed above are expected to be refunded with the proceeds of the Bonds.

Bonded Debt Service

A schedule of Bonded Debt Service, may be found attached hereto as "APPENDIX – B" of this Official Statement.

Cash Flow Borrowing

The Village has not found it necessary to borrow tax anticipation notes or revenue anticipation notes in the past five years and does not anticipate having to issue any in the foreseeable future.

* Preliminary, subject to change.

Capital Project Plans

The Village has no significant capital projects authorized or contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the Village, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Village. The estimated net outstanding indebtedness of such political subdivisions, as of the fiscal year ending December 31, 2014, is as follows:

Unit	Outstanding Indebtedness [1]	Exclusions [2]	Net Indebtedness	Approximate % Within Village	Applicable Net Indebtedness
County of:					
Nassau	$ 4,195,289,522	$ 512,250,000	$ 3,683,039,522	0.61%	$ 22,466,541
Town of:					
North Hempstead	363,979,613	21,815,596	326,202,017	2.46%	8,024,570
School District of:					
Great Neck UFSD	19,919,031	1,991,903 [3]	17,927,128	8.81%	1,579,380
				Total	$ 32,070,491

[1] Bonds and bond anticipation notes as of the close of the 2014 completed fiscal year, not adjusted to include subsequent public debt offerings.
[2] Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
[3] Estimated State building aid.

Note: The 2015 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2014.

Debt Ratios

The following table sets forth certain ratios relating to the Village's net indebtedness as of March 23, 2016:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 13,092,668	$ 4,386.15	0.96%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	45,163,159	15,130.04	3.30

[a] The current estimated population of the Village is 2,985. (See "THE VILLAGE - Population" herein.)
[b] The Village five-year average full value of taxable real estate is $1,370,101,498. (See "TAX INFORMATION" herein.)
[c] See "Debt Statement Summary" herein.
[d] Estimated net overlapping indebtedness is $32,070,491. (See "Estimated Overlapping Indebtedness" herein.)

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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Village, 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 Bonds should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the Village could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Village (including the Bonds) 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 commerce or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such Village of its faith and credit for the payment of obligations.

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

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

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Village has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

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

CONTINUING DISCLOSURE

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,

(i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated March 31, 2016 of the Village relating to the Bonds under the headings "THE VILLAGE", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and in Appendices A and B (other than "APPENDIX – D" and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending May 31, 2016, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending May 31, 2016; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Village of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided further however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Village of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults; if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) 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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of Bondholders; if material

(h) bond calls, if material, and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Bonds; if material

(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; and

(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 Bonds.

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 Bonds.

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

The Village may 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 Bonds; 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.

(iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Village reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Bonds 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 Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village's obligations under its continuing disclosure undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Village reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Village, provided that, the #Village agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

Historical Compliance

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

The Village failed to file its Audited Financial Statement fiscal year ending May 31, 2012 in a timely manner pursuant to a prior continuing disclosure undertaking. The audited report was filed September 6, 2013. A material event notice was filed March 22, 2016.

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, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York (or any political subdivision thereof, including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D" hereto.

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

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

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal 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 Bonds may otherwise affect an 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 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years, including the current year, which would limit the exclusion from gross income of interest on obligations like the Bonds 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 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D" hereto

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the forms attached hereto as "APPENDIX – D".

Certain legal matters will be passed upon for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York.

LITIGATION

The Village is subject to a number of lawsuits in the ordinary conduct of its affairs. The Village does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse 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 Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Village taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the Village.

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated, (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to $_________ (being the par amount of the Bonds plus a net original issue premium of $___________, less an underwriter's fee for the transaction of $__________). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

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

BOND RATING

Moody's Investors Service ("Moody's") has assigned their underlying rating of "Aaa" to the Bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 99 Church Street - 9th Floor, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Bonds may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, 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 repositories. When used in Village documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe, LLP, New York, New York, Bond Counsel to the Village, expressed 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 Bonds, 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 Bonds, 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 a limitation as to information in the Official Statement obtained from sources other than the Village.

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

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the Village also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Village's contact information is as follows: Mr. Patrick E. Farrell, Administrator/Clerk/Treasurer, 318 Lakeville Road, Great Neck, New York 11020 telephone (516) 482-4411, fax (516) 482-1536, email VLSAdmin@villageoflakesuccess.com.

VILLAGE OF LAKE SUCCESS

Dated: March ___, 2016

PATRICK E. FARRELL
Village Administrator/Clerk/Treasurer

GENERAL FUND

Balance Sheets

Fiscal Years Ending May 31:	2011	2012	2013	2014	2015 (Unaudited)
ASSETS					
Cash	$ 3,615,020	$ 3,339,582	$ 4,855,827	$ 3,903,744	$ 3,086,915
Taxes Receivable	4,476	961	598	5,727	3,489
Tax Sale Certificates	186	187	186	186	186
Due from Other Funds	730,035	582,951	590,553	605,792	1,746,266
Due from Other Governments	51,051	50,759	89,684	87,168	86,858
Due from State & Federal Sources	24,937	59,925	61,838	-	-
Accounts Receivable	156,321	164,611	139,868	209,884	192,281
Prepaids	-	-	5,135	4,707	-
Deferred Expenditures	5,583	6,186	-	-	-
TOTAL ASSETS	$ 4,587,609	$ 4,205,162	$ 5,743,689	$ 4,817,208	$ 5,115,995
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 200,001	$ 121,029	$ 148,144	$ 172,087	$ 179,528
Deferred Revenues	185,095	61,565	-	-	-
Accrued Liabilities	17,669	16,908	15,810	49,286	372,569
Due to Other Funds	161,858	333,397	653,553	315,726	147,213
Due to Retirement Systems	149,312	199,129	214,191	206,688	231,579
Due to Other Governments	-	-	-	-	-
Bond Anticipation Notes Payable	664,224	-	-	-	-
Overpayments	-	4,732	23,384	23,900	20,292
Collections in advance	-	-	48,519	49,912	52,480
TOTAL LIABILITIES	$ 1,378,159	$ 736,760	$ 1,103,601	$ 817,599	$ 1,003,661
FUND EQUITY					
Nonspendable: Prepaids	$ -	$ 6,186	$ 5,135	$ 4,707	$ -
Restricted	-	601,087	24,000	24,000	274,189
Assigned		1,122,930	2,527,652	1,206,354	1,378,564
Unassigned Fund Balance	-	1,738,199	2,083,301	2,764,548	2,459,581
Reserved	$ 629,617	-	-	-	-
Unreserved:					
Appropriated	2,000,000	-	-	-	-
Unappropriated	579,833	-	-	-	-
TOTAL FUND EQUITY	$ 3,209,450	$ 3,468,402	$ 4,640,088	$ 3,999,609	$ 4,112,334
TOTAL LIABILITIES and FUND EQUITY	$ 4,587,609	$ 4,205,162	$ 5,743,689	$ 4,817,208	$ 5,115,995

Source: 2011-2014 audited financial reports and 2015 annual financial report update document (unaudited) of the Village.
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending May 31:	2010	2011	2012	2013	2014
REVENUES					
Real Property Taxes	$ 8,481,881	$ 8,643,744	$ 9,381,538	$ 9,648,698	$ 10,025,238
Real Property Tax Items	414,023	397,659	428,052	654,143	547,807
Non-Property Tax Items	220,119	231,607	198,741	212,460	218,028
Departmental Income	543,761	570,246	568,133	760,385	795,816
Intergovernmental Charges	-	-	-	-	-
Use of Money & Property	92,969	60,360	43,456	112,071	114,166
Licenses and Permits	25,838	17,050	30,530	23,217	18,342
Fines and Forfeitures	231,628	230,190	264,795	249,157	240,258
Sale of Property and Compensation for Loss	63,888	84,180	138,317	50,530	34,969
Miscellaneous	32,586	6,188	1,342	9,718	5,534
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	225,849	236,959	291,456	251,362	286,950
Revenues from Federal Sources	-	21,375	461,891	339,645	-
Total Revenues	$ 10,332,542	$ 10,499,558	$ 11,808,251	$ 12,311,386	$ 12,287,108
EXPENDITURES					
General Government Support	$ 2,557,969	$ 2,570,364	$ 1,989,095	$ 1,726,022	$ 1,818,628
Public Safety	3,478,189	3,612,581	4,117,975	4,188,065	3,639,006
Transportation	694,875	676,674	770,617	761,438	760,920
Culture and Recreation	388,686	361,416	340,921	353,943	334,909
Home and Community Services	340,342	275,170	294,758	314,472	338,983
Employee Benefits	1,771,948	2,088,828	2,367,246	2,645,035	2,800,833
Debt Service	2,508,293	2,436,288	2,399,700	2,350,725	2,274,308
Total Expenditures	$ 11,740,302	$ 12,021,321	$ 12,280,312	$ 12,339,700	$ 11,967,587
Excess of Revenues Over (Under) Expenditures	($ 1,407,760)	($ 1,521,763)	($ 472,061)	($ 28,314)	$ 319,521
Other Financing Sources (Uses):					
Proceeds of Obligations	1,004,224	388,494	631,013	-	-
Unrestricted gift and donation	-	-	-	1,100,000	1,100,000
Operating Transfers In	556,957	105,431	100,000	100,000	100,000
Operating Transfers Out	-	-	-	-	(2,160,000)
Total Other Financing	$ 1,561,181	$ 493,925	$ 731,013	$ 1,200,000	$ (960,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	153,421	(1,027,838)	258,952	1,171,686	(640,479)
FUND BALANCE					
Fund Balance - Beginning of Year	4,083,867	4,237,288	3,209,450	3,468,402	4,640,088
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 4,237,288	$ 3,209,450	$ 3,468,402	$ 4,640,088	$ 3,999,609

Source: Audited financial reports of the Village. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending May 31:	2015 Adopted Budget	2015 Unaudited Actual	2016 Adopted Budget
REVENUES			
Real Property Taxes	$ 9,406,182	$ 9,406,182	$ 9,244,182
Real Property Tax Items	1,148,296	1,235,856	1,198,296
Non-Property Tax Items	135,050	248,267	135,050
Departmental Income	509,500	944,587	828,500
Intergovernmental Charges	-	-	-
Use of Money & Property	66,000	113,610	78,000
Licenses and Permits	6,000	6,900	6,000
Fines and Forfeitures	150,000	292,527	185,000
Sale of Property and Compensation for Loss	-	113,783	-
Miscellaneous	-	100,130	100,000
Interfund Revenues	-	-	-
Revenues from State Sources	90,000	259,360	235,000
Revenues from Federal Sources	-	-	-
Total Revenues	$ 11,511,028	$ 12,721,202	$ 12,010,028
EXPENDITURES			
General Government Support	$ 2,077,327	$ 2,214,124	$ 2,127,894
Public Safety	4,164,548	3,858,744	4,236,195
Transportation	861,617	827,812	891,001
Culture and Recreation	420,640	396,912	434,422
Home and Community Services	369,500	357,762	399,500
Employee Benefits	2,697,379	2,896,940	2,804,586
Debt Service	2,103,017	2,111,181	2,371,526
Total Expenditures	$ 12,694,028	$ 12,663,475	$ 13,265,124
Excess of Revenues Over (Under) Expenditures	$ (1,183,000)	$ 57,727	$ (1,255,096)
Other Financing Sources (Uses):			
Proceeds of Obligations	-	-	-
Unrestricted gift and donation	-	-	-
Operating Transfers In	55,000	55,000	55,000
Operating Transfers Out	-	-	-
Total Other Financing	$ 55,000	$ 55,000	$ 55,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,128,000)	112,727	(1,200,096)
FUND BALANCE			
Fund Balance - Beginning of Year	1,128,000	3,999,609	1,200,096
Prior Period Adjustments (net)	-	(2)	
Fund Balance - End of Year	$ -	$ 4,112,334	$ -

Source: 2015 annual financial report update document (unaudited) of the Village. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	PRIOR TO REFUNDING BONDS Principal	Interest	Total	REFUNDED BONDS DEBT SERVICE	Interest	Total	TOTAL NEW DEBT SERVICE
2016	$ 1,770,000	$ 380,908	$ 2,150,908	$ -	$ -	$ -	$ -
2017	1,820,000	327,733	2,147,733	-	-	-	-
2018	1,825,000	271,789	2,096,789	-	-	-	-
2019	1,700,000	213,964	1,913,964	-	-	-	-
2020	1,745,000	160,964	1,905,964	-	-	-	-
2021	1,800,000	104,704	1,904,704	-	-	-	-
2022	620,000	54,400	674,400	-	-	-	-
2023	510,000	36,706	546,706	-	-	-	-
2024	390,000	22,338	412,338	-	-	-	-
2025	375,000	11,788	386,788	-	-	-	-
2026	80,000	5,638	85,638	-	-	-	-
2027	85,000	4,038	89,038	-	-	-	-
2028	85,000	2,125	87,125				
TOTALS	$ 12,805,000	$ 1,597,091	$ 14,402,091	$ -	$ -	$ -	$ -

CURRENT BONDS OUTSTANDING

Fiscal Year Ending May 31st	2007 Pool Reconstruction			2009 Various Improvements			2010 Series A Refunding of 1998 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	$ 285,000	$ 65,326	$ 350,326	$ 235,000	$ 63,300	$ 298,300	$ 165,000	$ 19,600	$ 184,600
2017	295,000	54,451	349,451	240,000	56,250	296,250	165,000	13,000	178,000
2018	310,000	43,108	353,108	240,000	49,050	289,050	160,000	6,400	166,400
2019	320,000	31,295	351,295	240,000	40,650	280,650	-	-	-
2020	330,000	19,108	349,108	245,000	32,250	277,250	-	-	-
2021	340,000	6,460	346,460	245,000	23,063	268,063	-	-	-
2022	-	-	-	245,000	13,875	258,875	-	-	-
2023	-	-	-	125,000	4,688	129,688	-	-	-
TOTALS	$ 1,880,000	$ 219,748	$ 2,099,748	$ 1,815,000	$ 283,125	$ 2,098,125	$ 490,000	$ 39,000	$ 529,000

Ending May 31st	2010 Series B Refunding of 2002A Bonds			2013 Tax Certiorari Bonds			2013 Refunding Series A		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	$ 450,000	$ 120,200	$ 570,200	$ 160,000	$ 24,694	$ 184,694	$ 75,000	$ 10,600	$ 85,600
2017	475,000	102,200	577,200	160,000	22,894	182,894	75,000	9,850	84,850
2018	490,000	83,200	573,200	125,000	20,894	145,894	80,000	8,350	88,350
2019	510,000	63,600	573,600	125,000	19,331	144,331	80,000	6,750	86,750
2020	525,000	43,200	568,200	125,000	17,769	142,769	80,000	4,950	84,950
2021	555,000	22,200	577,200	125,000	16,206	141,206	85,000	2,550	87,550
2022	-	-	-	125,000	14,488	139,488	-	-	-
2023	-	-	-	130,000	12,613	142,613	-	-	-
2024	-	-	-	130,000	10,338	140,338	-	-	-
2025	-	-	-	105,000	7,738	112,738	-	-	-
2026	-	-	-	80,000	5,638	85,638	-	-	-
2027	-	-	-	85,000	4,038	89,038	-	-	-
2028	-	-	-	85,000	2,125	87,125	-	-	-
TOTALS	$ 3,005,000	$ 434,600	$ 3,439,600	$ 1,560,000	$ 178,763	$ 1,738,763	$ 475,000	$ 43,050	$ 518,050

Ending May 31st	2013 Refunding Series B		
	Principal	Interest	Total
2016	$ 400,000	$ 77,188	$ 477,188
2017	410,000	69,088	479,088
2018	420,000	60,788	480,788
2019	425,000	52,338	477,338
2020	440,000	43,688	483,688
2021	450,000	34,225	484,225
2022	250,000	26,038	276,038
2023	255,000	19,406	274,406
2024	260,000	12,000	272,000
2025	270,000	4,050	274,050
TOTALS	$ 3,580,000	$ 398,806	$ 3,978,806

VILLAGE OF LAKE SUCCESS
NASSAU COUNTY, NEW YORK

FINANCIAL REPORT

For the Year Ended May 31, 2014

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Preliminary Official Statement.

INCORPORATED VILLAGE OF LAKE SUCCESS
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CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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(1950 - 2013)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Lake Success
Lake Success, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Lake Success (Village), as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Lake Success, as of May 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the schedule of funding progress – other postemployment benefits on pages 3 through 13 and 39 through 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Lake Success's basic financial statements. The other supplementary information on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cullen & Danowski, LLP

October 27, 2014

The Incorporated Village of Lake Success' discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2014 in comparison with the year ended May 31, 2013, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2014 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements, increased by $557,421, due to an excess of revenues over expenses based on the accrual basis of accounting. The resulting total net position at May 31, 2014 was $7,539,301.

- The general fund's total fund balance, as reflected in the fund financial statements, decreased by $640,479, as expenditures and other financing uses exceeded revenues, other financing sources and special items based on the modified accrual basis of accounting. The resulting total general fund - fund balance at May 31, 2014 was $3,999,609.

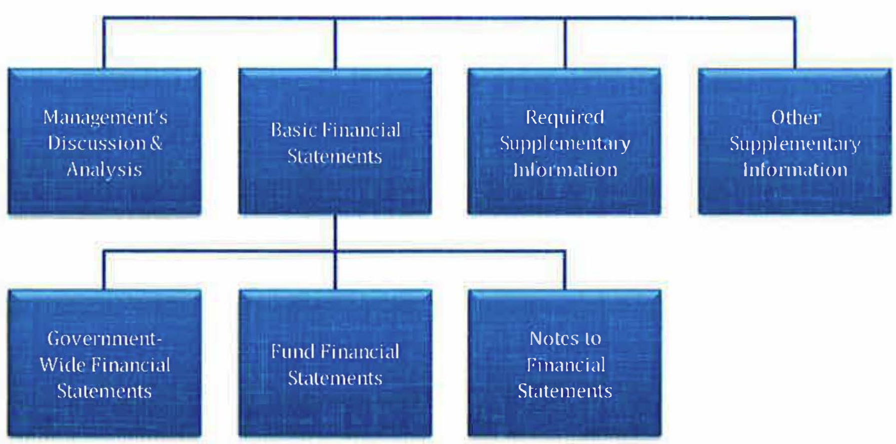
- During the current and prior fiscal years, the Village received $1,100,000 in unrestricted donations, totaling $2,200,000, from a commercial property owner. The Board of Trustees has elected to earmark the funds for the Village Community Center reconstruction project and other community-related activities to benefit the community. During 2013-14, the Village transferred $2,160,000 to the capital projects fund to cover the cost of construction to date. See Notes 13 and 14 for more detail.

- On June 5, 2013, the Village issued $1,830,058 in general obligations bonds to redeem outstanding long-term bond anticipation notes, which were originally issued to finance tax certiorari judgments.

- On August 8, 2013, the Village issued $4,370,000 in general obligation bonds to advance refund $4,235,000 of outstanding serial bonds. The net proceeds of $4,457,567, which included a premium of $87,567, have been deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The economic gain on the transaction is approximately $284,896.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. Government-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

The Village maintains five governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, golf fund, sewer fund, debt service fund and capital projects fund, all of which are considered to be major funds.

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's net position was $7,539,301 at May 31, 2014. A summary of the Village's Statement of Net Position is as follows:

	2014	2013	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 7,002,261	$ 8,187,338	$ (1,185,077)	(14.47)%
Capital Assets, Net	26,040,542	24,307,029	1,733,513	7.13 %
Total Assets	33,042,803	32,494,367	548,436	1.69 %
Current and Other Liabilities	3,014,506	3,245,400	(230,894)	(7.11)%
Long-Term Liabilities	16,686,796	17,987,391	(1,300,595)	(7.23)%
Net Other Postemployment Benefits Obligation	5,802,200	4,279,696	1,522,504	35.58 %
Total Liabilities	25,503,502	25,512,487	(8,985)	(0.04)%
Net Position				
Net Investment in Capital Asset	13,417,212	10,334,532	3,082,680	29.83 %
Restricted	51,597	51,597	-	0.00 %
Unrestricted (Deficit)*	(5,929,508)	(3,404,249)	(2,525,259)	74.18 %
Total Net Position	$ 7,539,301	$ 6,981,880	$ 557,421	7.98 %

*Resulting from the recognition of Net OPEB obligation and long-term compensated absences liability. See next page for further discussion.

Current and other assets decreased by $1,185,077, as compared to the prior year and primarily reflects a decrease in the Village's cash balances.

Capital assets, net increased by $1,733,513, as compared to the prior year. This increase is primarily due to capital additions exceeding depreciation expense. The accompanying Notes to Financial Statements, Note 5 provides additional information.

Current and other liabilities decreased by $230,894, as compared to the prior year. The decrease is primarily due to the normal fluctuation in account balances, including a $194,217 reduction in bond anticipation notes payable.

Long-term liabilities decreased by $1,300,595, as compared to the prior year. This decrease is primarily the result of the repayment of the bond refunding previously noted and the current maturity of the bond indebtedness and bond anticipation notes payable.

Net other postemployment benefits obligation increased by $1,522,504, as determined in accordance with the GASB Statement No. 45. The accompanying Notes to Financial Statements, Note 11 – Postemployment Benefits, provides additional information.

The net investment in capital assets reflects the Village's investment at cost in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure) less accumulated depreciation and any debt used to acquire those assets that is still outstanding. This number increased primarily because principal repayments on related debt and capital assets additions exceeded depreciation expense. As permitted by GASB, the Village did not include infrastructure assets (i.e., sewers, roadways) placed in service prior to June 1, 2004. The Village uses its capital assets to provide services to the residents of the Village; consequently, they are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted amount of $51,597 relates to the Village's capital reserves.

The unrestricted deficit amount of $(5,929,508) relates to the balance of the Village's net position. This number increased from the prior year by $2,525,259. The deficit reflects the Village's long-term compensated absences liability and net other postemployment benefits (OPEB) obligation. Additionally, in accordance with State guidelines, the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the net OPEB obligation.

The Village's total net position increased by $557,421 or 7.98%, to $7,539,301 at May 31, 2014, compared to $6,981,880 at May 31, 2013.

B. Changes in Net Position

A summary of the changes in net position is as follows:

	2014	(Reclassified) 2013	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 4,412,944	$ 4,394,889	$ 18,055	0.41 %
Operating Grants		453,379	(453,379)	(100.00)%
General Revenues				
Property Taxes	10,025,238	9,648,698	376,540	3.90 %
State Sources	286,950	251,362	35,588	14.16 %
Other	905,006	1,084,030	(179,024)	(16.51)%
Special Item	1,100,000	1,100,000	-	0.00 %
Total Revenues	16,730,138	16,932,358	(202,220)	(1.19)%
Expenses				
General Support	2,344,580	2,243,803	100,777	4.49 %
Public Safety	6,913,897	6,839,906	73,991	1.08 %
Transportation and Street Maintenance	1,300,571	1,223,954	76,617	6.26 %
Culture and Recreation	3,133,628	3,053,872	79,756	2.61 %
Home and Community Services	1,026,463	994,474	31,989	3.22 %
Debt Service - Interest	601,157	596,671	4,486	0.75 %
Depreciation - Unallocated	852,421	838,481	13,940	1.66 %
Total Expenses	16,172,717	15,791,161	381,556	2.42 %
Increase in Net Position	$ 557,421	$ 1,141,197	$ (583,776)	(51.15)%

The 2013 program revenues-charges for services and general revenues – other have been reclassified to reflect departmental income in the amount of $638,543 as program revenues. This reclassification does not affect the 2013 total revenues and increase in net position.

The Village's net position increased by $557,421 for the year ended May 31, 2014, and $1,141,197 for the year ended May 31, 2013.

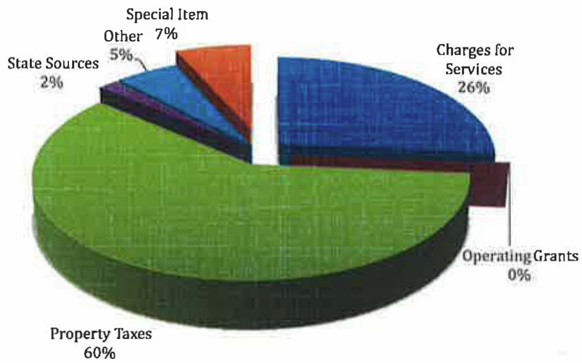
The Village's total revenues decreased by $202,220 or 1.19% compared to fiscal 2013. The decrease is primarily due to the decrease in Federal Aid in the current year. Prior year aid resulted from emergency relief funds which were not necessary in the current year. This decrease was offset by an increase in property tax revenue.

The Village's expenses for the year increased by $381,556 or 2.42%. The majority of this increase results from increases in benefits (pension costs, insurance costs, OPEB costs and termination payments) and salary costs related to normal pay increases.

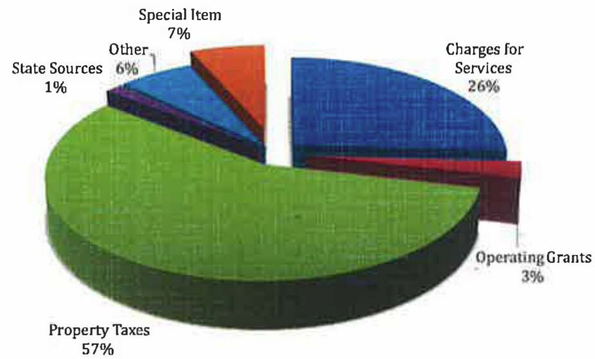
As indicated by the pie charts that follow, property taxes is the largest component of revenues. Additionally, the charts demonstrate that the components of expenses are relatively consistent for both years.

A graphic display of the distribution of revenues is as follows:

May 31, 2014

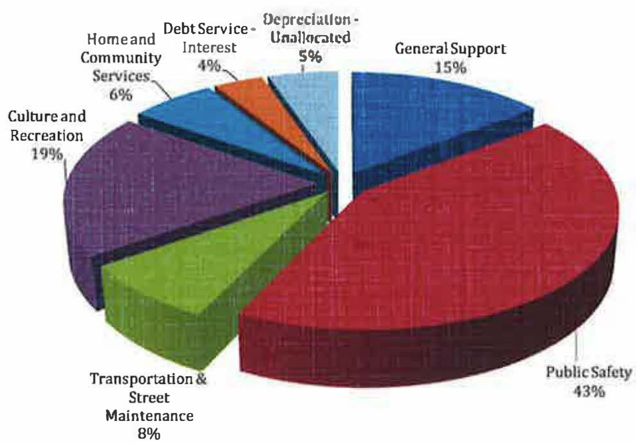


May 31, 2013

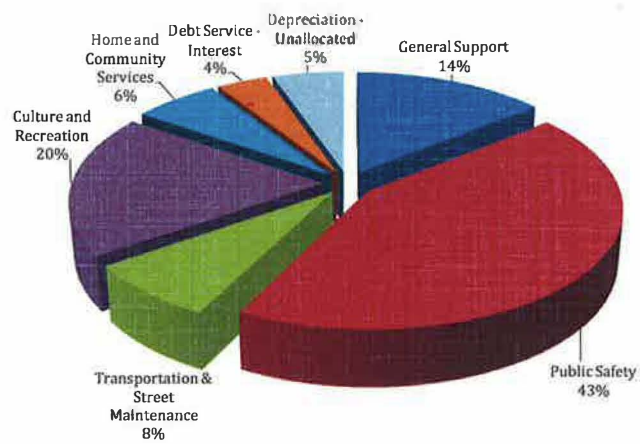


A graphic display of the distribution of expenses is as follows:

May 31, 2014



May 31, 2013



4. FINANCIAL ANALYSIS OF THE VILLAGE'S GOVERNMENTAL FUNDS

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

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

At May 31, 2014, the Village's governmental funds reported a combined fund balance of $4,155,612, which is a decrease of $1,008,091 from the prior year. The current year decrease is due to the governmental funds expenditures and other financing uses exceeding revenues, other financing sources and special items. A summary of the change in fund balance by fund is as follows:

	2014	2013	Increase (Decrease)
General Fund			
Nonspendable: Prepaids	$ 4,707	$ 5,135	$ (428)
Restricted:			
Capital - tennis courts	5,000	5,000	-
Capital - office computers	19,000	19,000	-
Assigned:			
Appropriated fund balance	1,128,000	1,384,699	(256,699)
Designated for special purpose	40,000	1,100,000	(1,060,000)
Encumbrances	38,354	42,953	(4,599)
Unassigned Fund Balance	2,764,548	2,083,301	681,247
Total General Fund	3,999,609	4,640,088	(640,479)
Golf Fund			
Nonspendable: Prepaids	200	100	100
Restricted:			
Capital - cart path improvements	27,597	27,597	-
Assigned:			
Appropriated fund balance	71,704	361,271	(289,567)
Encumbrances	33,951	16,439	17,512
Unappropriated fund balance	-	24,069	(24,069)
Total Golf Fund	133,452	429,476	(296,024)
Sewer Fund			
Assigned:			
Appropriated fund balance		32,500	(32,500)
Unappropriated fund balance	217,478	177,589	39,889
Total Sewer Fund	217,478	210,089	7,389
Capital Projects Fund			
Unassigned: Fund balance (deficit)	(194,927)	(115,950)	(78,977)
Total Fund Balance	$ 4,155,612	$ 5,163,703	$ (1,008,091)

The $640,479 decrease in the general fund's total fund balance was primarily due to the transfer of unrestricted donations received from a commercial property owner, which the Village's Board of Trustees has earmarked for the Village Community Center reconstruction project to benefit the community. The amount of $2,160,000 was transferred to the capital projects fund to cover costs of construction, with $40,000 remaining in assigned, designated fund balance at May 31, 2014.

The Village's Board of Trustees elected to appropriate $1,128,000 of the general fund's unassigned fund balance to help reduce the 2014-15 tax levy.

The decrease in total fund balance of the golf fund reflects an operating loss in the fund, which was a planned use of fund balance by the Village to subsidize the 2013-14 budget. The increase in the capital projects fund deficit results from the costs incurred for ongoing projects and will be eliminated through the issuance of permanent financing in future years.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2013-14 Budget

The Village's general fund budget as approved by the Board of Trustees was $12,859,937 for the year ended May 31, 2014. This amount was increased by encumbrances carried forward from the prior year in the amount of $42,953, and a transfer to the capital projects fund from designated fund balance in the amount of $2,160,000 for a total revised budget of $15,062,890.

The budget was funded by a combination of estimated revenues, and assignments, such as appropriated fund balance. The majority of this funding was $10,025,238 in property taxes.

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

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

Opening, Unassigned Fund Balance	$ 2,083,301
Revenues Over Budget, Including Special Item	2,011,870
Expenditures and Encumbrances Under Budget	896,949
Decrease in Nonspendable Fund Balance	428
Increase in Assigned, Designated Fund Balance Before Transfer to Capital Projects Fund	(1,100,000)
Appropriated for May 31, 2015 Budget	(1,128,000)
Closing, Unassigned Fund Balance	$ 2,764,548

Opening, Unassigned Fund Balance

The $2,083,301 shown in the table is the portion of the Village's May 31, 2013 fund balance that was retained as unassigned.

Revenues Over Budget, Including Special Item

The 2013-14 revised budget for revenues was $15,062,890. Actual revenues, other sources and special item received for the year were $13,487,108. The excess of actual revenues, other sources and special item over estimated or budgeted revenues was $2,011,870. This change contributes directly to the change to the unassigned portion of the general fund - fund balance from May 31, 2013 to May 31, 2014. The principal portion of this excess was from the $1,100,000 unrestricted donations, reported as a special item, from a commercial property owner. In addition, various other revenue areas, such as departmental income, fines, and mortgage tax receipts, were higher than budgeted.

Expenditures and Encumbrances Under Budget

The 2013-14 revised budget for expenditures was $15,062,890. Actual expenditures and encumbrances as of May 31, 2014 totaled $14,165,941, or 94% of the revised budget. The final budget was under expended by $896,949. This under expenditure was primarily from the public safety area of the budget, and contributes to the change to the unassigned portion of the general fund - fund balance from May 31, 2013 to May 31, 2014.

Decrease in Nonspendable Fund Balance

The Village prepaid various miscellaneous costs at May 31, 2014. The resulting balance sheet asset (prepaids) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The decrease in nonspendable fund balance increases unassigned fund balance.

Assigned Fund Balance – Designated for Special Purposes

The Village has assigned the $1,100,000 of unrestricted donations received in the current year from a commercial property owner to the Village Community Center reconstruction project and other community-related activities to benefit the community. Subsequent to this designation, the Board approved a transfer of $2,160,000 from the assigned fund balance to the capital projects fund to cover construction costs incurred. The revenue and expenditure budgets were revised for this use and the balance remaining in Assigned Fund Balance – Designated for Special Purposes at May 31, 2014, was $40,000.

Appropriated Fund Balance

The Village has chosen to use $1,128,000 of its available May 31, 2014 fund balance to partially fund the 2014-15 approved operating budget. As such, the unassigned portion of the May 31, 2014 fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown in the previous table, the Village will begin the 2014-15 fiscal year with an unassigned fund balance of $2,764,548.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The Village's capital assets, net of accumulated depreciation, at May 31 are summarized as follows:

	2014	2013	Increase (Decrease)
Land	$ 1,022,500	$ 1,022,500	$ -
Construction in progress	2,340,183		2,340,183
Buildings	13,469,914	13,778,503	(308,589)
Improvements	3,656,523	3,783,955	(127,432)
Machinery and equipment	1,365,555	1,416,441	(50,886)
Infrastructure	4,185,867	4,305,630	(119,763)
	$ 26,040,542	$ 24,307,029	$ 1,733,513

The net increase in the current year was attributable to capital asset additions (costs related to capital constructions, and vehicles and equipment purchases) exceeding depreciation expenses.

The Village did not include infrastructure assets placed in service prior to June 1, 2004 in its capital assets as permitted by GASB Statement No. 34.

B. Debt Administration

The Village issues serial bonds and bond anticipation notes to fund various capital projects and, to a lesser degree, tax certiorari judgments. The Village's latest underlying, long-term credit rating from Moody's Investor Services, Inc. is Aaa. A summary of the Village's indebtedness at May 31 is summarized as follows:

	2014	2013	Increase (Decrease)
Bonds payable			
Capital purposes	$ 12,782,700	$ 13,890,950	$ (1,108,250)
Other purposes - tax certioraris	1,747,300	284,050	1,463,250
Bond anticipation notes			
Capital purposes	236,067	430,284	(194,217)
Other purposes - tax certioraris		1,939,873	(1,939,873)
	$ 14,766,067	$ 16,545,157	$ (1,779,090)

The net increase of $355,000 in bonds payable is due to the effect of the refunding of certain outstanding bonds and the increase in bonds payable issued for tax certioraris offset by bond principal payments. The net decrease of $2,134,090 in bond anticipation notes payable was due to the pay down of short-term notes in the amount of $274,217 offset by the issuance of new debt for capital purposes in the amount of $80,000, and the redemption of long-term notes originally issued to fund tax certiorari judgments with proceeds from the bond issued in June 2013 and available funds.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Chapter 97 of the 2011 Laws of New York limits the increase in the property tax levy of local governments to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Local governments may "opt out" of the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded. The tax levy limit override vote requires a 60% vote of the total voting power of the governing board.

The Board of Trustees approved a $12,694,028 general fund budget for the year ending May 31, 2015. This is a decrease of $165,909 or 1.3% from the previous year's budget. Although the Board of Trustees has passed a local law, by a unanimous vote, to "opt out" of the tax levy limit by allowing for the 2014-15 tax levy limit to be exceeded, the property tax levy increase in the adopted budget does not exceed the tax levy limit.

8. CONTACTING THE VILLAGE

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

Mr. Patrick Farrell
Village Administrator
Incorporated Village of Lake Success
318 Lakeville Road
Lake Success, NY 11020

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Net Position
May 31, 2014

ASSETS	
Cash	
Unrestricted	$ 6,315,304
Restricted	51,597
Receivables	
Taxes receivable	5,727
Tax sale certificates	186
Accounts receivable	510,331
Due from fiduciary funds	27,041
Due from other governments	87,168
Prepaids	4,907
Capital assets	
Not being depreciated	3,362,683
Being depreciated, net of accumulated depreciation	22,677,859
Total Assets	33,042,803
LIABILITIES	
Payables	
Accounts payable	916,219
Accrued liabilities	219,036
Due to fiduciary funds	254,822
Due to other governments	8,577
Due to employees' and police retirement systems	241,095
Notes payable	
Bond anticipation	236,067
Unearned credits	
Overpayments	23,900
Collections in advance	1,114,790
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,725,000
Compensated absences payable	52,620
Due and payable after one year	
Bonds payable	12,805,000
Compensated absences payable	2,104,176
Net other postemployment benefits obligation	5,802,200
Total Liabilities	25,503,502
NET POSITION	
Net investment in capital assets	13,417,212
Restricted for:	
Capital - cart path improvements	27,597
Capital - tennis courts	5,000
Capital - office computers	19,000
	51,597
Unrestricted (deficit)	(5,929,508)
Total Net Position	$ 7,539,301

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Activities
For the Year Ended May 31, 2014

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental Activities				
General support	$ 2,344,580	$ 22,330	$	$ (2,322,250)
Public safety	6,913,897	558,554		(6,355,343)
Transportation and street maintenance	1,300,571			(1,300,571)
Culture and recreation	3,133,628	3,095,457		(38,171)
Home and community services	1,026,463	736,603		(289,860)
Debt service - interest	601,157			(601,157)
Depreciation and loss on disposal of equipment - unallocated	852,421			(852,421)
Total Functions and Programs	$ 16,172,717	$ 4,412,944	$ -	(11,759,773)
GENERAL REVENUES				
Real property taxes				10,025,238
Other real property tax items				547,807
Nonproperty taxes				218,028
Use of money and property				115,168
Sale of property and compensation for loss				18,469
Miscellaneous				5,534
State sources				286,950
Total General Revenues				11,217,194
Change in Net Position Before Special Item				(542,579)
SPECIAL ITEM				
Unrestricted gift and donation				1,100,000
Change in Net Position				557,421
Total Net Position - Beginning of year				6,981,880
Total Net Position - End of year				$ 7,539,301

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Balance Sheet - Governmental Funds
May 31, 2014

	General	Golf	Sewer	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 3,879,744	$ 1,561,243	$ 160,194	$	$ 714,123	$ 6,315,304
Restricted	24,000	27,597				51,597
Receivables						
Taxes receivable	5,727					5,727
Tax sale certificates	186					186
Accounts receivable	209,884		300,447			510,331
Due from other funds	605,792	43,535	48,888		82,848	781,063
Due from other governments	87,168					87,168
Prepaids	4,707	200				4,907
Total Assets	$ 4,817,208	$ 1,632,575	$ 509,529	$ -	$ 796,971	$ 7,756,283
LIABILITIES						
Payables						
Accounts payable	$ 172,087	$ 62,189	$ 292,051	$	$ 389,892	$ 916,219
Accrued liabilities	49,286	1,893				51,179
Due to other funds	315,726	327,179			365,939	1,008,844
Due to other governments		8,577				8,577
Due to retirement systems	206,688	34,407				241,095
Notes payable						
Bond anticipation					236,067	236,067
Unearned credits						
Overpayments	23,900					23,900
Collections in advance	49,912	1,064,878				1,114,790
Total Liabilities	817,599	1,499,123	292,051	-	991,898	3,600,671
FUND BALANCES						
Nonspendable: Prepaids	4,707	200				4,907
Restricted for:						
Capital - cart path improvements		27,597				27,597
Capital - tennis courts	5,000					5,000
Capital - office computers	19,000					19,000
Assigned:						
Appropriated fund balance	1,128,000	71,704				1,199,704
Designated for special purposes	40,000					40,000
Unappropriated fund balance	38,354	33,951	217,478			289,783
Unassigned: Fund balance (deficit)	2,764,548				(194,927)	2,569,621
Total Fund Balances (Deficit)	3,999,609	133,452	217,478	-	(194,927)	4,155,612
Total Liabilities and Fund Balances	$ 4,817,208	$ 1,632,575	$ 509,529	$ -	$ 796,971	$ 7,756,283

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2014

Total Governmental Fund Balances		$ 4,155,612
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 34,157,613	
Accumulated depreciation	(8,117,071)	
		26,040,542
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Accrued interest on bonds and bond anticipation notes payable	(167,857)	
Bonds payable	(14,530,000)	
Compensated absences payable	(2,156,796)	
Net other postemployment benefits payable	(5,802,200)	
		(22,656,853)
Total Government-wide Net Position		$ 7,539,301

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2014

	General	Golf	Sewer	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 10,025,238	$	$	$	$	$ 10,025,238
Other real property tax items	547,807					547,807
Nonproperty taxes	218,028					218,028
Departmental income	795,816	2,653,659	704,869			4,154,344
Use of money and property	114,166	1,002				115,168
Licenses and permits	18,342					18,342
Fines and forfeitures	240,258					240,258
Sale of property and compensation for loss	34,969					34,969
Miscellaneous	5,534					5,534
State aid	286,950					286,950
Total Revenues	12,287,108	2,654,661	704,869	-	-	15,646,638
EXPENDITURES						
General support	1,818,628	3,568		86,492	2,340,183	4,248,871
Public safety	3,639,006				83,820	3,722,826
Transportation and street maintenance	760,920				61,562	822,482
Culture and recreation	334,909	1,971,414			27,629	2,333,952
Home and community services	338,983		687,480			1,026,463
Employee benefits	2,800,833	645,856				3,446,689
Debt service						
Principal	1,786,290	207,800		1,830,058		3,824,148
Interest	488,018	32,047				520,065
Total Expenditures	11,967,587	2,860,685	687,480	1,916,550	2,513,194	19,945,496
Excess (Deficiency) of Revenues Over Expenditures	319,521	(206,024)	17,389	(1,916,550)	(2,513,194)	(4,298,858)
OTHER FINANCING SOURCES AND USES						
BANs redeemed from appropriations					274,217	274,217
Premium on obligations				87,567		87,567
Proceeds of debt				6,200,058		6,200,058
Payment to escrow agent				(4,371,075)		(4,371,075)
Operating transfers in	100,000				2,160,000	2,260,000
Operating transfers out	(2,160,000)	(90,000)	(10,000)			(2,260,000)
Total Other Financing Sources and Uses	(2,060,000)	(90,000)	(10,000)	1,916,550	2,434,217	2,190,767
Net Changes in Fund Balances Before Special Item	(1,740,479)	(296,024)	7,389	-	(78,977)	(2,108,091)
SPECIAL ITEM						
Unrestricted gift and donation	1,100,000					1,100,000
Net Changes in Fund Balances	(640,479)	(296,024)	7,389	-	(78,977)	(1,008,091)
Fund Balances (Deficit) - Beginning of year	4,640,088	429,476	210,089		(115,950)	5,163,703
End of year	$ 3,999,609	$ 133,452	$ 217,478	$ -	$ (194,927)	$ 4,155,612

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended May 31, 2014

Net Changes in Fund Balances		$ (1,008,091)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in compensated absences payable	$ (284,278)	
Increase in net other postemployment benefits obligation	(1,522,504)	
		(1,806,782)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation expense in the period.		
Capital outlays	2,602,434	
Depreciation expense	(827,934)	
		1,774,500
Proceeds from the sale of capital assets are reported as revenue in the governmental funds; however, they must be reduced by the net book value (cost less accumulated depreciation) of the capital assets, which reduces net position.		(40,987)
Long-Term Debt Transactions Differences		
Proceeds from the issuance of serial bonds are other funding sources in the governmental funds, but they increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(6,200,058)	
Payment of bond proceeds to escrow agent is an expenditure in the governmental funds, but it decreases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	4,370,000	
Amortization of deferred charge on refunding expensed in the Statement of Activities.	(135,000)	
Bond anticipation notes redeemed from governmental fund appropriations are an other funding source in the governmental funds, but it does not affect the Statement of Activities.	(274,217)	
Repayments of bond and bond anticipation notes principals are expenditures in the governmental funds, but they reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		
Repayment of bonds payable	1,610,058	
Repayment of bond anticipation notes payable	2,214,090	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2013 to May 31, 2014.	53,908	
		1,638,781
Change in Net Position of Governmental Activities		$ 557,421

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Fiduciary Net Position -
Fiduciary Funds
May 31, 2014

	Agency Fund
ASSETS	
Cash	$ 426,896
Accounts receivable	216,956
Due from other funds	254,822
	$ 898,674
LIABILITIES	
Accounts payable	$ 326,164
Due to other funds	27,041
Other liabilities	545,469
	$ 898,674

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The Village is governed by Village law and other general laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The basic services that the Village provides are general support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community service.

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

The reporting entity is the primary government, the Village, as well as component units and other organizational entities determined to be includable in the Village's financial reporting entity, based on the nature and significance of their relationship with the Village. The financial reporting entity is based on criteria set forth by GASB. These criteria include legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the Village's reporting entity.

B. Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditure for specified purposes. Special revenue funds include the following:

Golf Fund – is used to account for the financial resources of the Village's golf course.

Sewer Fund - is used to account for Village activities associated with the treating and disposing of sanitary waste within the Belgrave Water Pollution Control District, Town of North Hempstead.

Debt Service Fund – is used to account for the advance refunding of a portion of the Village's outstanding serial bonds

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

Fiduciary Funds – are used to account for activities in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Village, and are not available to be used.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 6 months after the end of the current fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits and claims and judgments, are recorded only when payment is due.

Revenues such as property taxes, utilities gross receipts taxes, franchise fees, charges for services, interest, justice court fines and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Most other revenue items are considered to be measurable and available only when cash is received by the Village.

D. Property Taxes

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

E. Restricted Resources

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

F. Interfund Transactions

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

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

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

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Cash and Cash Equivalents

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

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

I. Receivables

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

J. Prepaid Items

Prepaid items represent payments made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

K. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation. The Village did not include infrastructure assets placed in service prior to June 1, 2004 in its capital assets, as permitted by GASB Statement No. 34.

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

	Capital Threshold	Estimated Useful Life
Buildings	$ 1,000	5 - 65 years
Improvements	1,000	10 - 100 years
Machinery and equipment	1,000	5 - 20 years
Infrastructure	1,000	30 - 50 years

L. Collections in Advance

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

M. Employee Benefits

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave and terminal leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a payment based on unused accumulated sick leave and terminal leave.

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

N. Other Benefits

Eligible Village employees participate in the New York State and Local Employees' Retirement System, the New York State and Local Police and Fire Retirement System and the Public Employees' Group Life Insurance Plan.

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

The Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is paid by the Village. Some retired employees may pay a percentage of the cost in accordance with their collective bargaining agreement. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the government-wide statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

O. Short-Term Debt

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

P. Accrued Liabilities and Long-Term Obligations

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

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

Q. Equity Classifications

Government-Wide Statements

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

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

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

Unrestricted – Reports all other amounts that do not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

Fund Statements

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

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

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

Capital Reserves

Capital Reserve (General Municipal Law §6-c) is used to pay for all or part of the cost of any capital improvements or acquisition of equipment. The creation of a capital reserve fund requires authorization by a majority of the Board of Trustees establishing the purpose of the reserve and the estimated maximum cost of the item, and may be subject to permissive referendum requirements. The reserve is accounted for in the general fund and the golf fund.

Committed – Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint. The Office of the State Comptroller believes that in most cases, local governments in New York will not have committed fund balance to report.

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

Unassigned – Represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Fund Balance Policy

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

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

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

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

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

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

Total fund balances of the Village's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

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

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

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

During the year ended May 31, 2014, the Village revised the general fund budget as follows:

Encumbrances from prior year	$ 42,953
Funding of community building project with special item revenue	2,160,000
	$ 2,202,953

Budgets are established and used for individual capital projects funds expenditures as approved by the Board of Trustees. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

C. Over Expenditure/Encumbrance of Certain Appropriations

Certain general fund appropriations were over expended/encumbered. These were in the following appropriation categories of the budget: contractual services in the areas of law, unallocated insurance, municipal association dues, and other culture and recreation, as well as employee benefits for unemployment.

D. Deficit Fund Balance

The capital projects fund had a deficit unassigned fund balance of $194,927. The deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

4. CASH EQUIVALENTS AND INVESTMENTS

The Village's total cash balance for governmental and fiduciary funds was $6,793,797 as of May 31, 2014, and was comprised as follows:

Cash in Banks	$ 6,019,077
Investment Pool	774,720
	$ 6,793,797

As described in Note 1H, the Village has restricted cash balances. As of May 31, 2014, restricted cash for capital reserves totaled $51,597.

A. Cash in Banks

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

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

None of the Village's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

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

B. Investment Pool

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

Total investments of the cooperative at May 31, 2014 are $172,211,523, which consisted of $5,874,177 in repurchase agreements, $60,000,000 collateralized by a U.S. Government Agency Security, $45,185,547 in U.S. Treasury Securities, $56,009,399 in collateralized bank deposits, with various interest rates and due dates and a $5,142,400 NYS Dormitory Authority municipal bond.

The following amounts are included as cash as of May 31, 2014:

	Carrying Amount
General fund	$ 234,944
Golf fund	258,304
Capital projects fund	281,472
	$ 774,720

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

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2014 were as follows:

	Balance May 31, 2013	Additions	Reductions	Balance May 31, 2014
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,022,500	$	$	$ 1,022,500
Construction in progress		2,340,183		2,340,183
Total capital assets not being depreciated	1,022,500	2,340,183	-	3,362,683
Capital assets being depreciated				
Buildings	17,776,826	66,478		17,843,304
Improvements	4,853,981			4,853,981
Machinery and equipment	3,351,604	190,773	(86,208)	3,456,169
Infrastructure	4,636,476	5,000		4,641,476
Total capital assets being depreciated	30,618,887	262,251	(86,208)	30,794,930
Less accumulated depreciation for:				
Buildings	3,998,323	375,067		4,373,390
Improvements	1,070,026	127,432		1,197,458
Machinery and equipment	1,935,163	200,672	(45,221)	2,090,614
Infrastructure	330,846	124,763		455,609
Total accumulated depreciation	7,334,358	827,934	(45,221)	8,117,071
Capital assets, net	$ 24,307,029	$ 1,774,500	$ (40,987)	$ 26,040,542

Depreciation expense totaled $827,934. The Village also sold surplus equipment with a net book value of $40,987 for $16,500, resulting in a net loss on disposal of $24,487.

6. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2014, are as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	$ 605,792	$ 315,726	$ 100,000	$ 2,160,000
Golf Fund	43,535	327,179		90,000
Sewer Fund	48,888			10,000
Capital Projects Fund	82,848	365,939	2,160,000	
Fiduciary Fund	254,822	27,041		
Total	$ 1,035,885	$ 1,035,885	$ 2,260,000	$ 2,260,000

All interfund balances are expected to be repaid.

The Village transfers from the golf fund and sewer fund to the general fund in accordance with the respective budgets. The Village transferred $2,160,000 from the general fund assigned fund balance to the capital projects fund in accordance with a budget revision approved by the Board of Trustees to provide funding for improvements to the Village Community Center.

7. COLLECTIONS IN ADVANCE

Collections in advance consist of the following:

General Fund	
Park and recreation fees for Summer 2014	$ 49,912
Golf Fund	
Annual player fees for the balance of the calendar year	1,064,878
	$ 1,114,790

8. SHORT-TERM DEBT

Bond Anticipation Notes (BANs)

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. BANs may be excluded from the current liabilities of the funds and included in the long-term liabilities in the government-wide financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement.

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

	Balance May 31, 2013	Additions	Reductions	Balance May 31, 2014
BANs - Capital purposes	$ 430,284	$ 80,000	$ (274,217)	$ 236,067

The following is a summary of short-term BANs payable as of May 31, 2014, which are recognized in the capital projects fund:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2014
Improvements and equipment	6/21/2013	6/20/2014	0.87%	$ 136,734
Improvements and equipment	10/18/2013	10/17/2014	1.10%	99,333
				$ 236,067

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

Interest paid	$	13,802
Less interest accrued in the prior year		(12,585)
Plus interest accrued in the current year		1,795
Total interest expense on short-term debt	$	3,012

9. LONG-TERM LIABILITIES

A. Changes

The following tables summarize the changes in governmental activities long-term liabilities, excluding other postemployment benefits obligations:

	Balance May 31, 2013	Additions	Reductions	Balance May 31, 2014	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 14,175,000	$ 6,200,058	$ (5,845,058)	$ 14,530,000	$ 1,725,000
Bond anticipation notes payable - tax certioraris	1,939,873		(1,939,873)	-	-
Other long-term liabilities:					
Compensated absences	1,872,518	375,894	(91,616)	2,156,796	52,620
	$ 17,987,391	$ 6,575,952	$ (7,876,547)	$ 16,686,796	$ 1,777,620

B. Bonds Payable

The following is a summary of bonds payable at May 31, 2014:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2014
Serial Bonds				
Public improvement/tax certioraris	12/15/2005	7/15/2014	3.75 - 4.0%	$ 170,000
Pool reconstruction	10/1/2007	10/1/2020	3.63 - 3.80%	2,150,000
Golf activities building / roads	1/21/2009	1/15/2023	3.00-3.75%	2,045,000
Refunding bonds Ser A	8/31/2010	2/15/2018	4.00%	655,000
Refunding bonds Ser B	8/31/2010	12/1/2020	3.50-4.00%	3,440,000
Tax certioraris	6/5/2013	12/1/2027	1.00 - 2.50%	1,715,000
Refunding bonds series A	8/8/2013	12/1/2020	1.00 - 3.00%	555,000
Refunding bonds series B	8/8/2013	7/15/2024	2.00 - 3.00%	3,800,000
				$ 14,530,000

On June 5, 2013, the Village issued general obligation bonds in the amount of $1,830,058. The bond proceeds, along with funding from the general fund, were used to satisfy various long-term BANs that had provided funding to satisfy tax certiorari judgments in prior years.

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

Fiscal Year Ending May 31,	Principal	Interest	Total
2015	$ 1,725,000	$ 380,095	$ 2,105,095
2016	1,770,000	335,014	2,105,014
2017	1,820,000	286,214	2,106,214
2018	1,825,000	235,120	2,060,120
2019	1,700,000	182,295	1,882,295
2020-2024	5,065,000	297,686	5,362,686
2025-2028	625,000	19,537	644,537
Total	$ 14,530,000	$ 1,735,961	$ 16,265,961

C. Advance Refunding

On August 8, 2013, the Village issued $4,370,000 in general obligation bonds with interest rates ranging from 1.0 – 3.0% to advance refund $4,235,000 of the $4,405,000 outstanding 2002, 2004 and 2005 serial bonds with interest rates ranging from 3.75 – 6.70%. The net proceeds of $4,371,075 (including a premium of $87,567 after payment of $86,492 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the Village's financial statements. The economic gain (loss) on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately $284,896. During 2013-14, $3,070,000 of the defeased bonds were called and redeemed by the trustee. As of May 31, 2014, $1,165,000 of the defeased bonds remained outstanding, and were subsequently called and redeemed by the trustee in July 2014.

D. Interest Expense

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

Interest paid	$ 506,263
Less interest accrued in the prior year	(209,180)
Plus interest accrued in the current year	166,062
Amortization of deferred amounts on bond refunding	135,000
Total interest expense on long-term debt	$ 598,145

10. PENSION PLANS

A. Plan Description

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

B. Funding Policy

The NYSLRS is noncontributory except for employees who joined the ERS after July 27, 1976 who contribute 3% of their salary until they have ten years of credited service. Those who joined the ERS on or after January 1, 2010 and before April 1, 2012, and the PFRS on or after January 9, 2010, and before April 1, 2012 contribute 3% of their salary throughout their active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSLRS' fiscal year ending March 31.

The Village's share of the required contributions, based on each year's covered payroll, for the current and two preceding years was:

Year	ERS	PFRS
2014	$ 460,897	$ 894,748
2013	409,060	829,220
2012	379,257	657,196

The Village contributions made to the NYSLRS were equal to 100% of the contributions required for each year.

C. Deferred Compensation Plan

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended May 31, 2014 totaled $267,858.

11. POSTEMPLOYMENT BENEFITS

A. Plan Description

The Village provides medical and prescription drug insurance (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program. The plan does not issue a stand-alone financial report.

B. Funding Policy

The Village assumes the full cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as the liabilities for premiums mature (come due for payment). Currently, there is no provision in the law to permit the Village to fund other postemployment benefits by any means other than the "pay as you go" method.

C. Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, which was adopted by the Village during the year ended May 31, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation.

Annual required contribution (ARC)	$ 2,085,007
Interest on net OPEB obligation	171,188
Adjustment to ARC	(257,471)
Annual OPEB cost (expense)	1,998,724
Contributions made	(476,220)
Increase in net OPEB obligation	1,522,504
Net OPEB obligation - beginning of year	4,279,696
Net OPEB obligation - end of year	$ 5,802,200

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended May 31, 2014 and the preceding year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
May 31, 2014	$ 1,998,724	23.83%	$ 5,802,200
May 31, 2013	1,902,576	23.78%	4,279,696
May 31, 2012	1,395,634	22.05%	2,829,585

D. Funded Status and Funding Progress

The valuation as of May 31, 2014 was an update derived from estimates from the June 1, 2012 actuarial valuation, based on the fact that there was no material changes to any benefit packages, the cost-sharing structures or the census information. As of May 31, 2014, the date of the valuation update, the plan was 0% funded. The actuarial accrued liability for benefits was $18,811,055 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $18,811,055. The covered payroll (annual payroll of active employees covered by the plan) is $5,727,397 as of May 31, 2014; the ratio of the UAAL to covered payroll was 328%.

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

E. Actuarial Methods and Assumptions

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

In the June 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5.9% after 10 years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis.

12. RISK MANAGEMENT

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

13. SPECIAL ITEM

During the year ended May 31, 2014, the Village received unrestricted donations totaling $1,100,000 from a commercial property owner. Since donations of such large sums are uncommon, the amount has been reported as a special item in the financial statements.

14. ASSIGNED FUND BALANCE

A. Assigned: Appropriated

The amount of $1,128,000 has been appropriated to reduce taxes for the year ending May 31, 2015.

B. Assigned: Designated for Special Purpose

The Board of Trustees has earmarked the unrestricted donations received from a commercial property owner for the Village Community Center reconstruction project and other community-related activities therefore; this amount is reported as assigned, designated fund balance in the general fund. As of May 31, 2014, the remaining, unexpended assigned, designated fund balance was $40,000.

15. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At May 31, 2014, the Village has the following outstanding encumbrances included in assigned fund balance:

General Fund		
Parks and recreation equipment	$	16,946
Various supplies and contractual		21,408
		38,354
Golf Fund		
Supplies and maintenance contracts		33,951
	$	72,305

The Capital Projects Fund also has outstanding encumbrances totaling $96,945 for capital construction and equipment purchases at May 31, 2014.

B. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. These claims are paid in future installments as allowed by state law and in accordance with settlement agreements, and will be included in a future operating budget or budgets and may be financed through the issuance of long-term debt. It is not possible to estimate the amount of additional refunds, if any, that the Village may be required to make for taxes collected through May 31, 2014, which could affect future operating budgets of the Village.

C. Grants

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

16. SUBSEQUENT EVENTS

On June 27, 2014, the Village issued bond anticipation notes in the amount of $283,934 to finance the purchase of new police vehicles and equipment, and to redeem part of the BANs that matured on June 20, 2014. The BANs mature on June 19, 2015 with interest at 1.30%.

On October 17, 2014, the Village issued bond anticipation notes in the amount of $1,225,000 with a maturity date of October 16, 2015 and an interest rate of 0.75%, to finance the Community Center reconstruction project and the purchase of golf related equipment, and to redeem part of the BANs that matured on October 17, 2014.

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2014

	Original Budget	Revised Budget	Actual	Final Budget Variance with Actual
REVENUES				
Real Property Taxes	$ 10,025,238	$ 10,025,238	$ 10,025,238	$ -
Other Real Property Tax Items				
Other payments in lieu of taxes	525,000	525,000	526,840	1,840
Interest and penalties on real property taxes	15,000	15,000	20,967	5,967
Total Other Real Property Tax Items	540,000	540,000	547,807	7,807
Non-Property Tax Items				
Utilities gross receipts tax	115,000	115,000	176,674	61,674
Franchise fees	20,000	20,000	41,354	21,354
Total Non-Property Tax Items	135,000	135,000	218,028	83,028
Departmental Income				
Tax advertising	50	50	75	25
Clerk fees	200	200	3,913	3,713
Police fees	1,000	1,000	3,285	2,285
Safety inspection fees	185,000	185,000	315,011	130,011
Park and recreational charges	90,000	90,000	103,547	13,547
Special recreational facilities	136,250	136,250	338,251	202,001
Zoning board fees	2,000	2,000	16,300	14,300
Planning board fees	2,500	2,500	15,434	12,934
Total Departmental Income	417,000	417,000	795,816	378,816
Use of Money and Property				
Interest and earnings	16,000	16,000	15,621	(379)
Rental of real property	20,000	20,000	95,600	75,600
Commissions	-	-	2,945	2,945
Total Use of Money and Property	36,000	36,000	114,166	78,166
Licenses and Permits				
Business and occupational licenses	2,000	2,000	8,745	6,745
Permits	5,000	5,000	9,597	4,597
Total Licenses and Permits	7,000	7,000	18,342	11,342
Fines and Forfeitures				
Fines and forfeited bail	100,000	100,000	240,258	140,258
Sale of Property and Compensation for Loss				
Minor sales			16,775	16,775
Insurance recoveries			18,194	18,194
Total Sale of Property and Compensation for Loss	-	-	34,969	34,969
Miscellaneous				
Refund of prior year's expenditures			418	418
Unclassified			5,116	5,116
	-	-	5,534	5,534

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2014

	Original Budget	Revised Budget	Actual	Final Budget Variance with Actual
REVENUES				
State Aid				
Revenue sharing	$ 15,000	$ 15,000	$ 23,905	$ 8,905
Mortgage tax	100,000	100,000	251,472	151,472
State aid other			11,573	11,573
Total State Aid	115,000	115,000	286,950	171,950
Total Revenues	11,375,238	11,375,238	12,287,108	911,870
OTHER SOURCES				
Operating transfers in	100,000	100,000	100,000	-
Total Revenues and Other Sources Before Special Item	11,475,238	11,475,238	12,387,108	911,870
SPECIAL ITEM				
Unrestricted gift and donation			1,100,000	1,100,000
Total Revenues, Other Sources and Special Item	11,475,238	11,475,238	13,487,108	2,011,870
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,384,699	1,384,699		
Prior Year's Encumbrances	42,953	42,953		
Designated for Special Purposes		2,160,000		
Total Appropriated Fund Balance	1,427,652	3,587,652		
Total Revenues, Other Sources, Special Item and Appropriated Fund Balance	$ 12,902,890	$ 15,062,890		

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2014

	Original Budget	Revised Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
General Support					
Legislative board					
Personal services	$ 10,800	$ 10,800	$ 10,798	$	$ 2
Contractual services	1,360	2,197	2,197		-
Village court					
Personal services	38,513	33,513	32,939		574
Equipment	3,000	3,000	950		2,050
Contractual services	26,450	27,123	19,913	105	7,105
Mayor					
Personal services	3,600	3,600	3,599		1
Contractual services	1,500	1,500	285		1,215
Auditor					
Contractual services	26,500	26,500	26,500		-
Finance					
Personal services	489,712	488,615	488,560		55
Equipment	2,000	900	850		50
Contractual services	70,514	80,016	79,131	68	817
Assessment					
Contractual services	24,500	24,500	24,500		-
Tax advertising					
Contractual services	300	563	281	282	-
Law					
Personal services	18,000	18,000	18,000		-
Contractual services	68,000	156,640	183,802		(27,162)
Engineering					
Contractual services	10,000	10,000	275		9,725
Elections					
Contractual services	650	720	705		15
Records management					
Contractual services	2,000	2,000	1,357		643
Operation of buildings					
Personal services	107,494	108,457	104,278		4,179
Equipment	8,000	8,000	4,544		3,456
Contractual services	465,083	560,555	519,790	83	40,682
Central communications					
Contractual services	15,000	15,000	12,112		2,888
Central printing					
Contractual services	15,000	18,665	18,665		-
Unallocated insurance					
Contractual services	250,000	238,360	240,823		(2,463)
Municipal association dues					
Contractual services	5,000	5,362	5,790		(428)
Judgments and claims					
Contractual services	104,547	31,217	-		31,217
MTA tax					
Contractual services	18,000	18,000	17,984		16
Contingent account					
Contractual services	106,679	30,274	-		30,274
Total General Support	1,892,202	1,924,077	1,818,628	538	104,911

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2014

	Original Budget	Revised Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Public Safety					
Police					
Personal services	$ 3,553,937	$ 3,549,845	$ 3,296,142	$	$ 253,703
Equipment	19,927	23,731	23,731		-
Contractual services	469,349	478,343	229,980	4,953	243,410
Safety inspections					
Equipment	500	950	-		950
Contractual services	57,900	94,881	89,153	5,728	-
Other public safety					
Contractual services	14,828		-		-
Total Public Safety	4,116,441	4,147,750	3,639,006	10,681	498,063
Transportation and Street Maintenance					
Street administration					
Personal services	98,327	98,327	98,258		69
Contractual services	1,500	1,500	-		1,500
Street maintenance					
Personal services	484,696	494,328	483,444		10,884
Equipment	10,000	10,000	7,857		2,143
Contractual services	142,610	123,827	112,864	255	10,708
Permanent improvement highway					
Equipment	20,000		-		-
Snow removal					
Personal services	20,000	35,476	35,475		1
Contractual services	12,000	6,500	6,482		18
Street lighting					
Contractual services	16,965	17,505	16,540	965	-
Total Transportation	806,098	787,463	760,920	1,220	25,323
Culture and Recreation					
Parks					
Personal services	244,000	244,000	233,915		10,085
Equipment	9,000	17,705	759	16,946	-
Contractual services	132,048	109,005	89,447	5,649	13,909
Historian					
Contractual services	100	100	54		46
Celebrations					
Contractual services	3,000	3,000	1,920		1,080
Other cultural					
Contractual services	9,550	10,514	8,814	2,700	(1,000)
Total Culture and Recreation	397,698	384,324	334,909	25,295	24,120

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2014

	Original Budget	Revised Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Home and Community Services					
Zoning board of appeals					
Contractual services	$ 1,500	$ 3,328	$ 3,328	$	$ -
Planning board					
Contractual services	5,220	5,220	2,084	620	2,516
Refuse collection and disposal					
Contractual services	330,000	333,125	333,125		-
Miscellaneous					
Contractual services	2,500	2,500	446		2,054
Total Home and Community Services	339,220	344,173	338,983	620	4,570
Employee Benefits					
State retirement	1,285,148	1,160,936	1,153,433		7,503
Social security and Medicare	421,130	422,156	310,766		111,390
Workers' compensation	182,750	163,750	159,341		4,409
Unemployment	5,200	5,200	5,314		(114)
Disability	3,000	3,000	2,231		769
Hospital and medical insurance	1,202,444	1,178,444	1,169,748		8,696
Total Employee Benefits	3,099,672	2,933,486	2,800,833	-	132,653
Debt Service					
Principal	1,730,387	1,860,445	1,786,290		74,155
Interest	521,172	521,172	488,018		33,154
Total Debt Service	2,251,559	2,381,617	2,274,308	-	107,309
Total Expenditures	12,902,890	12,902,890	11,967,587	38,354	896,949
OTHER FINANCING USES					
Operating transfers out	-	2,160,000	2,160,000		-
Total Expenditures and Other Financing Uses	$ 12,902,890	$ 15,062,890	14,127,587	$ 38,354	$ 896,949
Net Change in Fund Balance			(640,479)		
Fund Balance - Beginning of Year			4,640,088		
Fund Balance - End of Year			$ 3,999,609		

Note to Required Supplementary Information

Budget Basis of Accounting

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

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Funding Progress for Other Postemployment Benefits (OPEB)
May 31, 2014

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrual Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 1, 2009	$ -	$ 11,906,708	$ 11,906,708	0%	$ 5,510,483	216%
June 1, 2012	-	17,683,074	17,683,074	0%	5,742,822	308%

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Project Expenditures -
Capital Projects Fund
For the Year Ended May 31, 2014

			Expenditures				Less: Unrealized Funding		
	Budget May 31, 2013	Budget May 31, 2014	Prior Years	Current Year	Total	Budget Balance	Outstanding BANs	Unissued Debt	Unexpended Fund Balance
PROJECT TITLE									
Golf Course Drainage	$ 2,169,251	$ 2,169,251	$ 2,168,766	$	$ 2,168,766	$ 485	$	$	$ 485
Sewer System Improvements	3,000,000	3,000,000	2,804,615		2,804,615	195,385			195,385
Golf Course Improvements	210,000	210,000	213,380		213,380	(3,380)			(3,380)
Pool Reconstruction	3,351,868	3,351,868	3,350,368		3,350,368	1,500			1,500
Tennis Court Improvements	14,000	14,000				14,000			14,000
Purchase of Police Vehicles	60,000	60,000	60,426		60,426	(426)			(426)
Golf Equipment/Pump Replacement	250,000	250,000	204,042		204,042	45,958			45,958
Golf Pro Shop	15,000	15,000	7,162		7,162	7,838			7,838
Police Vehicles	32,000	32,000	33,886		33,886	(1,886)			(1,886)
Wheel Loader	47,500	47,500	46,280		46,280	1,220			1,220
Wheel Loader	47,500	47,500	46,280		46,280	1,220			1,220
Tennis Court Improvements	70,000	70,000	58,250		58,250	11,750			11,750
Golf Tees and Bunkers	75,000	75,000	75,037		75,037	(37)			(37)
Roadway Reconstruction & Construction	1,348,809	1,348,809	1,242,916		1,242,916	105,893		90,040	15,853
Golf Activities Building	2,065,000	2,065,000	2,021,059		2,021,059	43,941		225,000	(181,059)
DPW Vehicle	50,000	50,000	46,228		46,228	3,772			3,772
Golf Equipment	75,000	75,000	74,905		74,905	95			95
Golf Irrigation	81,000	81,000	80,426		80,426	574	16,200		(15,626)
Sewer System/Manhole Rehabilitation	2,000,000	2,000,000	387,243		387,243	1,612,757		1,500,000	112,757
Tennis Court Resurfacing	75,000	75,000	68,000		68,000	7,000	15,000		(8,000)
Golf Dump Truck	40,000	40,000	31,333		31,333	8,667			8,667
Golf Sprayer	35,000	35,000	31,845		31,845	3,155			3,155
Golf 8th Tee Improvements	55,000	55,000	44,480		44,480	10,520	11,000		(480)
Police Vehicles	170,000	170,000	63,177		63,177	106,823		145,000	(38,177)
Golf 12th Hole Bunker	68,000	68,000	68,000		68,000	-	27,200		(27,200)
Police Vehicles	40,000	40,000	-		-	40,000	13,333		26,667
Police Vehicles	40,000	40,000	37,892		37,892	2,108	13,334		(11,226)
Fairway Mower	45,000	45,000	43,724		43,724	1,276	15,000		(13,724)
Road Requirements	3,000,000	3,000,000	3,157	19,662	22,819	2,977,181	45,000	2,925,000	7,181
Community Building	2,000,000	3,300,000	9,100	2,340,183	2,349,283	950,717		1,140,000	(189,283)
Police Vehicles	80,000	80,000	8,577	59,723	68,300	11,700	80,000		(68,300)
Police Vehicles		125,000		24,097	24,097	100,903		125,000	(24,097)
DPW Heavy Equipment		160,000		41,900	41,900	118,100		160,000	(41,900)
Water Heaters		50,000		27,629	27,629	22,371		50,000	(27,629)
Road Requirements		2,000,000			-	2,000,000		2,000,000	-
	$ 20,609,928	$ 24,244,928	$ 13,330,554	$ 2,513,194	$ 15,843,748	$ 8,401,180	$ 236,067	$ 8,360,040	$ (194,927)

See Paragraph on Supplemental Schedules Included in Auditor's Report

FORM OF BOND COUNSEL'S OPINION

April 21, 2016

Village of Lake Success,
County of Nassau,
State of New York

Re: Village of Lake Success, Nassau County, New York
$2,400,000* Public Improvement Refunding (Serial) Bonds, 2016

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $2,400,000* Public Improvement Refunding (Serial) Bonds, 2016 (the "Obligations"), of the Village of Lake Success, County of Nassau, State of New York (the "Obligor"), dated April 21, 2016, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds, in such amounts as hereinafter set forth, bearing interest at the rate of ______ per centum (______%) per annum, payable on October 1, 2016 and semi-annually thereafter on April 1 and October 1, and maturing in the amount of $___ on October 1, 2016, $___ on October 1, 2017, $___ on October 1, 2018, $___ on October 1, 2019, $___ on October 1, 2020, $___ on October 1, 2021, and $___ on October 1, 2022.

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 Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed 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. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

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* Preliminary, subject to change.

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (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 Obligations; 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 Obligations 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 Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. 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 Obligations.

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 Obligations) 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 Obligations 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, and of the legal conclusions contained in the opinions, referred to in the fifth paragraph hereof. 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 Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, 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 Obligations 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 real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations 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 Obligations, 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,

Orrick, Herrington & Sutcliffe LLP