PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 7, 2018

NEW ISSUES
SERIAL BONDS – BOOK ENTRY

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law 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). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

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

$650,000

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

GENERAL OBLIGATION SERIAL BONDS – 2018 (TAX EXEMPT)
(the "Bonds")
[BOOK-ENTRY-ONLY BONDS]

BOND MATURITY SCHEDULE
(See Inside Front Cover)

Security and Sources of Payment: The Bonds are 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 interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, without limitation as to rate or amount, subject to applicable statutory limitations. See "Tax Levy Limit Law" herein.

Prior Redemption: The Bonds maturing on August 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Village, as a whole or in part, on any date on or after August 15, 2026. (See "*Optional Redemption*" under "*THE BONDS*," herein.)

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

Payment: Payment of the principal of and interest on the Bonds to the beneficial owners of the Bonds will be made by DTC Participants and indirect participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment will be the responsibility of the DTC Participant or indirect participant and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" under "The Bonds" herein.

Norton Rose Fulbright US LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, the firm expresses no opinion with respect thereto.

The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in New York, New York, or at such place as may be agreed upon with the purchaser(s) on or about August 30, 2018.

VILLAGE OF GREENPORT
SUFFOLK COUNTY, NEW YORK

$650,000 GENERAL OBLIGATION SERIAL BONDS – 2018 (TAX EXEMPT)

BOND MATURITY SCHEDULE

Dated: August 30, 2018

Principal Due: August 15, 2019-2038, inclusive
Interest Due: August 15, 2019, February 15, 2020 and semi-annually thereafter in each year until maturity

Year	Amount*	Rate	Yield or Price	CUSIP #
2019	$10,000			
2020	25,000			
2021	25,000			
2022	25,000			
2023	25,000			
2024	25,000			
2025	30,000			
2026	30,000			
2027	30,000**			
2028	30,000**			
2029	35,000**			
2030	35,000**			
2031	35,000**			
2032	35,000**			
2033	40,000**			
2034	40,000**			
2035	40,000**			
2036	45,000**			
2037	45,000**			
2038	45,000**			

*Amounts are subject to adjustment by the Village following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 9(c)(2) of the Local Finance Law.
**Subject to redemption prior to maturity.

VILLAGE OF GREENPORT
SUFFOLK COUNTY, NEW YORK

236 Third Street
Greenport, New York 11944
Telephone: 631/477-2385
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VILLAGE OFFICIALS

George Hubbard, Jr., Mayor

Trustees

Jack Martilotta	Douglas Roberts
Mary Bess Phillips	Julia Robins

Paul Pallas, Village Administrator
Sylvia Pirillo, Village Clerk
Robert Brandt, Village Treasurer

* * *

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

* * *

MUNICIPAL ADVISOR

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
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Website: http://www.munistat.com

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

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OFFICIAL STATEMENT

VILLAGE OF GREENPORT
SUFFOLK COUNTY, NEW YORK

$650,000 GENERAL OBLIGATION SERIAL BONDS – 2018 (TAX EXEMPT)
[BOOK-ENTRY BONDS]

This Official Statement and the appendices hereto present certain information relating to the Village of Greenport, in the County of Suffolk, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of $650,000 General Obligation Serial Bonds – 2018 (Tax Exempt) (the "Bonds").

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

THE BONDS

Description of the Bonds

The Bonds will be dated August 30, 2018, and will mature on August 15 in each of the years 2019 to 2038, inclusive, in the principal amounts as set forth on the inside cover page hereof.

At the option of the purchaser, the Bonds may be either registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of $5,000 or integral multiples thereof. For Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See "Book-entry-only System" under "THE BONDS" herein).

Interest on the Bonds will be payable August 15, 2019, February 15, 2020 and semi-annually thereafter in each year to maturity. Principal and interest will be paid by the Village to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

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

The Village will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser(s). The Village's contact information is as follows: Robert Brandt, Village Treasurer, Village of Greenport, 236 Third Street, Greenport, New York 11944, telephone number (631) 477-0248, Fax (631) 477-1707 and email: robertbrandt@greenportvillage.org.

Optional Redemption of the Bonds

The Bonds maturing on or before August 15, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on August 15, 2027 and thereafter will be subject to redemption prior to maturity, at the option of the Village, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after August 15, 2026, at par plus accrued interest to the date of redemption.

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

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and various bond resolution duly adopted by the Village Board, authorizing the issuance of bonds for the following purposes:

Date Authorized	Purpose	Amount Authorized	Amount to be Issued
05/24/2018	Land Acquisition	$375,000	$375,000
05/24/2018	Building Acquisitions	125,000	125,000
05/24/2018	Building Improvements	150,000	150,000
	Totals	$650,000	$650,000

Book-Entry-Only System

So long as the Bonds remain in the Book-Entry-Only System, as described below, the Village will give such notice only to Cede & Co., or other successor nominee of DTC, as sole registered holder.

DTC, 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 and deposited with DTC for all of the Bonds bearing the same rate of interest.

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

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its participants are on file with the Securities and Exchange Commission (the "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 or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not 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 accounts of their holdings on behalf of their customers.

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

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

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

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

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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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

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

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

Certificated Bonds

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

Security and Source of Payment

The Bonds are general obligations of the Village and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Village is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011. See “Tax Levy Limit Law” herein.

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the Village is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Village are complex and the obligations of the Village, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. The Bonds when duly issued and paid for will constitute a contract between the Village and the purchaser. Such contracts, if not honored, would generally be enforceable 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 apply if there were a default in the payment of the principal of and interest on the Bonds.

Unavailability of Remedies of Levy and Attachment. 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. Under 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.

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of 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 owner of obligations issued for any such indebtedness." This constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal maturing on bonds, but does not apply to principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes. If the Village were to fail to make a required appropriation, however, the ability of affected owners of Village indebtedness to enforce this provision as written could be compromised or eliminated as described below under “Bankruptcy”, “State Debt Moratorium Law” and “Possible Priority of Continuation of Essential Public Services”.

Bankruptcy. The Federal Bankruptcy Code allows municipalities, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Village file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to 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.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners 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 Bonds could be deemed unsecured obligations of the Village in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is 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. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." A plan of adjustment may alter the terms and provisions of the Bonds, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

Accordingly, the rights of the owners of Bonds to receive interest and principal from the Village and the enforceability of the Village's faith and credit pledge to pay such interest and principal 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 owners of debt obligations issued by the Village (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Village, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond owners will generally be governed by State Law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. 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, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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.

VILLAGE OF GREENPORT

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

General Information

The Village, which encompasses about 1.3 square miles in area and has an estimated population of 2,073 (2016 U.S. Census Bureau) is located on the eastern portion of the North Fork of Long Island, approximately 100 miles from New York City. The Village is located in a harbor that connects the Peconic Bay with Gardiners Bay, thus providing access to Long Island Sound and the Atlantic Ocean. Shelter Island is located directly across the harbor from Greenport to the south and ferry service is provided to Shelter Island from the Village.

The area was originally settled in 1640, and the Village was incorporated in 1838. The population of the Village increases significantly during the summer months due to tourism and summer residences, but the Village's economy is supplemented by the year-round commercial enterprises in its central business district as well as Eastern Long Island Hospital, a 60 bed facility employing 400 people which is located in the Village. Residential properties consist primarily of single-family homes with some apartment houses and townhouse condominiums. In addition to employment opportunities in the Village, residents commute to the surrounding communities, including the Suffolk County Government Complex and State and County court facilities in Riverhead.

In addition to ferry service to Shelter Island, the Long Island Railroad provides passenger rail service to New York City. Highways include New York State Route 25 which continues beyond the Village to Orient Point, the eastern end of the North Fork, where high speed ferry service is available to New England.

Utilities and Other Services

Electricity, water and sewer service are provided by the Village. The Village had previously provided water service to certain areas outside the Village, but in 1997 it sold the portion of the water department assets located outside its boundaries (including wells, treatment plants and distribution facilities) and the Village water storage tank (which is located on Village land inside the Village boundaries) to the Suffolk County Water Authority (the "Authority") for $3.5 million. The Authority is now providing such services to areas outside the Village as well as water treatment and distribution to Village residents and properties.

The Village also maintains its own volunteer fire department, and police protection is provided by the Town of Southold and Suffolk County.

Government

The Village was incorporated in 1838. One independently governed school district is located partially within the Village which relies on its own taxing powers granted by the State to raise revenues. The school district uses the Town of Southold's assessment roll as its basis for taxation of property located within the Village.

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

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

The Village Clerk is appointed to a 1-year term, the Village Treasurer, who is the chief fiscal officer of the Village under the Local Finance Law, is appointed to a one- year term and the Village Attorney is appointed to a one-year term.

Employees

The Village provides services through approximately 33 full-time and 50 part-time employees, 26 of which are represented by the Civil Service Employees Association under a contract which covers the period of June 1, 2011 through May 31, 2017. Such contract is expired and currently in negotiations.

DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Population Trends

Year	Village	Southold Town	Suffolk County	New York State
1980	2,273	19,172	1,284,231	17,557,288
1990	2,070	19,836	1,321,684	17,990,455
2000	2,048	20,599	1,419,369	18,976,457
2010	2,346	21,769	1,482,548	19,229,752
2016	2,073	22,182	1,498,130	19,697,457

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

Income Data

	Per Capita Money Income			
	1990	2000	2010	2016*
Village of Greenport	$14,002	$17,595	$30,746	$33,866
Town of Southold	19,037	27,619	41,450	48,877
County of Suffolk	18,481	26,577	35,411	38,779
State of New York	16,501	23,389	30,948	34,212
	Median Household Income			
	1990	2000	2010	2016*
Village of Greenport	$25,562	$31,675	$48,398	$55,839
Town of Southold	35,392	49,898	83,240	81,158
County of Suffolk	49,128	65,288	84,235	90,128
State of New York	32,965	51,591	55,217	60,741

Source: United States Bureau of the Census
*Note: Based on American Community Survey 5-Year Estimates (2012-2016)

Selected Listing of Larger Employers

Name of Employer	Nature of Business	Number of Employees
Eastern Long Island Hospital	Hospital	390
San Simeon by the Sound	Nursing Home	175
Greenport UFSD	Public School	120
Claudio's Restaurant	Restaurant	120
Stidd Systems	Marine Services	75
Village of Greenport	Municipality	73
IGA Supermarket	Supermarket	43
Brewers Stirling	Marina	40
Townsend Manor Inn	Inn/Lodge	22

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 of Suffolk. The information set forth below with respect to such County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Village is necessarily representative of the County or vice versa.

Annual Averages:	Suffolk County (%)	New York State (%)
2013	6.5	7.7
2014	5.3	6.4
2015	5.0	5.5
2016	4.3	4.9
2017	4.4	4.6
2018 (3 Months)	5.2	5.0

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

The Local Finance Law also provides that where a bond resolution 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, may 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 an action contesting such validity is commenced within twenty days after the date of such publication, or,

(3) such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

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

The Village Board, as the finance board of the Village, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the Village Treasurer, the chief fiscal officer of the Village, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year, provided that annual principal installments are made in reduction of the total amount of such notes outstanding. These installments must commence no later than two years from the date of the first issuance of such notes, and such renewals generally may not extend more than five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein).

In general, the Local Finance Law contains provisions granting the Village with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (See "Indebtedness of the Village" herein).

There is no constitutional limitation on the amount that may be raised by the Village by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the new Tax Levy Limit Law imposes a statutory limitation on the power of the Village to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the new Tax Levy Limit Law. The Village Board may override such limitations by the vote of four members. See "Tax Increase Procedural Limitation Legislation" for a description of the Tax Levy Limit Law and the definition of "Tax Levy Increase Limit" as used herein.

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As August 7, 2018)

Fiscal Year Ending May 31:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2015	$5,074,735	1.18	$430,062,288
2016	4,914,896	1.17	420,076,581
2017	4,964,901	1.10	451,354,636
2018	5,037,371	1.08	466,423,241
2019	5,064,280	1.01	501,413,861

Total Five Year Full Valuation	$2,269,330,608
Average Five Year Full Valuation	453,866,122
Debt Limit - 7% of Average Full Valuation	31,770,629
Inclusions:	
General Purpose Bonds	5,404,000
Sewer Bonds	1,539,200
Bond Anticipation Notes	0
Total Inclusions	6,943,200
Exclusions:	
Excluded Sewer Debt	1,539,200
Appropriations	225,000
Total Exclusions	1,764,200
Total Net Indebtedness Before Issuing the Bonds	5,179,000
The Bonds	650,000
Less: BANs to be Redeemed by the Issuance of the Bonds	0
Net Effect of the Bonds	650,000
Total Net Indebtedness After Issuing the Bonds	5,829,000
Net Debt Contracting Margin	$25,941,629
Percent of Debt Contracting Margin Exhausted (%)	18.35

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Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending May 31:	Principal	Interest	Total
2019	$649,200	$184,243	$833,443
2020	672,200	160,206	832,406
2021	565,200	145,744	710,944
2022	484,200	133,762	617,962
2023	499,200	123,000	622,200
2024	504,200	111,375	615,575
2025	274,200	102,394	376,594
2026	279,200	95,778	374,978
2027	284,200	88,244	372,444
2028	289,200	80,381	369,581
2029	189,200	73,744	262,944
2030	164,200	69,044	233,244
2031	164,200	64,844	229,044
2032	169,200	60,544	229,744
2033	174,200	56,044	230,244
2034	179,200	51,344	230,544
2035	184,200	46,444	230,644
2036	189,200	41,344	230,544
2037	199,200	35,856	235,056
2038	204,200	29,978	234,178
2039	209,200	23,800	233,000
2040	214,200	17,319	231,519
2041	219,200	10,625	229,825
2042	229,200	3,613	232,813
2043	59,200	0	59,200
2044	59,200	0	59,200
Totals	$7,308,200	$1,809,668	$9,117,868

a. Does not include payments made to date. Represents the effect of the New York State Environmental Facilities Corporation interest free financing dated December 5, 2013. See *"Village of Greenport Water Pollution Control District"* herein.

No Short-Term Indebtedness Outstanding

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

Authorized But Unissued Indebtedness

As of the date of this Official Statement, the following items are authorized but unissued:

Date Authorized	Purpose	Amount
06/18/2011	Parking Meters	$100,000
04/22/2013	Water Quality Improvements	287,801
01/22/2013	Bulkhead Replacement at Mitchell Park	185,268
05/24/2018	Land Acquisition[a]	375,000
05/24/2018	Building Acquisitions[a]	125,000
05/24/2018	Building Improvements[a]	150,000
	Totals	$1,223,069

a. To be financed by the issuance of the Bonds.

Village of Greenport Water Pollution Control District

The Village undertook a full-scale Biological Nitrogen Removal and Ultraviolet Light Disinfection Upgrade and other improvements to its Wastewater Treatment Plant. The project costs were $8.1 million and were funded with a combination of short-term interest free financing, principal forgiveness and NYSDEC Clean Water/Clean Air Bond Act Grant for $1,075,000, a NYSDEC Long Island Sound Restoration Program Grant for $459,000, a Office of Community Renewal Community Development Block Grant for $400,000, and a NYSERDA Research & Development Grant for $200,000. The Village closed on a $1,773,610 interest free long term financing through the New York State Clean Water State Revolving Fund Program with the Environmental Facilities Corporation on December 5, 2013.

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	2014	2015	2016	2017	2018
Bonds	$9,541,610	$8,797,410	$8,006,210	$7,262,010	$7,308,000
BAN's	0	0	0	0	0
Other Debt	0	0	0	0	0
Total Debt Outstanding	$9,541,610	$8,797,410	$8,006,210	$7,262,010	$7,308,000

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	03/21/2018	0.14	$3,375,433	$1,777,964
Town of Southold	06/20/2018	4.05	1,281,825	1,270,283
Greenport UFSD	10/23/2017	26.89	2,005,994	1,805,395
Totals			$6,663,252	$4,853,642

Debt Ratios
(As of August 7, 2018)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$ 6,943,200	$3,349	1.385
Net Direct Debt	5,179,000	2,498	1.033
Total Direct & Applicable Total Overlapping Debt	13,606,452	6,564	2.714
Net Direct & Applicable Net Overlapping Debt	10,032,642	4,840	2.001

a. The current estimated population of the village is 2,073.

b. The full valuation of taxable real property in the Village for 2018-19 is $501,413,861.

FINANCIAL MATTERS

Financial Statements and Accounting Procedures

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

Investment Policy

The Village has adopted an investment policy which is summarized as follows:

The primary objectives of the local government's investment activities are, in priority order

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

The governing board's responsibility for administration of the investment program is delegated to the Village Treasurer who has established written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates, and other relevant information such procedures also regulate the activities of subordinate employees. Certain aspects of such procedures are summarized as follows:

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

It is the policy of the Village to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

It is the policy of the Village for all moneys collected by an officer or employee of the government to transfer those funds to the Village Treasurer within the time period specified by law.

The Village Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

In accordance with the provisions of General Municipal Law, §10, all deposits of the Village, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

By a pledge of "eligible securities" with an aggregate "market value" as provided by GML §10, equal to the aggregate amount of deposits.

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Village, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Village or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Village, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Village a perfected interest in the securities.

As authorized by General Municipal Law, §11, the Village authorizes the Village Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to Local Finance Law §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Village of Greenport;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or the specific enabling legislation authorizes such investments.

All investment obligations shall be payable or redeemable at the option of the Village within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Village within two years of the date of purchase.

The Village shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Village conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Village of Greenport. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Village Treasurer is responsible for evaluating the financial position and maintaining a listing of proposed depositaries, trading partners and custodians. Such listing shall be evaluated at least annually.

Financial Organization and Budgetary Procedures

The Village Treasurer is the chief fiscal officer of the Village. The duties of the Village Treasurer include administration and general supervision of all Village accounting and bookkeeping functions and departmental operations. As required by the Village's adopted Investment Policy, the Village Treasurer has promulgated a policy statement outlining the procedures for operation of the financial management and investment program.

The Mayor is the Budget Officer who prepares a preliminary budget in the Spring of each year and holds a public hearing thereon by April 15. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year by May 1. The budget is not subject to voter approval; however, the annual tax levy is subject to the provisions of the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

Fund Structure and Accounts

The General Fund is the general operating fund for the Village and is used to account for substantially all revenues and expenditures of the Village. The Village also maintains a Water Fund, an Electric Light Fund, a Sewer Fund, Capital Projects Fund, and a Trust and Agency Fund.

Basis of Accounting

The Village's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The Village generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Pension costs billed to the Village by the State are recorded as expenditures in full in the fiscal year billed. The estimated unbilled portion of these pension costs for governmental funds are shown as a liability on the balance sheet of the general long-term debt accounts group. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase. Fixed assets are recorded at cost; there is no provision for depreciation expense.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situtated within the Village. Non-Property Taxes, Intergovernmental Charges, Departmental Income and State aid. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

State Aid

The Village receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in this year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

Based on the audited financial statements of the Village, the Village received approximately 4.03% of its total General Fund operating revenue from State aid in the fiscal year ending May 31, 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Village's General Fund revenue comprised of State aid for each of the fiscal years 2012 through 2016, inclusive and, as budgeted, for Fiscal years ending 2018 and 2019.

Fiscal Year Ending May 31:	Total Revenue	State Aid	State Aid to Revenues (%)
2013	$2,894,827	$111,461	3.85
2014	3,185,659	109,396	3.43
2015	4,182,182	122,186	2.92
2016	4,699,351	90,361	1.92
2017	4,511,187	181,599	4.03
2018 (Budgeted)	4,642,944	98,027	2.11
2019 (Budgeted)	4,708,388	98,027	2.08

Expenditures

The major categories of expenditure for the Village are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

Budgetary Procedures

The Village Board, with the assistance of the Village Administrator, prepares a preliminary budget in the Spring of each year and holds a public hearing thereon by April 15. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year by May 1. The budget is not subject to voter approval.

Status and Financing Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, a new Tier 5 was created, which was effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries to the pensions. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

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

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

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

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

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

The Employer Contribution Stabilization Program was signed into law on August 11, 2010 as Chapter 57 of the Laws of 2010. This statute enables local governments to amortize a portion of the annual pension costs. The program allows local governments to amortize required contributions in excess of 17.5% for PFRS member and 9.5% for ERS members. Amortized amounts will be paid in equal annual installments over a ten year period. As of December 31, 2014 the Town's unamortized amounts for PFRS and for ERS are set forth below:

In Spring 2014, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount.

The primary purpose of participation in the various amortization programs is to manage the volatility in the required pension contributions. However, although such programs reduce payments in the near term, it may result in much higher payments in the future. As such, the Village does not intend to amortize any payments to the Retirement Systems.

Payments to the Retirement Systems

FYE May 31:	ERS
2014	$300,226
2015	283,850
2016	271,120
2017	255,662
2018	253,175
2019 (Budgeted)	267,843

Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) described below requires such accounting.

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

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

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

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ending May 31, 2017:
Annual required contribution (ARC)	$778,631
Interest on net OPEB obligation	43,943
Less: Adjustments to ARC	(62,218)
Annual OPEB cost (expense)	760,356
Less: Contributions made	(308,849)
Increase in net OPEB obligation	451,507
Net OPEB obligation-beginning of year	3,258,721
Net OPEB obligation-end of year	$3,710,228

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

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

TAX INFORMATION

Real Property Taxes

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

Tax Collection Procedure

The Village collects its own taxes. Taxes are due on June 1st each year and 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 31. Unpaid Village taxes are collected through tax sales.

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

Fiscal Year Ending May 31:	Total Revenue	Property Taxes	Property Taxes to Revenues (%)
2013	$2,894,827	$1,000,529	34.56
2014	3,185,659	1,032,505	32.41
2015	4,182,182	1,009,938	24.15
2016	4,699,351	1,034,860	22.02
2017	4,511,187	1,042,253	23.10
2018 (Budgeted)	4,642,944	1,077,100	23.20
2019 (Budgeted)	4,708,388	1,107,700	23.53

Tax Increase Procedural Limitation Legislation

Although the State Legislature is limited 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”, the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

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

The Village is subject to the Tax Levy Limit Law, beginning with the Village’s budget for its fiscal year beginning June 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Village’s prior year’s tax levy (the “Tax Levy Increase Limit”). In the event the Village seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least three members of the five-member Village Board would be required. The Vilage Board would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required.

The Law permits certain exceptions to the Tax Levy Increase Limit. The Village may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Village in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the Village’s Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Village. Additionally, the Village will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

Notes or bonds of the Village issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with a lack of any experience operating under the Law, the effect of the Law on the Village’s finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2018-2019 fiscal year is as follows:

Five-year Average Full Valuation	$453,866,121
Tax Limit - 2% thereof	9,077,322
Tax Levy for General Village Purposes	989,100
Less: Exclusions	0
Tax Levy Subject to Tax Limit	$989,100
Constitutional Tax Margin	$8,088,222

Tax Levies and Rates

	Fiscal Year Ending May 31:				
	2014	2015	2016	2017	2018
Tax Levy	$1,000,938	$990,000	$989,100	$989,100	$989,100
Taxes Rate per $100 of Assessed Valuation	$19.72	$19.92	$20.14	$19.92	$19.64

Selected Listing of Large Taxable Properties
2018-2019 Assessment Roll

Name	Type	Assessed Valuation
Hawkeye Electric LLC	Electric Facility	$447,900
Front Street Park LLC	Hotel	51,500
Claudio, William F.	Restaurant	42,160
Townsend Manor Inn.	Hotel	39,400
Brewer Yacht Yard	Marina	27,700
Sterling Square LLC	Commercial	26,300
Research Charters Inc.	Boat Storage	25,600
Greenport Yacht & Shipbuilding	Shipbuilding	24,400
Osinski, Michael	Residential	20,700
Sterlington Commons	Commercial	20,540
101 Greenport Properties LLC	Commercial	19,320
125 Main Street LLC	Industrial	18,800
Gusmar Enterprises LLC	Commercial	18,500
S.T. Preston & Son, Inc.	Commercial	18,400
	Total [a]	$801,220

a. Represents 15.82% of the total taxable assessed valuation for 2018-19.

LITIGATION

The Village is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel and management that the liabilities that may arise from such actions would likely not result in losses that would materially affect the financial position of the Village or the results of its operations.

RISK FACTORS

AND

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

The financial condition of the Village as well as the market price of and the market for the Bonds could be affected by a variety of factors, many of which are beyond the Village's control, including, for example: (i) certain adverse events in the domestic and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the Village to arrange for additional borrowings. In addition, the market for and the market value of the Bonds could be adversely affected if the Village encountered real or perceived difficulty in marketing notes or bonds to pay principal on outstanding notes at maturity.

The Village is dependent in part on financial assistance from the State. 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, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State in order to make State aid payments to the Village. (See also "State Aid".)

The State's Annual Information Statement and other information about the State's finances are provided by the State Division of the Budget on its website.

DISCLOSURE UNDERTAKING

The Bonds are less than $1 million in principal amount and therefor are not subject to continuing disclosure.

To the best of the Village's knowledge, in the past five years the Village has not failed in any material respect under the Rule to provide annual reports or notices of material events.

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

Fiscal Year Ending May 31:	Financial & Operating Information	Audited Financial Statements
2013	11/27/2013	01/13/2014
2014	11/14/2014	11/10/2014
2015	11/24/2015	02/03/2016
2016	11/23/2016	03/17/2017
2017	11/27/2017	11/27/2017

TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

For taxable years that began on or before December 31, 2017, interest on the Bonds owned by certain corporations will be included in such corporations' adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Village made in a certificate (the "Tax Certificate") dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the Village with the provisions of the Tax Certificate subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the Village with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Village described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Village as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Village may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law 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).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation for taxable years that began on or before December 31, 2017, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, Section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such Section and is allocable, as computed in such Section, to tax-exempt interest on obligations acquired after August 7, 1986. However, Section 265(b) of the Code provides that this interest disallowance rule for financial institutions does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The Village has designated the Bonds as "qualified tax-exempt obligations" and has certified its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds under Section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds will be reduced by 20% pursuant to Section 291 of the Code.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinion will be delivered in substantially the form attached hereto as "Appendix D".

RATING

The Bonds are not rated. Moody's Investors Service has applied a rating of "Aa3" to the outstanding uninsured bonds of the District. The rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from Robert Brandt, Village Treasurer, Village of Greenport, 236 Third Street, Greenport, New York 11944, telephone number 631/477-2248, Fax (631) 477-1707 and email: robertbrandt@greenportvillage.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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

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

Except for its review of the descriptions of the terms of the Bonds and its approving legal opinion to be rendered on the Bonds as Bond Counsel to the Village, Norton Rose Fulbright US LLP, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

The preparation and distribution of this Official Statement has been authorized by a resolution of the Village which delegates to the Treasurer the power to sell and issue the Bonds.

This Official Statement has been duly executed and delivered by the Treasurer of the Village of Greenport, New York.

By: s/s ROBERT BRANDT
Village Treasurer
Village of Greenport
Greenport, New York

August 7, 2018

APPENDIX A

FINANCIAL INFORMATION

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

	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	$ 1,000,529	$ 1,032,505	$ 1,009,938	$ 1,034,860	$ 1,042,253
Other Real Property Tax Items	63	11,350	73,681	63,747	11,338
Departmental Income	7,391	27,256	1,138,134	1,076,533	1,254,525
Intergovernmental Charges	692,813	741,543	743,837	834,958	696,080
Use of Money and Property	771,762	1,016,369	898,062	916,141	1,132,284
Interfund Revenues				95,693	
Licenses & Permits	22,060	21,972	35,010	40,448	46,108
Miscellaneous	142,379	217,013	161,334	393,515	147,000
State Aid	111,461	109,396	122,186	90,361	181,599
Federal Aid	146,369	8,255		153,095	
Total Revenues	2,894,827	3,185,659	4,182,182	4,699,351	4,511,187
Expenditures:					
General Government Support	331,642	353,614	560,802	416,785	489,553
Public Safety	900,948	721,911	788,329	1,441,437	1,111,573
Health	3,522	3,606	3,500	3,587	6,906
Transportation	639,710	684,001	636,947	651,163	702,832
Economic Opportunity & Development					
Culture & Recreation	31,920	13,803	1,033,580	1,066,466	895,085
Home & Community Service	106,368	137,706	152,198	170,537	167,390
Employee Benefits	426,882	421,658	436,416	552,489	622,601
Debt Service:					
Principal	170,764	107,340	428,500	453,500	448,500
Interest	34,520	12,425	99,167	60,841	61,933
Total Expenditures	2,646,276	2,456,064	4,139,439	4,816,805	4,506,373
Excess (Deficiency) of Revenues Over Expenditures	248,551	729,595	42,743	(117,454)	4,814
Other Financing Sources (Uses)					
BAN Proceeds					
Operating Transfers In	115,000	112,200	88,000	118,600	118,600
Operating Transfers Out	(293,869)	(307,798)	(602,430)	(683,999)	(332,288)
Total Other Financing Sources (Uses)	(178,869)	(195,598)	(514,430)	(565,399)	(213,688)
Excess (Deficiency) of Revenues & Other Financing	69,682	533,997	(471,687)	(682,853)	(208,874)
Adjustment to Fund Balance from Prior Year			47,007		
Fund Balance Beginning of Year	2,883,568	2,953,250	3,534,254	3,062,567	2,379,714
Fund Equity - End of Year	$ 2,953,250	$ 3,487,247	$ 3,062,567	$ 2,379,714	$ 2,170,840

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

Balance Sheet-General Fund
Fiscal Year Ending May 31

	2015	2016	2017
Assets:			
Cash	$ 2,180,699	$ 1,721,283	$ 1,442,071
Restricted Cash	1,870,994	1,393,220	1,275,266
Investments, Restricted			2,517,330
Accounts Receivable	199,238	187,995	185,916
Due from other funds	8,970		
Due from Fiducuary Funds			36,092
Prepaid items	67,233	95,259	100,157
Total Assets:	4,327,134	3,397,757	5,556,832
Liabilities:			
Accounts Payable	134,375	139,499	155,468
Due to NYS Retirement System	21,141	17,926	20,131
Due to Fiducuary Fund	144,518	964	5,695
Due to Other Funds	303,756	52,072	86,579
Deferred revenue	660,777	807,582	910,805
Total Liabilities	1,264,567	1,018,043	1,178,678
Fund Equity:			
Nonspendable	67,233	95,259	100,157
Reserved for Debt	1,870,994	1,393,220	
Restricted			3,792,596
Reserved (Other)			
Unreserved, undesignated	1,124,340	891,235	485,401
Total Fund Balance	3,062,567	2,379,714	4,378,154
Total Liabilities and Fund Balance	$ 4,327,134	$ 3,397,757	$ 5,556,832

Sources: Audited Annual Financial Reports of the Village, 2015-2016 Unaudited for 2017

Note: This schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Fund *

	2013	2014	2015	2016	2017
Revenues:					
Departmental Income	$ 55,071	$ 97,168	$ 99,569	$ 116,987	$ 106,923
Use of Money and Property	106	84	41	297	144
Licenses and Permits					
Intergovernmental income					
Miscellaneous Local Sources	4,281	17,248	825	17,672	13,126
Federal Aid	750,855	905,034	852,074	873,020	908,697
Total Revenues	810,313	1,019,534	952,509	1,007,976	1,028,890
Expenditures:					
General Government Support					
Economic Opportunity and Development	35,002	50,919	38,992	43,195	42,771
Employee Benefits				37,201	35,782
Home & Community Service	953,977	937,038	922,895	863,840	898,398
Total Expenditures	988,979	987,957	961,887	944,236	976,951
Excess (Deficiency) of Revenues Over Expenditur	(178,666)	31,577	(9,378)	63,740	51,939
Operating Transfers (In)			20,255		
Operating Transfers (Out)			(20,255)		
Fund Equity, Beginning of Year	354,711	176,045	207,622	198,244	261,984
Prior Period Adjustment					
Fund Balance End of Year	$ 176,045	$ 207,622	$ 198,244	$ 261,984	$ 313,923

* Consists of the Community Development Fund and the Housing Authority Fund.

Sources: Audited Annual Financial Reports of the Village, 2013-2017

Note: This schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Net Assets
Light Fund

	2013	2014	2015	2016	2017
Operating Revenues:					
Electricity Sales	$ 3,396,595	$ 4,004,641	$ 3,913,828	$ 3,586,263	$ 3,486,122
Use of money and Property				981	1,333
Other Operating Revenue	68,435				
Total Operating Revenues	3,465,030	4,004,641	3,913,828	3,587,244	3,487,455
Operating Expenditures:					
Administrative and Personal	673,492	490,703	745,988	480,944	558,391
Taxes					
Employee Benefits			611,196	546,311	412,015
Plant , Transmission and Distribution	1,346,783	2,594,429	1,558,720	1,624,750	1,722,360
Depreciation	202,335	211,324	229,412	247,177	253,671
Other	708,135	285,744	59,670	20,000	15,339
Total Operating Expenditures	2,930,745	3,582,200	3,204,986	2,919,182	2,961,776
Operating Income	534,285	422,441	708,842	668,062	525,679
Nonoperating Revenues (Expenses)					
Interest Revenue	594	1,320	774		
Interest Expense	(55,041)	(85,549)	(139,953)	(117,253)	(113,330)
Amortization of Deferred Charges					
Elimination of sick-time acrual					
Contribution to General Fund					
Operating Transfers Out	(85,000)	(86,700)	(88,000)	(88,000)	(88,000)
Total Non-Operating Revenues	(139,447)	(170,929)	(227,179)	(205,253)	(201,330)
Net Income (Loss)	394,838	251,512	481,663	462,809	324,349
Prior Period Adjustment					
Net Assets - Beginning of Year	4,041,867	4,436,705	4,389,990	4,871,653	5,288,018
Prior Period Adjustment		(298,227)		(46,444)	
Net Assets - End of Year	$ 4,436,705	$ 4,389,990	$ 4,871,653	$ 5,288,018	$ 5,612,367

Sources: Audited Annual Financial Reports of the Village, 2013-2017

This schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Net Assets
Water Fund

	2013	2014	2015	2016	2017
Operating Revenues:					
Water Sales	$ 447,015	410,921	448,348	430,468	426,427
Use of Money and Property					
Service Charges					
Interest and Penalties					
Miscellaneous	5,581	5,730			
Total Operating Revenues	452,596	416,651	448,348	430,468	426,427
Operating Expenditures:					
Personal Services	102,913	101,025	105,581	75,423	94,896
Contractual Expenses	145,157	159,961	208,112	218,054	221,335
Purification					
Plant , Transmission and Distribution					
Employee Benefits	119,546	127,706	124,768	96,149	108,832
Depreciation	20,122	20,410	20,719	20,816	19,748
Interest Expense					
Total Operating Expenditures	387,738	409,102	459,180	410,442	444,811
Operating Income	64,858	7,549	(10,832)	20,026	(18,384)
Nonoperating Revenues (Expenses)					
Interest Revenue (expense)	7,195	7,492	7,119	3,651	3,567
Other Revenue			9,610	6,766	3,744
Operating Transfers Out	(10,000)	(10,200)	(12,240)	(12,240)	(12,240)
Total Non-Operating Revenues	(2,805)	(2,708)	4,489	(1,823)	(4,929)
Net Income (Loss)	62,053	4,841	(6,343)	18,203	(23,313)
Net Assets - Beginning of Year	1,485,358	1,547,411	1,502,973	1,496,630	1,508,917
Other Changes in Net Assets		(49,279)		(5,916)	
Net Assets Equity - End of Year	$ 1,547,411	1,502,973	1,496,630	1,508,917	1,485,604

Sources: Audited Annual Financial Reports of the Village, 2013-2017

Note: This schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Net Assets
Sewer Fund

	2013	2014	2015	2016	2017
Operating Revenues:					
Sewer Rents	$ 1,231,685	$ 1,178,713	$ 1,224,967	$ 1,206,964	$ 1,269,487
Use of Money and Property	439			1,149	
Sales Tax Revenues	26,984	26,984		26,984	26,984
Interest and Penalties					
Miscellaneous	300	1,934			
Other General Government Aid		30,000		18,518	
Total Operating Revenues	1,259,408	1,237,631	1,224,967	1,253,615	1,296,471
Operating Expenditures:					
Personal Services	408,469	391,120	426,958	429,416	409,562
Purification					
Contractual	320,035	432,691	366,903	300,917	321,766
Employee Benefits	355,352	394,695	397,422	410,610	395,030
Depreciation	255,654	339,091	330,929	323,060	324,725
Write-off of State Aid	114,987				
Interest Expense	26,829	(6,497)	14,568	16,365	13,813
Total Operating Expenditures	1,481,326	1,551,100	1,536,780	1,480,368	1,464,896
Operating Income	(221,918)	(313,469)	(311,813)	(226,753)	(168,425)
Nonoperating Revenues (Expenses)					
Interest Revenue		1,397	628		2,874
Other Revenue			747,084	50	105
Operating Transfers In (Out)	(20,000)	(20,000)	(48,360)	(18,360)	(18,360)
Total Non-Operating Revenues	(20,000)	(18,603)	699,352	(18,310)	(15,381)
Net Income (Loss)	(241,918)	(332,072)	387,539	(245,063)	(183,806)
Other Changes in Net Assets	0	0	0	0	0
Net Assets - Beginning of Year	8,578,283	8,336,365	7,799,414	8,186,953	7,925,149
Adjustment to Prior Year's Net Assets		(204,879)		(16,741)	
Net Assets - End of Year	$ 8,336,365	$ 7,799,414	$ 8,186,953	$ 7,925,149	$ 7,741,343

Sources: Audited Annual Financial Reports of the Village, 2013-2017

This schedule NOT audited

Budget Summaries
Fiscal Year Ending May 31, 2018

	General Fund	Sewer Fund	Water Fund	Light Fund
Revenues:				
Real Property Taxes	$ 1,077,100	$	$	$
Other Real Property Tax Items	110,000			
Departmental Income	1,242,800	1,609,370	446,800	3,464,974
Public Safety	753,417			
Intergovernmental Income				
Use of Money and Property	853,200			120
Licenses & Permits	35,700			
Miscellaneous	101,700			3,500
State Aid	98,027			
Interfund Revenues	371,000			
Total Revenues	$ 4,642,944	$ 1,609,370	$ 446,800	$ 3,468,594
Expenditures:				
General & Miscellaneous Expenses	$ 560,505	1,159,975	377,190	3,329,109
Public Safety	1,210,335			
Health	4,900			
Transportation	728,786			
Culture & Recreation	823,242			
Home & Community Service	202,585			
Employee Benefits	737,701	324,500	69,610	139,485
Debt Service	374,890	124,895		
Total Expenditures	$ 4,642,944	$ 1,609,370	$ 446,800	$ 3,468,594

Source: Adopted Budget of the Village

Budget Summaries
Fiscal Year Ending May 31, 2019

	General Fund	Sewer Fund	Water Fund	Light Fund
Revenues:				
Real Property Taxes	$ 1,107,700	$	$	$
Other Real Property Tax Items	112,390			
Departmental Income	1,214,000	1,600,100	446,800	3,486,974
Public Safety	778,793			
Intergovernmental Income				
Use of Money and Property	834,178			120
Licenses & Permits	165,000			
Miscellaneous	118,100			500
State Aid	98,027			
Transfers	280,200			
Total Revenues	$ 4,708,388	$ 1,600,100	$ 446,800	$ 3,487,594
Expenditures:				
General & Miscellaneous Expenses	$ 592,891		376,400	3,344,529
Public Safety	1,269,916			
Health	7,582			
Transportation	817,185			
Culture & Recreation	802,845			
Home & Community Service	201,389	1,180,325		
Employee Benefits	705,550	300,575	70,400	143,065
Debt Service	311,030	119,200		
Total Expenditures	$ 4,708,388	$ 1,600,100	$ 446,800	$ 3,487,594

Source: Adopted Budget of the Village

VILLAGE OF GREENPORT

APPENDIX B

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2017

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATIONS AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

Incorporated Village of Greenport, New York

Financial Report

May 31, 2017

Incorporated Village of Greenport, New York

Financial Report

May 31, 2017

CONTENTS

Independent Auditor's Report

Mayor and Board of Trustees
Incorporated Village of Greenport, New York
Greenport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary fund of the Incorporated Village of Greenport, New York (Village) as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the fiduciary fund of the Village as of May 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standards

We draw attention to Note 1.q. to the financial statements which discloses the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Paragraph 115. Our opinion is not modified with respect to this matter.

Correction of Error

We draw attention to Note 1.q. to the financial statements which discloses that the governmental activities' net position and the fund balance of the general fund have been restated to correct an error. Our opinion is not modified with respect to this matter.

Other Matter

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Albany, New York
November 15, 2017

Incorporated Village of Greenport, New York

Management's Discussion and Analysis
May 31, 2017

As management of the Village of Greenport, New York (Village), we offer the readers of the Village's financial statements this narrative overview and analysis as of May 31, 2017. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 11 through 51 and our supplementary information which can be found on pages 52 and 55 of this report.

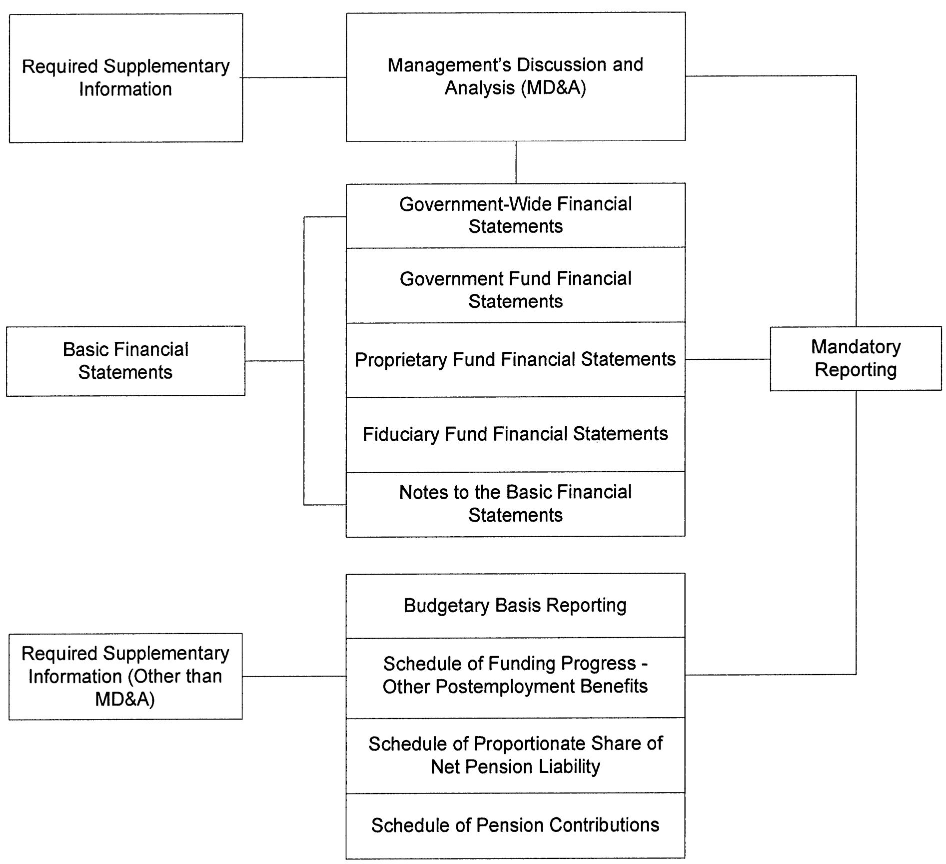
Financial Highlights

- The assets of the Village exceeded liabilities on May 31, 2017 by $22,574,784, representing net position. Of this amount, $19,013,193 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and $4,453,457 is restricted for future capital improvements and debt service. The remaining amount, which represents an unrestricted deficit of net position, is $891,866.

- At May 31, 2017, the Village's governmental funds reported a combined ending fund balance of $4,770,312. Of this amount, $4,271,725 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The remaining amount, which represents unassigned fund balance, is $498,587.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The following diagram illustrates the minimum financial reporting requirements of the Village under accounting principles generally accepted in the United States of America (U.S. GAAP):



Overview of the Financial Statements - Continued

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

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government support, public safety, health, highways and streets, economic development, culture and recreation, and home and community services. The business-type activities of the Village include electric, water, and sewer services.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements - Continued

Fund Financial Statements - Continued

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Housing Authority, and Community Development, all of which are considered to be major funds. The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund that demonstrates compliance with this budget.

The governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds. The Village maintains proprietary funds to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer operations, all of which are considered to be major funds of the Village.

The proprietary fund financial statements can be found on pages 17 through 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 51 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by $22,574,784 at May 31, 2017.

By far, the largest portion, $19,013,193, of the Village's net position (84%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, vehicles, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets 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.

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

Condensed Statements of Net Position

The Village experienced an increase in net position during 2017 totaling $268,319.

Table 1 - Net Position as of May 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016 Restated	2017	2016	2017	2016 Restated
ASSETS						
Cash and equivalents	$ 1,887,444	$ 2,210,525	$ 2,906,131	$ 2,944,263	$ 4,793,575	$ 5,154,788
Cash and cash equivalents, restricted	1,275,266	1,393,220	3,305,672	3,598,018	4,580,938	4,991,238
Investments, restricted	2,517,330	2,278,591	-	-	2,517,330	2,278,591
Receivables, net of uncollectibles	195,422	197,610	617,113	663,979	812,535	861,589
Inventories	-	-	203,221	185,497	203,221	185,497
Prepaid expenses	100,157	95,259	49,089	37,843	149,246	133,102
Due from fiduciary funds	36,092	-	-	-	36,092	-
Internal balances	(84,850)	(50,343)	84,850	50,343	-	-
Total non-capital assets	5,926,861	6,124,862	7,166,076	7,479,943	13,092,937	13,604,805
Capital assets, net	10,498,116	10,084,836	15,724,804	15,202,604	26,222,920	25,287,440
Total assets	16,424,977	16,209,698	22,890,880	22,682,547	39,315,857	38,892,245
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	184,510	429,942	225,512	528,331	410,022	958,273
Total assets and deferred outflows of resources	16,609,487	16,639,640	23,116,392	23,210,878	39,725,879	39,850,518
LIABILITIES						
Accounts payable and other current liabilities	228,919	218,432	405,344	369,065	634,263	587,497
Unearned revenues	910,805	878,859	-	100	910,805	878,959
Due to NYS retirement system	20,131	17,926	24,603	24,755	44,734	42,681
Due to fiduciary fund	5,695	964	-	1,186	5,695	2,150
Customer deposits	-	-	127,481	120,884	127,481	120,884
Long-term liabilities						
Due within one year	455,416	448,500	306,200	295,700	761,616	744,200
Due in more than one year						
Bonds payable	1,894,000	2,342,500	3,076,500	3,323,500	4,970,500	5,666,000
State loan payable	-	-	1,536,811	1,596,011	1,536,811	1,596,011
Compensated absences	62,246	64,239	105,134	92,453	167,380	156,692
Net pension liability	281,885	472,033	344,525	576,929	626,410	1,048,962
Length of service award program obligations	3,539,278	3,296,292	-	-	3,539,278	3,296,292
Other postemployment liability	1,423,490	1,250,261	2,286,738	2,008,458	3,710,228	3,258,719
Total liabilities	8,821,865	8,990,006	8,213,336	8,409,041	17,035,201	17,399,047
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	52,152	65,253	63,742	79,753	115,894	145,006
Total liabilities and deferred inflows of resources	8,874,017	9,055,259	8,277,078	8,488,794	17,151,095	17,544,053
NET POSITION						
Invested in capital assets, net of related debt	8,148,700	7,293,836	10,864,493	9,987,393	19,013,193	17,281,229
Restricted for						
Capital improvements	411,510	448,970	3,178,191	3,477,134	3,589,701	3,926,104
Debt service	863,756	944,250	-	-	863,756	944,250
Unrestricted (deficit)	(1,688,496)	(1,102,675)	796,630	1,257,557	(891,866)	154,882
Total net position	**$ 7,735,470**	**$ 7,584,381**	**$ 14,839,314**	**$ 14,722,084**	**$ 22,574,784**	**$ 22,306,465**

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities increased the Village's net position by $151,089. The following chart shows the revenues and expenses of the various governmental activities:

Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services	$ 2,954,034	$ 2,941,922	$ 5,182,036	$ 5,223,695	$ 8,136,070	$ 8,165,617
Operating grants and contributions	1,090,296	1,116,476	-	-	1,090,296	1,116,476
Capital grants and contributions	6,323	-	-	-	6,323	-
General revenues						
Real property tax and related tax items	1,053,591	1,098,607	-	-	1,053,591	1,098,607
Non-property taxes	-	-	26,984	45,502	26,984	45,502
Other general revenue items	206,250	547,328	3,849	6,816	210,099	554,144
Interest earnings	235,975	3,042	7,774	5,781	243,749	8,823
Total revenues	5,546,469	5,707,375	5,220,643	5,281,794	10,767,112	10,989,169
EXPENSES						
Public safety	1,028,999	737,289	-	-	1,028,999	737,289
Health	11,832	151,403	-	-	11,832	151,403
Transportation	1,246,543	1,131,477	-	-	1,246,543	1,131,477
Economic opportunity and development	42,771	43,195	-	-	42,771	43,195
Culture and recreation	1,311,824	1,418,430	-	-	1,311,824	1,418,430
Home and community service	1,137,686	1,145,177	-	-	1,137,686	1,145,177
General government support	734,325	696,748		-	734,325	696,748
Electric	-	-	3,075,106	3,036,435	3,075,106	3,036,435
Water	-	-	444,811	410,442	444,811	410,442
Sewer	-	-	1,464,896	1,480,368	1,464,896	1,480,368
Total expenses	5,513,980	5,323,719	4,984,813	4,927,245	10,498,793	10,250,964
Increase (decrease) in net position before transfers	**32,489**	**383,656**	**235,830**	**354,549**	**268,319**	**738,205**
Capital contributions	30,600	30,600	(30,600)	(30,600)	-	-
Transfers	88,000	88,000	(88,000)	(88,000)	-	-
CHANGES IN NET POSITION	**151,089**	**502,256**	**117,230**	**235,949**	**268,319**	**738,205**
NET POSITION, *beginning of year as previously stated*	7,584,381	8,171,103	14,722,084	14,486,135	22,306,465	22,657,238
Correction of misstatement	-	(71,277)	-	-	-	(71,277)
Effects of adoption of GASB 73	-	(1,017,701)	-	-	-	(1,017,701)
NET POSITION, *beginning of year as restated*	7,584,381	7,082,125	14,722,084	14,486,135	22,306,465	21,568,260
NET POSITION, *end of year*	**$ 7,735,470**	**$ 7,584,381**	**$ 14,839,314**	**$ 14,722,084**	**$ 22,574,784**	**$ 22,306,465**

For the most part, increases in expenses were the result of the Village's accounting for postemployment benefits in accordance with Governmental Accounting Standard Board Statement (GASB) No. 45 (GASB 45), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* GASB No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions,* and increases in public safety and transportation expenses. As a result of GASB 45 and GASB 68, the Village recorded an expense in governmental activities of $173,229 and $140,585, respectively, during the current fiscal year.

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

Business-type activities. Business-type activities increased the Village's net position by $117,230. Net position increased for the Electric Fund by $324,349. Net position decreased in the Sewer and Water Funds by $183,806 and $23,313, respectively.

Financial Analysis of the Village's Funds

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

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

As of the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of $4,770,312, a decrease of $252,624 from the prior year, primarily caused by the use of existing resources to fund capital project expenditures. Out of the total fund balance, $100,157 is in non-spendable form and, therefore, is not available for new spending, $2,517,330 is restricted for future awards provided under the Village's length of service award program, and $1,275,266 is restricted for future capital improvements. $378,972 of the Village's total fund balance is assigned for specific purposes, including community development, Housing Authority activities, and capital projects. The remaining amount, which represents unassigned fund balances, is $498,587.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $485,401, while total fund balance was $4,378,154. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11% of total General Fund expenditures, while total fund balance represents 97% of that same amount. The overall fund balance of the Village's General Fund decreased by $208,874 during the current fiscal year, primarily due to transfers to the capital projects fund.

The difference between the adopted General Fund budget and actual amounts for revenues and transfers-in was $272,976. The primary driver of this increase was the use of money and property, as a result of the investment earnings of length of service awards program assets recorded within the General Fund as a result of the adoption of GASB No. 73. Various budget amendments during the year kept the Village's actual revenue in line with the budget. The difference between the adopted General Fund budget and actual amounts for expenditures and transfers was $590,940. As previously discussed, the primary driver of this difference is due to investment earnings reported within the General Fund as a result of the adoption of GASB No. 73.

Overview of the Financial Statements - Continued

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities as of May 31, 2017, amounts to $26,222,920 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, and infrastructure assets, such as roads, streets, and electrical, sewer, and water systems.

Table 3 - Capital Assets as of May 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	$ 2,687,935	$ 2,687,935	$ 22,750	$ 22,750	$ 2,710,685	$ 2,710,685
Buildings	4,744,054	4,708,252	1,617,130	1,617,130	6,361,184	6,325,382
Machinery and equipment	7,838,133	7,736,813	4,538,931	4,443,565	12,377,064	12,180,378
Infrastructure	7,055,689	6,671,952	-	-	7,055,689	6,671,952
Distribution, transmission, and other operational equipment	-	-	20,777,084	19,759,367	20,777,084	19,759,367
Vehicles	1,581,662	1,373,183	652,525	660,568	2,234,187	2,033,751
Total capital	23,907,473	23,178,135	27,608,420	26,503,380	51,515,893	49,681,515
Accumulated depreciation	(13,409,357)	(13,093,299)	(11,883,616)	(11,300,776)	(25,292,973)	(24,394,075)
Total capital assets, net of depreciation	**$ 10,498,116**	**$ 10,084,836**	**$ 15,724,804**	**$ 15,202,604**	**$ 26,222,920**	**$ 25,287,440**

Additional information on the Village's capital assets can be found in Note 1.k. on page 26 and Note 3 on pages 32 and 33 of this report.

Long-Term Debt

Table 4 - Long-Term Debt as of May 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General Fund						
2012 Public Improvement Serial Bond	$ 202,500	$ 326,000	$ -	$ -	$ 202,500	$ 326,000
2014 Public Improvement Serial Bond	480,000	515,000	-	-	480,000	515,000
2012 Public Improvement Serial Bond	1,660,000	1,950,000	-	-	1,660,000	1,950,000
Sewer Fund				-		
2002 Public Improvement Serial Bond	-	-	246,000	301,000	246,000	301,000
2013 EFC Loan	-	-	1,596,011	1,655,211	1,596,011	1,655,211
Electric Fund						
2012 Public Improvement Serial Bond	-	-	352,500	469,000	352,500	469,000
2014 Public Improvement Serial Bond	-	-	2,725,000	2,790,000	2,725,000	2,790,000
Totals	**$ 2,342,500**	**$ 2,791,000**	**$ 4,919,511**	**$ 5,215,211**	**$ 7,262,011**	**$ 8,006,211**

At the end of the current fiscal year, the Village had total bonded debt outstanding of $5,666,000. This entire amount comprises debt backed by the full faith and credit of the Village. Additionally, the Village is obligated under a loan payable with the New York State Environmental Facilities Corporation, totaling $1,596,011 as of May 31, 2017. The loan is non-interest bearing, and is for the construction of the Village's new Wastewater Treatment Facility.

Overview of the Financial Statements - Continued

Long-Term Debt - Continued

The Village maintains an "Aa3" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average of the total assessed valuation. The current debt limitation for the Village is approximately $31.8 million, which is significantly more than the Village's outstanding general obligation debt.

Additional information on the Village's long-term debt can be found in Note 5 on pages 34 and 35 of this report.

Economic Factors

The Village is growing and thriving. The Village hosts tens of thousands of tourists who vacation on Long Island's East End every summer, to visit the world-renowned Vineyards. The Village operates one of the largest public marinas on the East End of Long Island, as well as a campground and ice rink for public enjoyment which helps to drive the North Fork tourism industry. The Village is also home to the only hospital on the North Fork of Long Island. The Village has added commercial and residential properties. In the past year, however, certain assessment claims netted against these additions, resulting in a slight increase of the overall value.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Village Treasurer, 236 Third Street, Greenport, New York 11944.

Incorporated Village of Greenport, New York

Statement of Net Position

	May 31, 2017		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,887,444	$ 2,906,131	$ 4,793,575
Cash and cash equivalents, restricted	1,275,266	3,305,672	4,580,938
Investments, restricted	2,517,330	-	2,517,330
Receivables, net	195,422	617,113	812,535
Inventories	-	203,221	203,221
Prepaid expenses	100,157	49,089	149,246
Due from fiduciary fund	36,092	-	36,092
Internal balances	(84,850)	84,850	-
Capital assets, net			
Non-depreciable	2,687,935	22,750	2,710,685
Depreciable	7,810,181	15,702,054	23,512,235
Total assets	16,424,977	22,890,880	39,315,857
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	184,510	225,512	410,022
Total assets and deferred outflows of resources	16,609,487	23,116,392	39,725,879
LIABILITIES			
Accounts payable and other current liabilities	228,919	405,344	634,263
Unearned revenues	910,805	-	910,805
Due to NYS retirement system	20,131	24,603	44,734
Due to fiduciary fund	5,695	-	5,695
Customer deposits	-	127,481	127,481
Long-term liabilities			
Due within one year	455,416	316,700	772,116
Due in more than one year			
Bonds payable	1,894,000	3,076,500	4,970,500
State loan payable	-	1,536,811	1,536,811
Compensated absences	62,246	94,634	156,880
Net pension liability	281,885	344,525	626,410
Length of service award program obligations	3,539,278	-	3,539,278
Other postemployment benefits	1,423,490	2,286,738	3,710,228
Total liabilities	8,821,865	8,213,336	17,035,201
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	52,152	63,742	115,894
Total liabilities and deferred inflows of resources	8,874,017	8,277,078	17,151,095
NET POSITION			
Net investment in capital assets	8,148,700	10,864,493	19,013,193
Restricted for			
Capital improvements	411,510	3,178,191	3,589,701
Debt service	863,756	-	863,756
Unrestricted (deficit)	(1,688,496)	796,630	(891,866)
Total net position	**$ 7,735,470**	**$ 14,839,314**	**$ 22,574,784**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Statement of Activities

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
	Year Ended May 31, 2017						
GOVERNMENTAL ACTIVITIES							
Public safety	$ 1,028,999	$ 696,080	$ -	$ -	$ (332,919)	$ -	$ (332,919)
Health	11,832	-	-	-	(11,832)	-	(11,832)
Transportation	1,246,543	-	-	-	(1,246,543)	-	(1,246,543)
Economic opportunity and development	42,771	-	-	-	(42,771)	-	(42,771)
Culture and recreation	1,311,824	1,162,918	-	-	(148,906)	-	(148,906)
Home and community service	1,137,686	-	908,697	-	(228,989)	-	(228,989)
General government support	677,643	1,095,036	181,599	6,323	605,315	-	605,315
Interest on long-term debt	56,682	-	-	-	(56,682)	-	(56,682)
Total governmental activities	5,513,980	2,954,034	1,090,296	6,323	(1,463,327)	-	(1,463,327)
BUSINESS-TYPE ACTIVITIES							
Electric	3,075,106	3,486,122		-	-	411,016	411,016
Water	444,811	426,427	-	-	-	(18,384)	(18,384)
Sewer	1,464,896	1,269,487	-	-	-	(195,409)	(195,409)
Total business-type activities	4,984,813	5,182,036	-	-	-	197,223	197,223
Total government	**$ 10,498,793**	**$ 8,136,070**	**$ 1,090,296**	**$ 6,323**	**(1,463,327)**	**197,223**	**(1,266,104)**
GENERAL REVENUES							
Real property tax and related tax items					1,053,591	-	1,053,591
Non-property taxes					-	26,984	26,984
Other general revenue items					206,250	3,849	210,099
Investment and deposit earnings					235,975	7,774	243,749
Total general revenues					1,495,816	38,607	1,534,423
TRANSFERS AND CAPITAL CONTRIBUTIONS							
Capital contribution from business-type activities to governmental activities					30,600	(30,600)	-
Transfer from business-type to governmental activities					88,000	(88,000)	-
Total general revenues, transfers, and capital contributions					1,614,416	(79,993)	1,534,423
CHANGE IN NET POSITION					**151,089**	**117,230**	**268,319**
NET POSITION, ***beginning of year as restated***					7,584,381	14,722,084	22,306,465
NET POSITION, ***end of year***					**$ 7,735,470**	**$ 14,839,314**	**$ 22,574,784**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Balance Sheet - Governmental Funds

	May 31, 2017 General	May 31, 2017 Community Development	May 31, 2017 Capital Projects	March 31, 2017 Housing Authority	Eliminations	Total
ASSETS						
Cash and cash equivalents	$ 1,442,071	$ 297,098	$ 141,503	$ 6,772	$ -	$ 1,887,444
Cash and cash equivalents, restricted	1,275,266	-	-	-	-	1,275,266
Investments, restricted	2,517,330	-	-	-	-	2,517,330
Accounts receivable	185,916	3,092	-	6,414	-	195,422
Due from other funds	-	1,729	-	-	(1,729)	-
Due from fiduciary fund	36,092	-	-	-	-	36,092
Prepaid expenditures	100,157	-	-	-	-	100,157
	$ 5,556,832	**$ 301,919**	**$ 141,503**	**$ 13,186**	**$ (1,729)**	**$ 6,011,711**
LIABILITIES						
Accounts payable and accrued expenses	$ 155,468	$ 1,182	$ 63,268	$ -	$ -	$ 219,918
Due to NYS Retirement System	20,131	-	-	-	-	20,131
Due to fiduciary fund	5,695	-	-	-	-	5,695
Due to other funds	86,579	-	-	-	(1,729)	84,850
Unearned revenue	910,805	-	-	-	-	910,805
	1,178,678	1,182	63,268	-	(1,729)	1,241,399
FUND BALANCES						
Nonspendable	100,157	-	-	-	-	100,157
Restricted	3,792,596	-	-	-	-	3,792,596
Assigned	-	300,737	78,235	-	-	378,972
Unassigned	485,401	-	-	13,186	-	498,587
Total fund balances	4,378,154	300,737	78,235	13,186	-	4,770,312
	$ 5,556,832	**$ 301,919**	**$ 141,503**	**$ 13,186**	**$ (1,729)**	**$ 6,011,711**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

	May 31, 2017
Total fund balances in the fund financial statements for the governmental funds	$ 4,770,312
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	10,498,116
Deferred outflows and inflows for pensions are included in the government-wide statements and are added.	
Deferred outflows - pension resources	184,510
Deferred inflows - pension resources	(52,152)
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(2,342,500)
Net pension liability	(281,885)
Compensated absences	(69,162)
Accrued interest	(9,001)
Length of service award program obligations	(3,539,278)
Other postemployment benefits	(1,423,490)
Total net position, *end of year*	**$ 7,735,470**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2017			Year Ended March 31, 2017	
	General	Community Development	Capital Projects	Housing Authority	Total
REVENUES					
Real property taxes	$ 1,042,253	$ -	$ -	$ -	$ 1,042,253
Real property tax items	11,338	-	-	-	11,338
Departmental revenues	1,254,525	106,923	-	-	1,361,448
Intergovernmental charges	696,080	-	-	-	696,080
Rental of real property	896,506	-	-	-	896,506
Use of money and property	235,778	141	53	3	235,975
Licenses and permits	46,108	-	-	-	46,108
Miscellaneous local sources	44,724	750	16	12,376	57,866
Other revenues	102,276	-	-	-	102,276
State aid	181,599	-	6,323	-	187,922
Federal aid	-	-	-	908,697	908,697
Total revenues	4,511,187	107,814	6,392	921,076	5,546,469
EXPENDITURES					
General government support	489,553	-	-	-	489,553
Public safety	1,111,573	-	-	-	1,111,573
Health	6,906	-	-	-	6,906
Transportation	702,832	-	362,790	-	1,065,622
Economic opportunity and development	-	42,771	-	-	42,771
Culture and recreation	895,085	-	62,904	-	957,989
Home and community services	167,390	-	8,672	898,398	1,074,460
Employee benefits	622,601	-	-	35,782	658,383
Debt service					
Principal	448,500	-	-	-	448,500
Interest	61,933	-	-	-	61,933
Total expenditures	4,506,373	42,771	434,366	934,180	5,917,690
Excess (deficiency) of revenues over expenditures	**4,814**	**65,043**	**(427,974)**	**(13,104)**	**(371,221)**
OTHER FINANCING SOURCES (USES)					
Operating transfers in	118,600	-	332,288	50,223	501,111
Operating transfers out	(332,288)	(50,223)	-	-	(382,511)
	(213,688)	(50,223)	332,288	50,223	118,600
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	**(208,874)**	**14,820**	**(95,686)**	**37,119**	**(252,621)**
FUND BALANCES, ***beginning of year, as restated***	4,587,028	285,917	173,921	(23,933)	5,022,933
FUND BALANCES, ***end of year***	**$ 4,378,154**	**$ 300,737**	**$ 78,235**	**$ 13,186**	**$ 4,770,312**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		Year Ended May 31, 2017
Net change in fund balances shown for total governmental funds		$ (252,621)
This amount differs from the change in net position shown in the statement of activities because of the following:		
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
Capital expenditures	942,408	
Depreciation expense	(529,128)	413,280
Net pension liability and related deferred outflows and inflows of pension resources is not reported in the governmental funds. This liability and the corresponding deferred amounts are reported in the statement of net position as a noncurrent liability and deferred resources and as an expense in the statement of activities.		(405,560)
Bond principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the payment amount for the current year.		448,500
Net pension liability is not reported in the governmental funds. This liability is shown in the statement of net position as a noncurrent liability and in the statement of activities as an expense.		190,148
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; this is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.		
Accrued interest	5,251	
Length of service award program obligations	(242,986)	
Compensated absence	(4,923)	(242,658)
Change in net position of governmental activities shown in the statement of activities		**$ 151,089**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Statement of Net Position - Proprietary Funds

	May 31, 2017				
	Electric Fund	Water Fund	Sewer Fund	Eliminations	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 543,664	$ 773,133	$ 1,589,334	$ -	$ 2,906,131
Cash and cash equivalents, restricted	3,119,820	-	185,852	-	3,305,672
Accounts receivable, net	370,710	78,764	167,639	-	617,113
Due from other funds	-	118,578	62,165	(95,893)	84,850
Inventory	118,359	72,081	12,781	-	203,221
Prepaid expenses	20,812	13,368	14,909	-	49,089
Total current assets	4,173,365	1,055,924	2,032,680	(95,893)	7,166,076
Non-depreciable capital assets	500	-	22,250	-	22,750
Depreciable capital assets	6,423,409	729,518	8,549,127	-	15,702,054
Total assets	10,597,274	1,785,442	10,604,057	(95,893)	22,890,880
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	143,508	20,501	61,503	-	225,512
Total assets and deferred outflows of resources	10,740,782	1,805,943	10,665,560	(95,893)	23,116,392
LIABILITIES					
Current liabilities					
Accounts payable	247,473	35,968	66,365	-	349,806
Accrued expenses	40,148	2,182	13,208	-	55,538
Accrued compensated absences	49,374	13,179	42,581	-	105,134
Customer deposits	127,481	-	-	-	127,481
Due to other funds	74,232	7,045	14,616	(95,893)	-
Due to NYS Retirement System	15,657	2,236	6,710	-	24,603
State loan payable, due in one year	-	-	59,200	-	59,200
Bonds payable, due in one year	190,000	-	57,000	-	247,000
Total current liabilities	744,365	60,610	259,680	(95,893)	968,762
Noncurrent liabilities					
State loan payable	-	-	1,536,811	-	1,536,811
Net pension liability	219,244	31,320	93,961	-	344,525
Bonds payable	2,887,500	-	189,000	-	3,076,500
Other postemployment benefits	1,236,743	222,614	827,381	-	2,286,738
Total noncurrent liabilities	4,343,487	253,934	2,647,153	-	7,244,574
Total liabilities	5,087,852	314,544	2,906,833	(95,893)	8,213,336
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	40,563	5,795	17,384	-	63,742
Total liabilities and deferred inflows of resources	5,128,415	320,339	2,924,217	(95,893)	8,277,078
NET POSITION					
Net investment in capital assets	3,346,409	729,518	6,788,566	-	10,864,493
Restricted					
Capital improvements	2,992,339	-	185,852	-	3,178,191
Unrestricted	(726,381)	756,086	766,925	-	796,630
Total net position	**$ 5,612,367**	**$ 1,485,604**	**$ 7,741,343**	**$ -**	**$ 14,839,314**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

	Year Ended May 31, 2017			
	Electric Fund	**Water Fund**	**Sewer Fund**	**Total**
OPERATING REVENUES				
Charges for services	$ 3,486,122	$ 426,427	$ 1,269,487	$ 5,182,036
OPERATING EXPENSES				
Personal services	558,391	94,896	409,562	1,062,849
Employee benefits	412,015	108,832	395,030	915,877
Contractual expenses				
Administration and other government support	166,029	3,597	10,978	180,604
Insurance	59,653	8,989	15,936	84,578
Services, supplies, and operations	1,496,678	208,749	294,852	2,000,279
Bad debt expense	15,339	-	-	15,339
Depreciation	253,671	19,748	324,725	598,144
Total operating expenses	2,961,776	444,811	1,451,083	4,857,670
Operating income (loss)	**524,346**	**(18,384)**	**(181,596)**	**324,366**
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,333	3,567	2,874	7,774
Other revenue	-	3,744	105	3,849
Sales tax revenues	-	-	26,984	26,984
Interest expense	(113,330)	-	(13,813)	(127,143)
Total nonoperating revenues (expenses)	(111,997)	7,311	16,150	(88,536)
Income (loss) before transfers and and capital contributions	**412,349**	**(11,073)**	**(165,446)**	**235,830**
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Operating transfers out	(88,000)	-	-	(88,000)
Capital contribution to governmental funds	-	(12,240)	(18,360)	(30,600)
	(88,000)	(12,240)	(18,360)	(118,600)
CHANGE IN NET POSITION	**324,349**	**(23,313)**	**(183,806)**	**117,230**
NET POSITION, ***beginning of year***	5,288,018	1,508,917	7,925,149	14,722,084
NET POSITION, ***end of year***	**$ 5,612,367**	**$ 1,485,604**	**$ 7,741,343**	**$ 14,839,314**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Statement of Cash Flows - Proprietary Funds

	Year Ended May 31, 2017			
	Electric Fund	Water Fund	Sewer Fund	Total
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Cash received from providing services	$ 3,513,586	$ 430,838	$ 1,284,478	$ 5,228,902
Cash payments for contractual expenses	(1,728,618)	(214,681)	(367,398)	(2,310,697)
Cash payments for personal services and benefits	(777,480)	(169,867)	(682,916)	(1,630,263)
	1,007,488	**46,290**	**234,164**	**1,287,942**
NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Other activities	6,597	3,744	105	10,446
Sales tax revenues	-	-	26,984	26,984
Transfers to governmental activities	(88,000)	(12,240)	(18,360)	(118,600)
	(81,403)	**(8,496)**	**8,729**	**(81,170)**
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on bonds	(181,500)	-	(55,000)	(236,500)
Principal payments on loans	-	-	(59,200)	(59,200)
Interest expense	(114,371)	-	(14,609)	(128,980)
Acquisition of capital assets	(1,020,463)	(13,097)	(86,784)	(1,120,344)
	(1,316,334)	**(13,097)**	**(215,593)**	**(1,545,024)**
NET CASH PROVIDED BY INVESTING ACTIVITIES				
Interest income	**1,333**	**3,567**	**2,874**	**7,774**
Net increase (decrease) in cash and cash equivalents	**(388,916)**	**28,264**	**30,174**	**(330,478)**
CASH AND CASH EQUIVALENTS, *beginning of year*	4,052,400	744,869	1,745,012	6,542,281
CASH AND CASH EQUIVALENTS, *end of year*	**$ 3,663,484**	**$ 773,133**	**$ 1,775,186**	**$ 6,211,803**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 524,346	$ (18,384)	$ (181,596)	$ 324,366
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	253,671	19,748	324,725	598,144
Bad debt expense	15,339	-	-	15,339
Change in assets and liabilities				
Prepaid expenses	(2,544)	(8,663)	(39)	(11,246)
Accounts receivable	12,125	4,411	14,991	31,527
Inventory	(6,038)	1,095	(12,781)	(17,724)
Due from other funds	-	(3,965)	(27,585)	(31,550)
Deferred outflows of resources	190,607	27,840	84,372	302,819
Accounts payable and accrued expenses	36,213	13,071	1,413	50,697
Due to other funds	(10,651)	6,954	(446)	(4,143)
Net pension liability	(147,893)	(21,128)	(63,383)	(232,404)
Deferred inflows of resources	(10,189)	(1,455)	(4,367)	(16,011)
Other postemployment benefits	150,503	27,091	100,686	278,280
Due to New York State retirement system	1,999	(325)	(1,826)	(152)
	$ 1,007,488	**$ 46,290**	**$ 234,164**	**$ 1,287,942**

See accompanying Notes to Financial Statements.

Incorporated Village of Greenport, New York

Statement of Net Position - Fiduciary Fund

	May 31, 2017
	Trust and Agency
ASSETS	
Cash and cash equivalents	$ 1,738,634
Due from other funds	5,695
	$ 1,744,329
LIABILITIES	
Due to other funds	$ 36,092
Agency liabilities	1,708,237
	$ 1,744,329

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

The accompanying basic financial statements of the Incorporated Village of Greenport, New York (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing government accounting and financial reporting principles in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the Village Treasurer.

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, water, recreation, sewer, electric, public safety, health, transportation, economic assistance and opportunity; culture and recreation; and home and community services.

a. Financial Reporting Entity

The reporting entity consists of: (a) the primary government, the Village, and (b) 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 upon the application of these criteria, the Village of Greenport Housing Authority (Housing Authority) has been included within the reporting entity as a Special Revenue Fund. The Village Board appoints the trustees of the Housing Authority and has full financial oversight of the operations of the Housing Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental and business-type activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Government-Wide and Fund Financial Statements - Continued

Separate statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. The Village has decided to present all governmental and proprietary funds as major based on qualitative factors.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year in which they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared 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 available when they are collected within the current period or collected within twelve months of the end of the current fiscal period. Receivables not expected to be collected within the next twelve months are offset by deferred inflows of resources. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* GASBI 6 requires that expenditures and liabilities, such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies are recognized as expenditures when all requirements of the grant and/or subsidy have been satisfied.

In addition, New York Power Authority (NYPA) regulations require that the records for the Electric Fund be maintained in accordance with the *Uniform System of Accounts for Municipal Electric Utilities*. The financial statements of the Electric Fund are presented in a form prescribed by the Federal Energy Regulatory Commission (FERC) and NYPA. Operating revenues of the Electric Fund are determined based on customer usage and demand charged at base rates for each consumer class approved by NYPA. Purchased power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss to the Electric Fund by means of a “Purchased Power Adjustment” (PPA) factor.

The Village reports the following governmental funds:

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

Community Development Fund - is used to account for community development block grants and supportive housing program funds received from the U.S. Department of Housing and Urban Development (HUD).

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Housing Authority - is used to account for federal money received from HUD pursuant to Section 8 Programs, which enable low income families to obtain adequate housing.

Capital Projects Fund - is used to account for and report financial resources to be used for the acquisition, construction, and renovation of major capital facilities or equipment other than those financed by the Proprietary Funds.

The governmental fund financial statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include differing measurement focuses and bases of accounting between the statements. The statement of activities reflects the net costs of each major function of Village operations, which differs from the presentation of expenditures in the statement of revenues, expenditures, and changes in fund balances - governmental funds, which closely matches the Village's budgetary presentation.

The following are the Village's proprietary funds:

Water Fund - is self-supporting through charges to customers based on water usage.

Sewer Fund - is self-supporting through charges to customers based on sewer usage.

Electric Fund - is self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by NYPA with respect to wholesale power purchased, rate structure, accounting, and other matters.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund - The Village maintains an agency fund which is generally used to account for assets that the Village holds on behalf of others as their agent.

d. Estimates

The preparation of the financial statements in conformity with U.S. GAAP and NYPA requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and other financing sources (uses) during the reporting period. Actual results could differ from those estimates.

e. Budgets

Budgets are adopted on the modified accrual basis as required by the State of New York. Annual appropriated budgets are adopted for each governmental and proprietary fund.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Budgets - Continued

The Village employs the following budgetary procedures:

i. No later than March 20, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all operating funds for the Village.

ii. After a public hearing is conducted to obtain taxpayer comments, but no later than May 1, the Village adopts the budget.

iii. All revisions that alter appropriations of any department or fund must be approved by the Village Board. Unencumbered budgetary appropriations lapse at the close of each fiscal year, with the exception of capital projects.

iv. Budgetary appropriations are established for individual capital projects through resolutions authorizing the corresponding Capital Projects Fund to be established which remain in effect for the life of the project.

f. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased.

The Village's investment policies are governed by State statutes and various resolutions of the Board of Trustees. Village monies must be maintained in demand accounts or certificates of deposit in the Federal Deposit Insurance Corporation (FDIC) insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and New York State or its localities.

The Village is required to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit. This collateral is in the form of government and government agencies' securities pledged by the bank, under a third-party trust agreement. As of May 31, 2017, the collateral was sufficient to secure the Village's deposits.

Restricted cash and cash equivalents are reserved for purposes stipulated by external parties and purposes established by the Board.

Restricted cash and cash equivalents are held by the Electric Fund for (1) capital replacements (depreciation fund), (2) transmission congestion credits, (3) customer deposits, and (4) proceeds from a bond anticipation note.

Restricted cash and cash equivalents held by the Sewer Fund represent unspent proceeds from the issuance of loans payable to the New York State Environmental Facilities Corporation, used to help finance the construction of a new sewer plant.

Restricted cash and cash equivalents held by the General Fund represent (1) proceeds from the sale of property reserved for the payment of future debt, and (2) cash held for the replacement of certain fire equipment.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

g. Restricted Service Award Program Investments

The Village's investments in the Length of Service Award Program (LOSAP) are held by RBC Wealth Management in a granter/rabbi trust account in the Village's name. These assets are primarily invested in cash and cash equivalents, U.S. and international equities, and fixed income securities.

The Village's LOSAP investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. None of the Village's investments are subject to concentration of credit risk.

h. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and statement of net position.

i. Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts is as follows:

Electric Fund	$ 130,000
Sewer Fund	$ 41,890
Water Fund	$ 37,500

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than twenty days. Interest is charged on accounts receivable that are outstanding for more than twenty days at 1.50% per month and is recognized as it is charged.

j. Inventory

Inventory of the Electric Fund is valued at the lower of cost or market, with cost determined using a rolling average unit cost method. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Inventory of the Sewer and Water Funds are stated at the lower of average cost or market. Inventory of the Electric, Sewer and Water Funds consists of components, parts, and tools held for consumption. Each year, the inventory is reviewed for obsolescence, and an adjustment is made to record the affected inventory item at its fair value. There were no obsolete inventory items identified in these funds as of May 31, 2017.

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Capital Assets

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the operating property.

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified in 2017.

Governmental Funds

Capital assets in governmental activities consist of land, buildings, machinery and equipment, vehicles, and infrastructure and are used to carry out day-to-day government services. Depreciation of capital assets for governmental funds is computed using the straight-line method of depreciation over useful lives ranging from five to fifty years, but is not recorded as an expenditure in the related funds.

Electric Fund

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Operating property constructed with capital fees received from customers or other parties is included in utility plant. When operating property is retired, the book cost, together with the cost of removal, is charged to accumulated depreciation. The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates that vary from 2% to 10.5% per annum, which are within the ranges recommended by FERC and NYPA.

Water and Sewer Funds

Capital assets of the Water and Sewer Funds include property, plant, and equipment with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation of capital assets of the Water and Sewer Funds is computed using the straight-line method of depreciation during the useful lives of the related assets, as the following schedule indicates:

Water Fund	
Machinery and equipment	5-15 years
Vehicles	5 years
Distribution, transmission, and other operational equipment	20-100 years
Sewer Fund	
Buildings	25-40 years
Machinery and equipment	10-25 years
Vehicles	5 years
Distribution, transmission, and other operational equipment	50-100 years

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

l. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of expense/expenditure until then. A deferred inflow of resources represents an acquisition of resources that applies to a future period and will not be recognized as revenue until that time.

Pension related deferred outflows of resources and deferred inflows of resources are disclosed in Note 9.

m. Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported $282,264 for property tax payments received in advance, $184,003 for unpaid Village taxes and charges for services, $431,363 for fire protection services to other governments received in advance, and $13,175 for building permit fees received in advance.

n. Employee Benefits

Compensated Absences

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

The liability for compensated absences was as follows:

Governmental funds	$ 69,162
Proprietary funds	105,134
	$ 174,296

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

n. *Employee Benefits* - Continued

Postretirement Benefits

Other postemployment benefits are measured and disclosed using the alternative measurement method under the accrual basis of accounting in the government-wide statements (Note 10). 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 Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the respective fund when paid. Retiree health insurance contributions are allocated and paid based on each fund's payroll as a percentage of total payroll.

Net Pension Liability

The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts is presented in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* (GASB 68) *and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.*

LOSAP Obligations

The Village sponsors a separate LOSAP plan for volunteer firefighters. The plan is designed and administered in accordance with Article 11-A of the General Municipal Law of the State of New York. In accordance with these provisions, the granter/rabbi trust accounts established to hold LOSAP assets are not legally protected from the Village's creditors. Accordingly, the Village's LOSAP plan is not within the scope of GASB No. 68. The Village's LOSAP obligations are actuarially determined using census data supplied by the Village and various assumptions in accordance with GASB Statement No. 27, *Accounting for Pensions for State and Local Employers.*

o. *Net Position*

Net position is reported as restricted when constraints placed on net position use are either:

a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or

b. Imposed by law through constitutional provisions or enabling legislation.

The following terms are used in reporting net position:

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

Restricted for Capital Improvements consists of monies restricted for various capital purposes as outlined in footnote 1.f.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

o. Net Position - Continued

Restricted for Debt Service consists of proceeds from the sale of property restricted for the payment of future debt.

Unrestricted is the net amount of assets and liabilities that is not included in the determination of net investment in capital assets or restricted components of net position described above.

p. Fund Balance

Fund balance for governmental funds is reported in the following classifications which describe the relative strength of the constraints that control how specific amounts in the funds can be spent:

Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board has delegated the ability to assign fund balance to the Treasurer. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 6 provides further details regarding the Village's fund balance classifications.

q. Property Taxes

Real property taxes are levied no later than May 15 and become a lien on June 1. 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.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

r. New Accounting Pronouncements and Prior Period Restatement

New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application (GASB No. 72)*. GASB No. defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB No. 72 are effective for fiscal years beginning after June 15, 2015.

The Village has adopted the provisions of GASB No. 72 and incorporated the fair value measurement disclosures in Note 13.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB No. 73). The requirements of this statement extend the approach to accounting and financial reporting established in GASB No. 68, *Accounting and Financial Reporting for Pensions* (GASB no. 68) to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in GASB No. 68 should not be considered pension plan assets. It also requires that information similar to that required by GASB No. 68 be included in the notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB No. 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015.

The Village has adopted the requirements of GASB No. 73 that address financial reporting for assets accumulated for purposes of providing pension benefits to volunteer firefighters. In addition, the Village has recorded its LOSAP pension obligation in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

Prior to the adoption of GASB No. 73, the Village reported assets accumulated for LOSAP benefit plans in the Trust and Agency Fund. In accordance with New York State General Municipal Law, Articles 11-A, LOSAP assets are held in granter/rabbi trusts, which are not protected from the Village's creditors. GASB No. 73 requires assets held in such trust agreements to be reported as assets of the sponsoring municipality.

GASB Statement No 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB No. 76). This statement identifies the hierarchy of U.S. GAAP in the context of governmental financial reporting. This statement reduces the hierarchy of U.S. GAAP to two categories of authoritative U.S. GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specific with a source of authoritative U.S. GAAP.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

r. New Accounting Pronouncements and Prior Period Restatement - Continued

New Accounting Pronouncements - Continued

GASB Statement No. 77, *Tax Abatement Disclosures* (GASB No. 77). GASB No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by the government, other than to abate taxes, as part of the tax abatement agreement.

The Village does not have any tax abatement agreements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB No. 78). This statement amends the scope and applicability of GASB No. 68 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that is:

- Not a state or local government pension plan,
- Used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and
- Not used predominantly by a state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* This statement enhances comparability of financial statements of governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. Adoption of this accounting standard did not significantly impact the Village's financial statements.

Prior Period Restatement

The financial statements of the Village as of May 31, 2016 contained an understatement of deferred revenue, resulting in an overstatement in net position of the Village's governmental activities.

As a result of the correction of the error and the adoption of GASB No. 73, the governmental activities have restated their opening fund balance and net position as follows:

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

Prior Period Restatement - Continued

	As Originally State	Adoption of GASB 73	Correction of Error	As Restated
General Fund				
Investments, restricted	$ -	$ 2,278,591	$ -	$ 2,278,591
Fund balance	2,379,714	2,278,591	(71,277)	4,587,028
Governmental Activities				
Investments, restricted	-	2,278,591	-	2,278,591
Length of service award program obligations	-	3,296,292	-	3,296,292
Net Position	8,673,359	(1,017,701)	(71,277)	7,584,381
Fiduciary Fund				
Investments	2,278,591	(2,278,591)	-	-
Length of service award program obligations	2,278,591	(2,278,591)	-	-

s. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through November 15, 2017, the date the financial statements were available to be issued.

Note 2 - Stewardship, Compliance, and Accountability

Village administration prepares a proposed budget for approval by the Board of Trustees for each governmental and proprietary fund. The budget is adopted annually on a basis consistent with U.S. GAAP. Appropriations are adopted at the program line item level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end. 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.

Note 3 - Capital Assets

The following is a summary of changes in the governmental activities' capital assets during the year:

	Balance at June 1, 2016	Additions	Disposals	Balance at May 31, 2017
Depreciable assets				
Buildings	$ 4,708,252	$ 35,802	$ -	$ 4,744,054
Machinery and equipment	7,736,813	168,858	(67,538)	7,838,133
Infrastructure	6,671,952	383,737	-	7,055,689
Vehicles	1,373,183	354,011	(145,532)	1,581,662
	20,490,200	942,408	(213,070)	21,219,538
Accumulated depreciation	(13,093,299)	(529,128)	213,070	(13,409,357)
Total depreciable assets, net	7,396,901	413,280	-	7,810,181
Non-depreciable assets				
Land	2,687,935	-	-	2,687,935
Total capital assets, net	$ 10,084,836	$ 413,280	$ -	$ 10,498,116

Note 3 - Capital Assets - Continued

A summary of the proprietary funds' capital assets is as follows:

	Year Ended May 31, 2017 Electric Fund	Water Fund	Sewer Fund	Total
Depreciable assets				
Buildings	$ 546,770	$ -	$ 1,070,360	$ 1,617,130
Machinery and equipment	-	572,162	3,966,769	4,538,931
Vehicles	528,409	73,031	51,085	652,525
Distribution, transmission, and other operational equipment	10,773,600	830,262	9,173,222	20,777,084
	11,848,779	1,475,455	14,261,436	27,585,670
Accumulated depreciation	(5,425,370)	(745,937)	(5,712,309)	(11,883,616)
Total depreciable assets, net	6,423,409	729,518	8,549,127	15,702,054
Non-depreciable assets				
Land	500	-	22,250	22,750
Total capital assets, net	$ 6,423,909	$ 729,518	$ 8,571,377	$ 15,724,804

The following is a summary of changes in the proprietary funds' capital assets during the year:

	Balance at June 1, 2016	Additions	Retirements or Disposals	Balance at May 31, 2017
Depreciable assets				
Buildings	$ 1,617,130	$ -	$ -	$ 1,617,130
Machinery and equipment	4,443,565	95,366	-	4,538,931
Vehicles	660,568	7,261	(15,304)	652,525
Distribution, transmission, and other operational equipment	19,759,367	1,017,717	-	20,777,084
	26,480,630	1,120,344	(15,304)	27,585,670
Accumulated depreciation	(11,300,776)	(598,144)	15,304	(11,883,616)
Total depreciable assets, net	15,179,854	522,200	-	15,702,054
Non-depreciable assets				
Land	22,750	-	-	22,750
Total capital assets, net	$ 15,202,604	$ 522,200	$ -	$ 15,724,804

Note 4 - Unearned Revenue

Unearned revenue consists of the following:

General Fund	
East/West fire protection contract	$ 431,363
Building and planning deposits	13,175
Tax sale certificates	466,267
	$ 910,805

Note 5 - Bonds and State Loan Payable

A summary of changes in bonds payable is as follows:

	May 31, 2017			
	General Fund	Sewer Fund	Electric Fund	Total
Bonds payable, June 1, 2016	$ 2,791,000	$ 301,000	$ 3,259,000	$ 6,351,000
Repayments	(448,500)	(55,000)	(181,500)	(685,000)
Bonds payable, May 31, 2017	$ 2,342,500	$ 246,000	$ 3,077,500	$ 5,666,000

A summary of changes in the state loan payable is as follows:

	May 31, 2016	Issuances	Repayments	May 31, 2017
EFC Loan - Sewer Fund	$ 1,655,211	$ -	$ (59,200)	$ 1,596,011

A summary of the Village's bond and loan issues at May 31, 2017 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
General Fund				
2012 Public Improvement Serial Bond	6/2012	8/2020	2.00% to 2.25%	$ 202,500
2014 Public Improvement Serial Bond	1/2014	4/2042	2.25% to 4.25%	480,000
2012 Public Improvement Serial Bond	6/2012	8/2023	2.00% to 2.75%	1,660,000
				2,342,500
Sewer Fund				
EFC Loan Payable	12/2013	12/2043	0%	1,596,011
2002 Public Improvement Serial Bond	8/2002	9/2020	1.93% to 5.22%	246,000
				1,842,011
Electric Fund				
2012 Public Improvement Serial Bond	6/2012	8/2019	2.00% to 2.125%	352,500
2014 Public Improvement Serial Bond	1/2014	4/2042	2.25% to 4.25%	2,725,000
				3,077,500
Total bonds and state loans payable				$ 7,262,011

Interest expense on General Fund debt was $61,933 for the year ended May 31, 2017. Interest expense on Electric Fund and Sewer Fund debt was $113,330 and $13,813, respectively.

The Village's debt limit is approximately $31.8 million, of which the Village has total outstanding debt obligations of approximately $5.7 million, leaving a net debt contracting margin of approximately $26.1 million.

Note 5 - Bonds and State Loan Payable - Continued

The following is a summary of the future debt service requirements:

	Bond Principal	EFC Loan Principal	Bond Interest	Total
For the year ending May 31,				
2018	$ 695,500	$ 59,200	$ 187,170	$ 941,870
2019	530,000	59,200	171,485	760,685
2020	538,000	59,200	157,103	754,303
2021	431,000	59,200	143,759	633,959
2022	345,000	59,200	130,891	535,091
2023 through 2027	1,125,000	296,000	518,806	1,939,806
2028 through 2032	590,000	296,000	371,419	1,257,419
2033 through 2037	630,000	296,000	255,719	1,181,719
2038 through 2042	781,500	296,000	117,578	1,195,078
2043 through 2044	-	116,011	3,613	119,624
	$ 5,666,000	$ 1,596,011	$ 2,057,543	$ 9,319,554

Note 6 - Fund Balance

Fund balance is as follows:

	General	Community Development	Capital Projects	Housing Authority
Restricted				
Nonspendable				
Prepaid expenses	$ 100,157	$ -	$ -	$ -
Restricted for				
Capital reserve	515,110	-	-	-
Length of service program awards	2,517,330			
Reserve for debt	760,156	-	-	-
	3,892,753	-	-	-
Unrestricted				
Assigned for				
Capital purposes	-	-	78,235	-
Special revenue purposes	-	300,737	-	-
Unassigned	485,401	-	-	13,186
	485,401	300,737	78,235	13,186
Total fund balance	$ 4,378,154	$ 300,737	$ 78,235	$ 13,186

Note 7 - Interfund Transactions

Interfund balances are as follows at May 31, 2017:

	Due From Other Funds						
Due To Other Funds	General	Community Development	Eliminations	Total Governmental Funds	Business-Type Activities	Net Gov. and Business-Type Activities	Fiduciary
General	$ -	$ 1,729	$ -	$ 1,729	$ 84,850	$ 86,579	$ 5,695
Elimination	-	-	(1,729)	(1,729)	-	(1,729)	-
Total governmental funds	-	1,729	(1,729)	-	84,850	84,850	5,695
Fiduciary	36,092	-	-	36,092	-	36,092	-
Total	$ 36,092	$ 1,729	$ -	$ 36,092	$ 84,850	$ 120,942	$ 5,695

Note 8 - Changes in Long-Term Liabilities

The following tables summarize changes in long-term liabilities for both governmental activities and business-type activities:

Change in long-term liabilities - governmental activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 64,239	$ 4,923	$ -	$ 69,162	$ 6,916
Other postemployment benefits	1,250,261	291,724	118,495	1,423,490	-
Net pension liability	472,033	115,048	305,196	281,885	-
Length of service award program obligations	3,296,292	480,455	237,469	3,539,278	-
Bonds payable	2,791,000	-	448,500	2,342,500	448,500
Total	$ 7,873,825	$ 892,150	$ 1,109,660	$ 7,656,315	$ 455,416

Change in long-term liabilities - business type activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 92,453	$ 12,681	$ -	$ 105,134	$ 10,500
Other postemployment benefits	2,008,458	468,634	190,354	2,286,738	-
Net pension liability	576,929	140,614	373,018	344,525	-
State loan payable	1,655,211	-	59,200	1,596,011	59,200
Bonds payable	3,560,000	-	236,500	3,323,500	247,000
Total	$ 7,893,051	$ 621,929	$ 859,072	$ 7,655,908	$ 316,700

Note 9 - New York State Retirement System

a. Plan Description

The Village participates in the New York State and Local Employees' Retirement System (System). The System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

b. Plan Benefits

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined the System. The RSSL has established distinct classes of membership. The System uses a tier concept to distinguish these groups, as follows:

Note 9 - New York State Retirement System - Continued

b. Plan Benefits - Continued

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of the System may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 need 10 years of service credit to be 100 percent vested.

Typically, the benefit for members in all Tiers is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or Tier 2 member retirees with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Note 9 - New York State Retirement System - Continued

b. Plan Benefits - Continued

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

c. Funding Policy

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for the fiscal year ended March 31, 2017 was approximately 18.2 percent of payroll.

The required contributions for the current year and the two preceding years were:

2017	$	255,662
2016		271,120
2015		283,850

Contributions made to the System were equal to 100% of the contributions required for each year.

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

At May 31, 2017, the Village reported a total liability of $626,410 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016. The Village's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At the March 31, 2017, measurement date, the Village's proportionate share in the System was 0.0066666%.

Note 9 - New York State Retirement System - Continued

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended May 31, 2017, the Village recognized pension expense of $354,299. At May 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources as follows:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,064	$ 42,806
Changes of assumptions	96,302	-
Net differences between projected and actual investment earnings on pension plan investments	56,304	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,709	9,346
Pension contributions subsequent to the measurement date	20,131	-
Total	$ 184,510	$ 52,152

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,633	$ 52,318
Changes of assumptions	117,703	-
Net differences between projected and actual investment earnings on pension plan investments	68,816	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,756	11,424
Pension contributions subsequent to the measurement date	24,604	-
Total	$ 225,512	$ 63,742

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 9 - New York State Retirement System - Continued

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

	Governmental Activities	Business Type-Activities	Total
Year ending May 31,			
2018	$ 51,319	$ 62,724	$ 114,043
2019	51,319	62,724	114,043
2020	47,646	58,234	105,880
2021	(38,057)	(46,516)	(84,573)
Total	$ 112,227	$ 137,166	$ 249,393

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.50%
Salary Scale	3.80%, indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses
Decrement	Developed from the Plan's August 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

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

Actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Note 9 - New York State Retirement System - Continued

d. *Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* - Continued

Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.36%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.50%
	100.00%	

Discount Rate

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

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

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

Note 9 - New York State Retirement System - Continued

d. *Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* - Continued

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset)	$ 2,000,636	$ 626,410	$ (535,492)
Proprietary activities	$ 1,100,350	$ 344,525	$ (294,521)
Governmental activities	900,286	281,885	(240,971)
	$ 2,000,636	$ 626,410	$ (535,492)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows (amounts in thousands):

Employers' total pension liability	$ 177,400,586
Plan net position	(168,004,363)
Employers' net pension liability	$ 9,396,223
Ratio of plan net position to the employers' total pension liability	94.7%

Note 10 - Other Postemployment Benefits (OPEB)

Plan Overview

The Village provides certain health benefits subsequent to employment for eligible retirees. Effective March 30, 2007, the service requirement for a receipt of health insurance in retirement is five consecutive years of service with the Village (ten years for all employees hired on or after March 30, 2007), and the employee must either: 1) continue to be employed by the Village on the last date immediately prior to retirement into the Plan; or 2) have been employed by the Village as his/her last public sector employer, and have continuously self-paid his/her health insurance premiums to, and remained enrolled in the Village’s health insurance plan between the last date of service with the Village and the date of vesting receipt of benefits from the Plan, whichever is applicable, as set forth in the Plan Rules and Regulations (Part 256).

Note 10 - Other Postemployment Benefits (OPEB) - Continued

Plan Overview - Continued

	Number of Subscribers
Active	30
Retired	19
Deceased	2
Total	51

Contributions

The Village has agreed to contribute a payment of 50% for individual coverage and 35% for family coverage, toward all retirees' hospitalization insurance premium costs for eligible retirees. The Village contributes 100% of the premium payments for individual or family coverage for all employees covered by Article III(4)(b) during the employee's retirement.

Funding Policy

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The Village is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended May 31, 2017, the Village paid approximately $308,800 on behalf of the plan members.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (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 (or funding excess) of the plan over a period not to exceed thirty years. Amounts "required" but not actually set aside to pay for these benefits are accumulated with interest as part of the net OPEB obligation, after adjusting for amounts previously "required." The Village's actual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the Village's OPEB obligation to the plan for the year ended May 31, 2017, are as follows:

Annual required contribution (ARC)	$ 778,631
Interest on net OPEB obligation (NOO)	43,943
Adjustment to ARC	(62,218)
Annual OPEB cost	760,356
Contributions made	(308,849)
Increase	451,507
NOO at beginning of year	3,258,721
NOO at end of year	$ 3,710,228
Actuarial accrued liability	$ 6,879,536
Funded OPEB plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 6,879,536
Funded ratio	0%
Covered payroll	$ 1,739,854
UAAL as a percentage of covered payroll	395.41%

Note 10 - Other Postemployment Benefits (OPEB) - Continued

Actuarial Methods and Assumptions

Assumptions	Factor
Age adjusted factor	1.525
Average retirement age	63
Future contribution strategy	Remain a level % of the total cost over time
Community rating	No
Actuarial cost method	Entry age
Amortization method	Level of percent of payroll amortization
Assets backing OPEB liability	$-0-
Employer asset return	0.00%
Discount rate	2.50%
Projected salary increases	2.10%
Amortization period	30
Participant percent	100.00%
UAL and ARC	Calculated using the alternative measurement method in accordance with GASB methodology
Mortality table	RP2000 mortality table or males and females projected ten years
Turnover assumption	Standard turnover assumptions - GASB 45 paragraph 35b

The actuarial assumptions used to establish retiree contribution rates include trend rates of annual healthcare costs of 8.0% for both medical and pharmacy, 3.5% for dental, and 3.0% for vision for the first fiscal year in the valuation, declining each year to an ultimate trend rate of 4.7% for both medical and pharmacy and 3.0% for dental and vision.

Note 11 - Volunteer Firefighter Service Award Program

The Village sponsors, and is the program administrator, for a volunteer firefighter service awards program for the Village of Greenport Fire Department. The Village's financial statements are for the year ended May 31, 2017. However, the information maintained in this note is based on information for the Length of Service Awards Program for the plan year ended December 31, 2016. The actuarial calculations are as of January 1, 2016, using the beginning of the year valuation method.

Length of Service Awards Program (LOSAP)

A defined benefit service awards program for the active members of the Village of Greenport Fire Department was established effective January 1, 1994. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded, deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The LOSAP is a single employer defined benefit plan established as a granter/rabbi trust and, as such, the assets are subject to the claims of the Village's general creditors.

Note 11 - Volunteer Firefighter Service Award Program - Continued

Length of Service Awards Program (LOSAP) - Continued

The Village accounts for LOSAP assets as restricted investments in the General Fund. Benefit payments are recognized as an expenditure within the General Fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted General Fund assets to the rabbi/granter trust (restricted investments). See Note 13 for fair value measurement disclosures on the LOSAP assets.

Under Section 457(e)(11) of the Internal Revenue Code, Service Awards Programs for volunteer firefighters are referred to as LOSAP.

Defined Benefit Program Description

a. Participation, Vesting, and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 65. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of this program. Participants who become unable to earn 50 points per year due to an injury sustained while performing a line of duty activity covered by the Volunteer Firefighters Benefit Law will be credited with five points for each full month during which they are disabled.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Village Board created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Attorney. The Village Board is the program trustee. In accordance with Article 11-A the trust fund constitutes a grantor/rabbi trust; the plan assets are not protected from the Village's creditors.

Authority to invest program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Village Board.

b. Benefits

A participant's service award benefit is paid as a ten-year guaranteed monthly payment life annuity. The amount payable each month equals $20 multiplied by the total number of years of service credit earned under the point system. The maximum number of years of service credit a participant may earn is twenty years under the program. Currently, there is one other form of payment of a volunteer's earned service award under the program (an actuarially equivalent lump sum). Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments.

Note 11 - Volunteer Firefighter Service Award Program - Continued

b. Benefits - Continued

The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement (the minimum death benefit payable is $10,000 if the participant was an active volunteer at death). The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self-insured" and are paid from the program trust fund.

For a complete explanation of the defined benefit program, see the Program Document, a copy of which is available from the Village Attorney.

c. Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the attained age normal cost method. Under the attained age normal cost method, there are two components. The first component, the normal cost is equal to the level annual payment required to fund the current participants' project benefits on their service credit earned after the effective date of the Program and before the entitlement age. The second component, the annual amortization cost, equals the level annual payments required to fund the participants benefits over the amortization period(s) based on (1) service credit earned before the effective date of the Program, (2) service credit earned after attainment of the Entitlement Age, and (3) other unfunded accrued liability.

Under the attained age normal cost method, the unfunded accrued liability is calculated using the unit credit cost method. All other calculations proceed in a similar manner to the frozen initial liability cost method.

The amortization period for the unfunded program liability is 15 years. The amortization period for post-EA service liability is 1 year.

Other assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed Invest Rate of Return	5.50%
Pre-Entitlement Age Mortality Table	RP-2014 Mortality Table without projection for calculation of each Pre-EA self-insured death benefit only.
Post-Entitlement Agen Mortality Table	RP-2014 Male Mortality Table without projection.
Valuation Age	Exact age of the valuation date, with annuity values linearly interpolated between whole ages.
Contribution Timing Adjustment	Contributions are assumed to be made 21 months after the valuation date.
Entitlement	100% of Entitlement Age
Realization Rate for Active Participats	100% of Entitlement Agae for those who have earned at least one year of service credit in the prior three years, 0% otherwise
Withdrawal Rates	None
Administrative Cost	Fees paid from the Trust Fund are reimbursed back to the Fund as part of the minimum contribution.
Death Benefit	The minimum $10,000 Pre-EA active member death benefit is funded by the program.
LOD Disability - immediate monthly benefit	1.50% load of the present value of projected benefits for terminated vested and active participants.

Note 11 - Volunteer Firefighter Service Award Program - Continued

c. *Actuarial Assumptions* - Continued

Benefit and administrative expenditures incurred under the Program were $227,812 for the period ended May 31, 2017. The Actuarial Accrued Liability for the Program was $3,539,278 for the period ended May 31, 2017 and is reported in the government-wide statement of net position.

Note 12 - Commitments, Contingencies, Risks, and Uncertainties

a. *Power Supply and Transmission Contracts*

Electric power distributed by the Electric Fund is obtained from NYPA under a supply contract which expires during 2025. The Electric Fund is entitled to a specific amount of kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract.

During 1997, the Electric Fund entered into an agreement with Consolidated Edison Company of New York, Inc. (Con Edison), whereby Con Edison would provide the Electric Fund with firm point-to-point transmission service for the transmission of energy purchased from NYPA. Under the agreement, the Electric Fund is required to notify Con Edison each year with a maximum amount of transmission capacity it will require in the succeeding year.

b. *Grant Programs*

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

c. *Certiorari Proceedings*

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2017, which could affect future operating budgets of the Village.

d. *Risk and Uncertainties*

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes, and governmental regulation.

The Village's LOSAP invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes in the values could materially affect plan balances and the amounts reported in the balance sheet.

Note 12 - Commitments, Contingencies, Risks, and Uncertainties - Continued

e. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Village expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Village. The Village believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

f. Pending Litigation

The Village is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel and management that the liabilities that may arise from such actions would be covered by the Village's insurance carrier or would not result in losses that would materially affect the financial position of the Village or the results of its operations.

Note 13 - Fair Value Measurements

The Village categorizes its fair value measurements into the fair value hierarchy established by GASB No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value:

<u>Cash and money market, held for investment</u>: The carrying amount approximates fair value because of the short maturity of the instruments.

<u>Exchange Traded Funds and Mutual Funds</u>: Reported at current quoted fair values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

Note 13 - Fair Value Measurements - Continued

The following table summarizes as of May 31, 2017, the Village's restricted investments, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 45,967	$ -	$ -	$ 45,967
Exchange Traded Funds				
U.S. Broad Market	510,882	-	-	510,882
International Equity	446,295	-	-	446,295
Mutual Funds				
PIMCO - Fixed Income	250,860	-	-	250,860
Macro Opportunities - Fixed Income	497,496	-	-	497,496
Worldwide - Fixed Income	251,692	-	-	251,692
Equity/Fixed Income Blend	514,138	-	-	514,138
	$ 2,517,330	$ -	$ -	$ 2,517,330

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68* (GASB No. 73). This statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (GASB No. 68), as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB No. 68 for pension plans and pensions that are within their respective scopes. The requirements of this statement extend the approach to accounting and financial reporting established in GASB No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in GASB No. 68 should not be considered pension plan assets. It also requires that information similar to that required by GASB No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. See Note 1.q. regarding adoption of the portion of this standard that was effective for fiscal years beginning after June 15, 2015. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB No. 68 are effective for financial statements for fiscal years beginning after June 15, 2016.

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (GASB No. 75). GASB No. 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB No. 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units.* This statement provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local governments. The requirements of this statement are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this statement is to address certain issues that have been raised with respect to GASB Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities.* This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 87, *Leases.* This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Management has not estimated the extent of potential impact of these statements on the Village's financial statements.

Note 15 - Subsequent Events

On August 15, 2017, the Village issued $800,000 in general obligation bonds to finance the cost of reconstruction of various Village roads, parking areas, sidewalks and curbs.

Incorporated Village of Greenport, New York

Required Supplementary Information
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended May 31, 2017			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property taxes	$ 1,035,000	$ 1,035,000	$ 1,042,253	$ 7,253
Real property tax items	34,700	68,140	11,338	(56,802)
Departmental income	1,124,465	1,124,465	1,254,525	130,060
Intergovernmental charges	743,524	743,524	696,080	(47,444)
Rental of real property	890,000	890,000	896,506	6,506
Use of money and property	2,500	2,500	235,778	233,278
Licenses and permits	36,000	36,000	46,108	10,108
Miscellaneous local sources	113,955	113,955	44,724	(69,231)
Other revenues	118,600	118,600	102,276	(16,324)
State aid	106,027	106,027	181,599	75,572
Total revenues	4,204,771	4,238,211	4,511,187	272,976
EXPENDITURES				
General government support	524,910	566,952	489,553	77,399
Public safety	1,187,570	1,504,384	1,111,573	392,811
Health	3,935	3,935	6,906	(2,971)
Transportation	720,996	722,427	702,832	19,595
Culture and recreation	838,335	882,724	895,085	(12,361)
Home and community services	206,267	216,446	167,390	49,056
Employee benefits	718,658	718,658	622,601	96,057
Debt service				
Principal	315,000	315,000	448,500	(133,500)
Interest	56,600	56,600	61,933	(5,333)
Total expenditures	4,572,271	4,987,126	4,506,373	480,753
Excess (deficiency) of revenues over expenditures	**(367,500)**	**(748,915)**	**4,814**	**753,729**
OTHER FINANCING SOURCES (USES)				
Appropriated interfund transfer in	-	-	118,600	118,600
Appropriated interfund transfer out	-	(323,875)	(332,288)	(8,413)
Total other financing sources (uses)	-	(323,875)	(213,688)	110,187
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	**$ (367,500)**	**$ (1,072,790)**	(208,874)	**$ 863,916**
FUND BALANCE, ***beginning of year, as restated***			4,587,028	
FUND BALANCE, ***end of year***			**$ 4,378,154**	

See Independent Auditor's Report.

Incorporated Village of Greenport, New York

Required Supplementary Information
Schedule of Funding Progress - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
5/31/2016	$ -	$ 6,879,536	$ 6,879,536	0.00%	$ 1,739,854	395.41%
5/31/2013	$ -	$ 7,815,112	$ 7,875,112	0.00%	$ 1,717,000	458.66%

See Independent Auditor's Report.

Incorporated Village of Greenport, New York

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability

New York State and Local Employees' Retirement System	May 31, 2017	May 31, 2016
Village's proportion of the net pension liability	0.0066666%	0.0065355%
Village's proportionate share of the net pension liability	$ 626,410	$ 1,048,963
Village's covered-employee payroll	1,843,135	1,697,221
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.99%	61.80%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

Incorporated Village of Greenport, New York

Required Supplementary Information
Schedule of Pension Contributions

	Years Ended May 31,					
	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 255,662	$ 273,582	$ 286,427	$ 302,953	$ 306,161	$ 206,091
Contributions in relation to the contractually required contribution	255,662	273,582	286,427	302,953	306,161	206,091
Contribution deficiency (excess)	-	-	-	-	-	-
Village's covered-employee payroll	1,843,135	1,697,221	1,763,872	1,717,677	1,704,229	1,506,103
Contributions as a percentage of covered-employee payroll	13.87%	16.12%	16.24%	17.64%	17.96%	13.68%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

APPENDIX C

FORM OF LEGAL OPINION

NORTON ROSE FULBRIGHT

August 30, 2018

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Village of Greenport,
County of Suffolk,
State of New York

Re: Village of Greenport, Suffolk County, New York
$650,000 General Obligation Serial Bonds – 2018 (Tax Exempt)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $650,000 General Obligation Serial Bonds – 2018 (Tax Exempt) (the "Obligation"), of the Village of Greenport, County of Suffolk, State of New York (the "Obligor"), dated August 30, 2018.

We have examined:

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

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

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

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

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or

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certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion in certain cases.

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

(c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that, for taxable years that began on or before December 31, 2017, interest on the Obligation owned by certain corporations will be included in such corporations’ adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax

NORTON ROSE FULBRIGHT

credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,