

PRELIMINARY OFFICIAL STATEMENT DATED JULY 16, 2018

RENEWALS

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. In addition, in the opinion of Bond Counsel to the Village, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

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

VILLAGE OF SOUTH BLOOMING GROVE ORANGE COUNTY, NEW YORK (the "Village")

\$837,000

BOND ANTICIPATION NOTES – 2018 (the "Notes")

Dated Date: August 1, 2018

Maturity Date: August 1, 2019

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on July 24, 2018 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about August 1, 2018 in New York, New York, or as otherwise agreed to by the Village and the purchaser.

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

**VILLAGE OF SOUTH BLOOMING GROVE
ORANGE COUNTY, NEW YORK**

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Sue Anne Vogelsburg

Holly Brown, Village Treasurer
Kerry Dougherty, Village Clerk

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

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Municipal Finance Advisory Service

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

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OFFICIAL STATEMENT

Relating to

VILLAGE OF SOUTH BLOOMING GROVE ORANGE COUNTY, NEW YORK

\$837,000 BOND ANTICIPATION NOTES – 2018 (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Village and presents certain information relating to the Village's \$837,000 Bond Anticipation Notes – 2018 (the “Notes”). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the “State”) and acts and proceedings of the Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

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

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

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

The Village will act as Fiscal Agent for any Notes, issued in book-entry form. The Village's contact information is as follows: Holly Brown, Village Treasurer, Village of South Blooming Grove, 811 Route 208, PO Box 295, Blooming Grove, New York 10914, Phone (845) 782-2600, Fax (845) 782-2601, email: treasurer@villageofsouthbloominggrove.com.

Optional Redemption

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

Book-Entry System

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

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 facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

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

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

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

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

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

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

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

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

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

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

Authorization and Purpose

The Notes 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 multiple bond resolutions duly adopted by the Board of Trustees of the Village as follows:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Amount to be Paid</u>	<u>Amount to be Issued</u>
07/13/2015	Road Improvements	\$520,000	\$70,000	\$450,000
11/09/2017	Improvements to the Village Sewer and Water Systems	500,000	113,000	387,000
				<u>\$837,000</u>

Security and Source of Payment

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

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

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

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Village's credit rating could be affected by circumstances beyond the Village's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Village property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Village's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Village to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Village is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The Village's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the Village fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Village is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Village will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the Village requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "State Aid" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "Tax Matters" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Village, may affect the market price and/or marketability for the Notes. (See "Tax Levy Limit Law" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Village, could impair the financial condition of such entities, including the Village, and the ability of such entities, including the Village, to pay debt service on the Notes.

CYBERSECURITY

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

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Village default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the Village and the owners for which the faith and credit of the Village are pledged and while remedies for enforcement of payment are not expressly included in the Village's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Village. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds

lawfully available therefor or, in the absence thereof, to order the Village to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Village and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Village to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Village subject to taxation by the Village, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

Bankruptcy proceedings by the Village could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Village after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Village, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Village in the future cannot be assured.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Village is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In

addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

Several municipalities in the State are presently working with the FRB. The Village has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

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

THE VILLAGE OF SOUTH BLOOMING GROVE

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

Description

The Village, which was incorporated on July 14, 2006, encompasses about 5 square miles and has a population of 3,182, according to the 2016 U.S. Census, is located in the southeastern portion of Orange County approximately 50 miles from New York City. The Village enjoys a diversified economic base of light-industrial, commercial and residential properties. Residential properties consist of single-family homes, condominiums; light retail & commercial enterprises are located along the major village thoroughfare, New York State Route 208.

In addition to employment opportunities in the Village, residents commute to New York City, Middletown, Newburgh, Goshen (the County Seat), to Rockland County, New York and Bergen County, New Jersey.

Commuter bus service to New York City is available in the Village. Rail service is located in the nearby community of Harriman, New York. Highway facilities include New York State Route 208 and access to New York State Route 17 (The Quickway) and to the New York State Thruway is readily available.

Electric and natural gas service are supplied to the Village by Orange and Rockland Utilities Corp. The Village is the supplier of water to approximately 80% of its residents and is responsible for the distribution and maintenance of the necessary facilities. Sanitary sewer services are provided by the Village to approximately 70% of its residents. Police protection is provided by the Town of Blooming Grove Police Department. Fire protection is provided by the Independent South Blooming Grove Joint Fire District.

Government

The Village was incorporated on July 14, 2006. The majority of village residents are located within the independently governed Washingtonville school district, which is located partially within the Village and which relies on its own taxing powers granted by the State to raise revenues. Some Village residents are located within the independently governed Monroe-Woodbury school district, which also is located partially within the Village and which relies on its own taxing powers as granted by the State to raise revenues. The school districts use the Town of Blooming Grove's assessment rolls as their basis for taxation of property located within the Village.

Subject to the provisions of the State Constitution, the Village operates pursuant to the Village Law, the Local Finance Law, other laws generally applicable to the Village, and any special laws 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 two years. The four other members of the Village Board are elected to two-year terms, which terms are staggered such that two Trustees are elected each 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 and Village Treasurer are appointed to two-year terms and the Village Attorney to a one year term.

Employees

The Village provides services through two full-time and two part-time employees. None of which are represented by collective bargaining units.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

<u>Year</u>	<u>Village of South Blooming Grove^a</u>	<u>Town of Newburgh</u>	<u>County of Orange</u>
1990	N/A	24,058	307,647
2000	N/A	27,568	341,367
2010	3,324	29,801	372,813
2016	3,182	30,603	376,242

Source: U.S. Bureau of the Census.

a. The Village was first incorporated in 2006 and the population at such time was estimated to be 2,763.

Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Blooming Grove	\$17,029	\$25,097	\$31,930	\$35,182
County of Orange	15,198	21,597	28,944	35,219
State of New York	16,501	23,389	30,948	31,272

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Blooming Grove	\$50,570	\$66,040	\$85,967	\$82,120
County of Orange	39,198	52,058	69,523	83,864
State of New York	32,965	43,393	55,603	71,910

Source: U.S. Bureau of the Census.

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

Major Non-Governmental Employers in the County

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

<u>Name</u>	<u>Type</u>	<u>Number of Employees</u>
United States Military Academy at West Point	Colleges & Technical Institutes	4,000
Orange Regional Medical Center	Healthcare	2,524
Crystal Run Health	Healthcare	1,800
Access: Supports for Living	Non-Profit Organizations	1,289
St Luke's Cornwall Hospital	Healthcare	1,247
Elant, Inc.	Healthcare	1,200
C & S Wholesale Grocers, Inc.	Distribution	800
Empire Blue Cross/Blue Shield	Service	795
Spectrum Enterprise	Communications	750
The ARC of Orange County	Non-Profit Organizations	750
Amscan, Inc.	Distribution	525
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500
Bon Secours Community Hospital	Healthcare	490
Staples, Inc.	Distribution	460

Source: 2017 Directory of Major Employers, Orange County Partnership

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>County of Orange (%)</u>	<u>New York State (%)</u>
2013	6.8	7.7
2014	5.5	6.4
2015	4.7	5.3
2016	4.2	4.9
2017	4.6	4.7
2018 (5 Month Average)	4.7	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

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

General. The Village is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Village so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

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

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
2014	\$46,116,473	19.20	\$240,189,964
2015	45,644,202	18.50	246,725,416
2016	44,103,796	18.80	234,594,660
2017	44,006,962	18.60	236,596,570
2018	44,928,201	18.85	238,345,894
Total Five Year Full Valuation			\$1,196,452,503
Average Five Year Full Valuation			239,290,501
Debt Limit - 7% of Average Full Valuation			16,750,335
Inclusions:			
General Purpose Bonds			\$930,843
Bond Anticipation Notes			1,020,000
Water Bonds			1,264,157
Total Inclusions			3,215,000
Exclusions:			
Excluded Water Debt			1,264,157
Appropriations			183,000
Total Exclusions:			1,447,157
Total Net Indebtedness Before the Issuance of the Notes			1,767,843
The Notes			837,000
Less BANs to be Redeemed by the Issuance of the Notes			837,000
Net Effect of the Notes			0
Total Net Indebtedness After the Issuance of the Notes			1,767,843
Net Debt Contracting Margin			\$14,982,492
Per Cent of Debt Contracting Margin Exhausted			10.55%

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$110,000	\$83,469	\$193,469
2019	110,000	80,169	190,169
2020	115,000	76,794	191,794
2021	120,000	73,119	193,119
2022	125,000	69,138	194,138
2023	130,000	64,994	194,994
2024	135,000	60,688	195,688
2025	140,000	56,219	196,219
2026	140,000	51,144	191,144
2027	150,000	45,344	195,344
2028	155,000	39,244	194,244
2029	160,000	32,944	192,944
2030	170,000	26,344	196,344
2031	175,000	19,334	194,334
2032	180,000	11,900	191,900
2033	<u>190,000</u>	<u>4,038</u>	<u>194,038</u>
	<u><u>\$2,305,000</u></u>	<u><u>\$794,878</u></u>	<u><u>\$3,099,878</u></u>

a. Does not include payments made to date.

Details of Short-Term Indebtedness Outstanding

The Village presently has bond anticipation notes in the amount of \$1,020,000 for various improvements, which along with \$183,000 in available funds, will be redeemed with the issuance of the Notes.

Authorized but Unissued Indebtedness

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

Capital Project Plans

The Village is generally responsible for providing services as required to the citizens on a Village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. As has been noted, the Village generally has provided the financing for water facilities and maintains primary responsibility for these functions. In general, needs for capital funding for the above described projects for which the Village has responsibility are anticipated to continue and to be in approximately the same amounts or less than has prevailed in the past.

Trend of Outstanding Debt

The following table represents the outstanding indebtedness of the Village at the end of the last five preceding fiscal years.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds	\$2,700,000	\$2,610,000	\$2,510,000	\$2,410,000	\$2,305,000
BANs	120,000	0	660,000	590,000	1,020,000
Other Obligations ^a	<u>60,456</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$2,880,456</u>	<u>\$2,610,000</u>	<u>\$3,170,000</u>	<u>\$3,000,000</u>	<u>\$3,325,000</u>

a. Represents zero-interest obligations of the sewer and water districts to the Town for operating expenses transferred to the Village upon incorporation.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	11/10/2017	0.79	\$1,970,950	\$1,970,950
Town of Blooming Grove	12/31/2016	16.58	1,164,142	1,164,142
Monroe- Woodbury School District	06/30/2017	3.90	1,617,276	1,617,276
Washingtonville School District	12/01/2017	21.50	4,771,925	4,771,925
South Blooming Grove Fire District	12/31/2016	100.00	<u>28,000</u>	<u>28,000</u>
Totals			<u>\$9,552,293</u>	<u>\$9,552,293</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios (As of July 16, 2018)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$3,215,000	\$1,010	1.349
Net Direct Debt	1,830,843	575	0.768
Total Direct & Applicable Total Overlapping Debt	12,767,293	4,012	5.357
Net Direct & Applicable Net Overlapping Debt	11,383,136	3,577	4.776

a. The current estimated population of the Village is 3,182.

b. The full valuation of taxable real property in the Village for 2017-2018 is \$238,345,894.

FINANCES OF THE VILLAGE

Financial Statements and Accounting Procedures

The Village does not prepare annual audited financial statements. The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. 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 (unaudited) for submission to the State Comptroller. The last such report made available for public inspection covers the fiscal year ended December 31, 2017 and is attached as Appendix B. A summary of the unaudited operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Village presently maintains the following governmental funds: General Fund and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Village's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues which are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting that is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the General Long-Term Debt Account Group and recognized as an expenditure when due, and, (2) unmatured interest on general long-term debt which is recognized when due.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Village is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Village may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Village pursuant to law, in obligations of the Village.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Village, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board of Trustees of the Village has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Village are made in accordance with such policy.

Budgetary Procedures

The Mayor is responsible for the preparation and submission of the tentative annual budget to the Board. The Village Board reviews the tentative budget and prepares a preliminary budget and a public hearing is held thereon. Subsequent to the public hearing, revisions (if any) are made. The budget is then adopted by the Village Board as final for the year beginning January 1. The budget is not subject to referendum. Municipal law provides that no expenditures may exceed budgeted appropriations. Any revisions to the annual budget proposed to accommodate changes in departments or other programs must be adopted by resolution of the Village Board.

Financial Operations

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

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

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a January 1 - December 31 fiscal year for operating and reporting purposes.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village. Other Tax Items, Intergovernmental Charges, Departmental Income and Use of Money and Property. 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. (See also "*Tax Levy Limit Law*" herein).

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 estimates of the Village, the Village received approximately 4.37% of its total General Fund operating revenue in the form of State aid during the fiscal year ending December 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 2013 through 2017, inclusive, and the amount budgeted for 2018.

<u>Fiscal Year Ending December 31:</u>	<u>General Fund Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2013	\$1,261,917	\$53,554	4.24
2014	1,266,757	42,386	3.35
2015	1,403,455	42,710	3.04
2016	1,470,557	52,195	3.55
2017	1,441,295	62,934	4.37
2018 (Budgeted)	1,581,352	49,000	3.10

Source: Annual Financial Report Update Documents (2013 through 2017), and adopted budget for fiscal year ended December 31, 2018.

Expenditures

The major categories of expenditure for the Village are General Government Support, Public Safety, Culture and Recreation, Home & Community Services and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 17.5%).

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

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

Employee Pension System

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS"). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit

payments. All benefits generally vest after five years of credited service, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years 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, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

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

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

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

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

The Village has not previously borrowed for its pension payments and does not intend to borrow for it in the future.

Payments to the Retirement Systems

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>ERS</u>
2013	\$14,505
2014	7,096
2015	13,265
2016	12,436
2017	14,618
2018 (Estimated)	16,000

Other Post Employment Benefits

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

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Village presents its financial statements under a comprehensive statutory basis of accounting in accordance with principles prescribed by the Office of the State Comptroller ("OSC") of the State of New York.

Actuarial Valuation is 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. The Village has not retained a firm to conduct the valuation. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The Village does not offer post employment benefits to any of its current or form employees.

TAX INFORMATION

Real Property Taxes

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

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

Fiscal Year Ending <u>December 31:</u>	General Fund <u>Total Revenue</u>	<u>Real Property Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2013	\$1,261,917	\$557,689	44.19
2014	1,266,757	557,258	43.99
2015	1,403,455	557,144	39.70
2016	1,470,557	561,211	38.16
2017	1,441,295	565,025	39.20
2018 (Budgeted)	1,581,352	493,021	31.18

Source: Annual Financial Report Update Documents (2013 through 2017), and adopted budget for fiscal year ended December 31, 2018.

Tax Collection Procedure

The collection and enforcement of real property taxes is governed by the Real Property Tax Law of the State.

Taxes are payable until February 1st without penalty. Penalties are imposed thereafter at an annual rate determined by the New York State Commissioner of Taxation and Finance. On November 15th, uncollected taxes are turned over to the County Commissioner of Finance and uncollected taxes and penalties are relieved as part of the County tax levy. The County guarantees to pay the Village the full amount of such uncollected taxes prior to the end of the Village fiscal year.

Tax Levy Limit Law

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

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

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

Tax Limit

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

Five Year Average Full Valuation	\$239,370,323
Tax Limit - 2% Thereof	4,787,406
Tax Levy for General Village Purposes	703,122
Less: Exclusions	0
Tax Levy Subject to Tax Limit	703,122
Constitutional Tax Margin	<u>\$4,084,284</u>

Tax Levy ,Collection Record and Tax Rates^a
Fiscal Year Ending December 31:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxes on Roll	\$557,742	\$557,142	\$561,209	\$565,025	\$510,354
Re-levied Water Rents	69,460	68,992	72,499	85,507	86,407
Re-levied Sewer Rents	<u>82,374</u>	<u>86,211</u>	<u>93,727</u>	<u>72,682</u>	<u>106,089</u>
Total Taxes	\$709,576	\$712,345	\$727,435	\$723,214	\$702,850
Collected During Year	709,576	712,345	727,435	723,214	0
Total Uncollected Taxes	0	0	0	0	0
Percent Collected	100%	100%	100%	100%	100%
Taxes per \$1,000 of Assessed Valuation	\$12.09	\$12.21	\$12.72	\$12.84	\$10.97

a. Water and sewer bills are based on actual usage, and therefore are not billed as property taxes. However, in the event that the bill is not paid within a given year, such unpaid amounts are added to the ensuing year's tax bills. The County guarantees to pay the Village the full amount prior to the end of the fiscal year. See "Tax Collection Procedure" herein.

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

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Orange & Rockland UTL, Inc.	Electrical and Gas	\$1,428,800
Keen Equities, LLC	Cottages	1,078,000
Orange & Rockland UTL, Inc.	Electrical and Gas	855,708
First Development Group of Blooming Grove	Commercial	264,800
Infinity Holdings Northeast, LLC.	Commercial	260,000
Gerald Gagliardi	Residential	248,400
Clear Key	Res. Vacant Land	243,000
SL Cottages	Cottages	207,100
Blooming Grove Property, LLC.	Gas Station	204,600
Michael Clemente, Jr.	NBH Shopping Center	<u>185,000</u>
	Total ^a	<u><u>\$4,975,408</u></u>

a. Represents 11.07% of the most recently available Total Taxable Assessed Valuation.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Village taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There are no significant claims filed by the larger taxpayers at this time.

LITIGATION

In common with other villages, the Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have an adverse material effect on the financial conditions of the Village.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. The Tax Certificate of the Village (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Village in connection with the Notes, and Bond Counsel has assumed compliance by the Village with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Village, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Village, in executing the Tax Certificate, will certify to the effect that the Village will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

RATING

The Notes are not rated. S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of "AA" to the unissued bonds. 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 effect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Village Treasurer's office, Holly Brown, Village Treasurer, Village of South Blooming Grove, 811 Route 208, PO Box 295, Blooming Grove, New York 10914, Phone (845) 782-2600, Fax (845) 782-2601, email: treasurer@villageofsouthbloominggrove.com, or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

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

By: s/s HOLLY BROWN
Village Treasurer and Chief Fiscal Officer
Village of South Blooming Grove
South Blooming Grove, New York

July , 2018

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES:					
Real Property Taxes	\$ 557,689	\$ 557,258	\$ 557,144	\$ 561,211	\$ 565,025
Other Property Tax Items	6,858	4,128	4,932	9,071	7,610
Non Property Tax Items	537,705	545,179	643,136	590,959	598,888
Departmental Income	30,968	33,921	27,351	63,697	101,654
Intergovernmental Charges		1,493			
Use of Money & Property	31,980	33,499	35,018	34,432	37,740
Licenses and Permits	3,015	3,825	2,660	3,395	10,700
Sale of Property and Compensation for Loss		255	38,268	0	1,700
Miscellaneous/Interfund Local Sources	9,476	7,413	6,236	9,209	5,044
State Aid	53,554	42,386	42,710	52,195	62,934
Federal Aid				99,188	0
Interfund Transfers	30,672	37,400	46,000	47,200	50,000
Total Revenues	<u>1,261,917</u>	<u>1,266,757</u>	<u>1,403,455</u>	<u>1,470,557</u>	<u>1,441,295</u>
EXPENDITURES:					
General Government Support	354,015	365,095	440,398	439,229	494,816
Public Safety	45,825	49,216	47,413	47,081	53,016
Transportation	460,567	445,405	478,428	446,138	471,869
Culture and Recreation	63,838	73,066	81,011	70,390	50,814
Home and Community Services	59,186	53,978	46,401	45,661	37,516
Employee Benefits	33,690	30,444	34,669	37,551	43,463
Debt Service			81,754	167,922	161,225
Total Expenditures	<u>1,017,121</u>	<u>1,017,204</u>	<u>1,210,074</u>	<u>1,253,972</u>	<u>1,312,719</u>
OTHER SOURCES/USES:					
Operating Transfers	<u>264,780</u>	<u>177,792</u>	<u>200,018</u>	<u>0</u>	<u>50,160</u>
Total Expenditures and Other Uses	<u>1,281,901</u>	<u>1,194,996</u>	<u>1,410,092</u>	<u>1,253,972</u>	<u>1,362,879</u>
Excess of Revenues Over (Under) Expenditu:	<u>(19,984)</u>	<u>71,761</u>	<u>(6,637)</u>	<u>216,585</u>	<u>78,416</u>
Fund Balance Beginning of the Year	602,705	581,784	656,640	650,241	865,707
Prior Period Adjustment	(937)	3,095	238	(1,119)	1,114
Adjusted Fund Equity-Beginning of the Year	<u>601,768</u>	<u>584,879</u>	<u>656,878</u>	<u>649,122</u>	<u>866,821</u>
Fund Balance - End of the Year	\$ <u>581,784</u>	\$ <u>656,640</u>	\$ <u>650,241</u>	\$ <u>865,707</u>	\$ <u>945,237</u>

Sources: Annual Financial Report Update Documents of the Village (2013-2017)

Statement of Revenues, Expenditures and Changes In Fund Balances

**Water Fund
(Unaudited)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES:					
Real Property Taxes	\$ 33,676	\$ 33,602	\$ 143,714	\$ 140,911	\$ 138,095
Departmental Income	365,794	363,687	358,971	388,844	408,670
Use of Money & Property	103	118	70	101	118
Licenses and Permits					7,500
Sale of Property and Compensation for Loss	283				
Proceeds of Obligations					400,000
Total Revenues	<u>399,856</u>	<u>397,407</u>	<u>502,755</u>	<u>529,856</u>	<u>954,383</u>
EXPENDITURES:					
Home and Community Services	336,713	353,479	350,074	363,323	436,705
Debt Service	33,575	32,872	146,168	167,879	109,318
Operating Transfers	<u>15,086</u>	<u>18,700</u>	<u>35,515</u>	<u>56,622</u>	<u>25,000</u>
Total Expenditures	<u>385,374</u>	<u>405,051</u>	<u>531,757</u>	<u>587,824</u>	<u>571,023</u>
Excess of Revenues Over (Under) Expenditures	14,482	(7,644)	(29,002)	(57,968)	383,360
Fund Balance Beginning of the Year	177,012	191,494	185,189	171,522	113,554
Prior Period Adjustment		1,339	15,335		
Adjusted Fund Equity-Beginning of the Year	<u>177,012</u>	<u>192,833</u>	<u>200,524</u>	<u>171,522</u>	<u>113,554</u>
Fund Balance - End of the Year	<u>\$ 191,494</u>	<u>\$ 185,189</u>	<u>\$ 171,522</u>	<u>\$ 113,554</u>	<u>\$ 496,914</u>

Sources: Annual Financial Report Update Documents of the Village (2013-2017)

These numbers are NOT Audited.

Statement of Revenues, Expenditures and Changes In Fund Balances

Sewer Fund

(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES:					
Real Property Taxes	\$ 51,596	\$ 27,671	\$	\$	\$
Departmental income	544,835	558,718	582,615	581,196	606,828
Use of Money & Property	153	148	143	163	145
Licenses and Permits					27,300
Sale of Property and Compensation for Loss					4,250
Total Revenues	<u>596,584</u>	<u>586,537</u>	<u>582,758</u>	<u>581,359</u>	<u>638,523</u>
EXPENDITURES:					
Home and Community Services	546,856	548,859	552,341	587,787	587,648
Debt Service	51,600	52,256			
Operating Transfers	<u>15,586</u>	<u>18,700</u>	<u>23,000</u>	<u>23,600</u>	<u>25,000</u>
Total Expenditures	<u>614,042</u>	<u>619,815</u>	<u>575,341</u>	<u>611,387</u>	<u>612,648</u>
Excess of Revenues Over (Under) Expenditures	(17,458)	(33,278)	7,417	(30,028)	25,875
Fund Balance Beginning of the Year	174,075	156,410	123,132	131,389	101,361
Prior Period Adjustment	(207)		840		
Adjusted Fund Equity-Beginning of the Year	<u>173,868</u>	<u>156,410</u>	<u>123,972</u>	<u>131,389</u>	<u>101,361</u>
Fund Balance - End of the Year	<u>\$ 156,410</u>	<u>\$ 123,132</u>	<u>\$ 131,389</u>	<u>\$ 101,361</u>	<u>\$ 127,236</u>

Sources: Annual Financial Report Update Documents of the Village (2013-2017)

These numbers are NOT Audited.

Balance Sheet
General, Water and Sewer Funds
Fiscal Year Ending December 31, 2016:
(Unaudited)

	<u>General</u>	<u>Water</u>	<u>Sewer</u>
ASSETS:			
Cash	\$ 808,216	\$ 17,991	\$ 182,484
Taxes Receivable	0		
Other Receivables	178,670	171,234	91,429
Prepaid Expenses	9,726		
Due from Other Funds			831
Total Assets	<u>996,612</u>	<u>189,225</u>	<u>274,744</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable and Accrued Liabilities	73,839	21,234	173,383
Due to Other Funds	55,948	54,437	
Deferred Revenues	1,118		
Due to Other Governments			
Total Liabilities	<u>130,905</u>	<u>75,671</u>	<u>173,383</u>
Fund Balances:			
Restricted		15331	
Nonspendable	9,726		
Assigned	121,022	98,223	101,361
Unassigned	<u>734,959</u>		
Total Fund Balances	<u>865,707</u>	<u>113,554</u>	<u>101,361</u>
Total Liabilities and Fund Balances	<u>\$ 996,612</u>	<u>\$ 189,225</u>	<u>\$ 274,744</u>

Source: 2016 Annual Financial Report Update Document
These numbers are NOT Audited.

Balance Sheet
General, Water and Sewer Funds
Fiscal Year Ending December 31, 2017:
(Unaudited)

	<u>General</u>	<u>Water</u>	<u>Sewer</u>
ASSETS:			
Cash	\$ 892,917	\$ 363,621	\$ 180,291
Taxes Receivable	14,148		112,977
Other Receivables	53,222	185,084	
Prepaid Expenses	1,864		
Due from Other Funds	46,093		
Total Assets	<u>1,008,244</u>	<u>548,705</u>	<u>293,268</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable and Accrued Liabilities	63,007	28,254	166,032
Due to Other Funds		23,537	
Deferred Revenues			
Due to Other Governments			
Total Liabilities	<u>63,007</u>	<u>51,791</u>	<u>166,032</u>
Fund Balances:			
Restricted			
Nonspendable	1,864		
Assigned	357,981	496,914	127,236
Unassigned	<u>585,392</u>		
Total Fund Balances	<u>945,237</u>	<u>496,914</u>	<u>127,236</u>
Total Liabilities and Fund Balances	<u>\$ 1,008,244</u>	<u>\$ 548,705</u>	<u>\$ 293,268</u>

Source: 2017 Annual Financial Report Update Document
These numbers are NOT Audited.

Budget Summaries
General Fund

	Fiscal Year Ending December 31, 2017		
	<u>General</u>	<u>Water</u>	<u>Sewer</u>
Revenues:			
Real Property Taxes	\$ 565,025	\$ 138,097	\$
Real Property Tax Items	6,000	6,000	
Non Property Tax Items	531,900		
Departmental Income	27,200	376,140	622,100
Use of Money and Property	33,700	100	100
Licenses and Permits			
Fines & Forfeitures			
State Aid	37,000		
Federal Aid			
Interfund Revenues	50,000		
Appropriations of Fund Balance	121,022		
Miscellaneous	8,000		
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ <u>1,379,847</u>	\$ <u>520,337</u>	\$ <u>622,200</u>
Expenditures:			
General Government Support	\$ 527,250	\$	\$
Public Safety	55,700		
Transportation	458,000		
Culture and Recreation	71,100		
Home and Community Services	62,850	382,240	622,200
Employee Benefits	44,800		
Interfund Transfer	0		
Debt Service	160,147	138,097	
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ <u>1,379,847</u>	\$ <u>520,337</u>	\$ <u>622,200</u>

Sources: 2017 Budget Adopted by the Village of South Blooming Grove

**Budget Summaries
General Fund**

	Fiscal Year Ending December 31, 2018		
	<u>General</u>	<u>Water</u>	<u>Sewer</u>
Revenues:			
Real Property Taxes	\$ 493,021	\$ 146,752	\$ 88,000
Real Property Tax Items	7,500	6,000	
Non Property Tax Items	550,400		
Departmental Income	27,900	375,300	624,100
Use of Money and Property	37,550	100	100
Licenses and Permits			
Fines & Forfeitures			
State Aid	49,000		
Federal Aid			
Interfund Revenues	50,000		
Appropriations of Fund Balance	357,981		320,600
Miscellaneous	8,000		
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ <u>1,581,352</u>	\$ <u>528,152</u>	\$ <u>1,032,800</u>
Expenditures:			
General Government Support	\$ 524,250	\$	\$
Public Safety	55,700		
Transportation	456,500		
Culture and Recreation	71,100		
Home and Community Services	40,100	381,400	944,800
Employee Benefits	48,150		
Interfund Transfer	223,673		
Debt Service	161,879	146,752	88,000
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ <u>1,581,352</u>	\$ <u>528,152</u>	\$ <u>1,032,800</u>

Sources: 2018 Budget Adopted by the Village of South Blooming Grove

VILLAGE OF SOUTH BLOOMING GROVE

APPENDIX B

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE
PREPARED AS OF THE DATE THEREOF AND HAVE NOT
BEEN REVIEWED AND/OR UPDATED IN CONNECTION
WITH THE PREPARATION AND DISSEMINATION OF
THIS OFFICIAL STATEMENT

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
VILLAGE of South Blooming Grove
County of Orange
For the Fiscal Year Ended 12/31/2017

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

VILLAGE OF South Blooming Grove

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2016 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2017:

- (A) GENERAL
- (FX) WATER
- (G) SEWER
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (TA) AGENCY
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2016 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption
- 7) Schedule of Other Post Employment Benefits (OPEB)

All numbers in this report will be rounded to the nearest dollar.

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	808,216	A200	892,917
TOTAL Cash	808,216		892,917
Taxes Receivable, Current		A250	14,148
TOTAL Taxes Receivable (net)	0		14,148
Accounts Receivable	178,670	A380	53,222
TOTAL Other Receivables (net)	178,670		53,222
Due From Other Funds		A391	46,093
TOTAL Due From Other Funds	0		46,093
Prepaid Expenses	9,726	A480	1,864
TOTAL Prepaid Expenses	9,726		1,864
TOTAL Assets and Deferred Outflows of Resources	996,612		1,008,244

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Accrued Liabilities	73,839	A601	63,007
TOTAL Accrued Liabilities	73,839		63,007
Due To Other Funds	55,948	A630	
TOTAL Due To Other Funds	55,948		0
TOTAL Liabilities	129,787		63,007
Deferred Inflows of Resources			
Deferred Inflow of Resources	1,118	A691	
TOTAL Deferred Inflows of Resources	1,118		0
TOTAL Deferred Inflows of Resources	1,118		0
Fund Balance			
Not in Spendable Form	9,726	A806	1,864
TOTAL Nonspendable Fund Balance	9,726		1,864
Assigned Appropriated Fund Balance	121,022	A914	357,981
TOTAL Assigned Fund Balance	121,022		357,981
Unassigned Fund Balance	734,959	A917	585,392
TOTAL Unassigned Fund Balance	734,959		585,392
TOTAL Fund Balance	865,707		945,237
TOTAL Liabilities, Deferred Inflows And Fund Balance	996,612		1,008,244

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	561,211	A1001	565,025
TOTAL Real Property Taxes	561,211		565,025
Interest & Penalties On Real Prop Taxes	9,071	A1090	7,610
TOTAL Real Property Tax Items	9,071		7,610
Non Prop Tax Dist By County	498,775	A1120	524,383
Utilities Gross Receipts Tax	25,739	A1130	22,177
Franchises	66,445	A1170	52,328
TOTAL Non Property Tax Items	590,959		598,888
Treasurer Fees		A1230	35,000
Clerk Fees	6,633	A1255	12,923
Safety Inspection Fees	51,164	A1560	52,211
Other Public Safety Departmental Income	250	A1589	200
Vital Statistics Fees	350	A1603	670
Zoning Fees	250	A2110	650
Planning Board Fees	5,050	A2115	
TOTAL Departmental Income	63,697		101,654
Interest And Earnings	1,027	A2401	1,415
Rental of Real Property	33,405	A2410	36,325
TOTAL Use of Money And Property	34,432		37,740
Permits, Other	3,395	A2590	10,700
TOTAL Licenses And Permits	3,395		10,700
Sales of Scrap & Excess Materials		A2650	1,700
TOTAL Sale of Property And Compensation For Loss	0		1,700
Refunds of Prior Year's Expenditures	1,704	A2701	274
Gifts And Donations	7,505	A2705	4,770
TOTAL Miscellaneous Local Sources	9,209		5,044
St Aid, Mortgage Tax	33,195	A3005	43,934
St Aid - Other (specify)	19,000	A3089	19,000
TOTAL State Aid	52,195		62,934
Fed Aid, Emergency Disaster Assistance	99,188	A4960	
TOTAL Federal Aid	99,188		0
TOTAL Revenues	1,423,357		1,391,295
Interfund Transfers	47,200	A5031	50,000
TOTAL Interfund Transfers	47,200		50,000
TOTAL Other Sources	47,200		50,000
TOTAL Detail Revenues And Other Sources	1,470,557		1,441,295

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Legislative Board, Pers Serv	29,098	A10101	29,918
TOTAL Legislative Board	29,098		29,918
Mayor, Pers Serv	20,000	A12101	25,000
Mayor, Contr Expend	335	A12104	1,190
TOTAL Mayor	20,335		26,190
Treasurer, Pers Serv	39,000	A13251	46,000
Treasurer, Contr Expend	24,700	A13254	24,985
TOTAL Treasurer	63,700		70,985
Assessment, Contr Expend	224	A13554	224
TOTAL Assessment	224		224
Clerk, pers Serv	67,358	A14101	76,218
Clerk, contr Expend	36,331	A14104	45,324
TOTAL Clerk	103,689		121,542
Law, Contr Expend	137,567	A14204	104,860
TOTAL Law	137,567		104,860
Engineer, Contr Expend	3,186	A14404	6,754
TOTAL Engineer	3,186		6,754
Elections, Pers Serv	895	A14501	895
Elections, Contr Expend	730	A14504	702
TOTAL Elections	1,625		1,597
Buildings, Pers Serv		A16201	
Buildings, Contr Expend	24,438	A16204	81,345
TOTAL Buildings	24,438		81,345
Unallocated Insurance, Contr Expend	47,120	A19104	47,378
TOTAL Unallocated Insurance	47,120		47,378
Municipal Assn Dues, Contr Expend	2,564	A19204	3,309
TOTAL Municipal Assn Dues	2,564		3,309
Taxes & Assess On Munic Prop, Contr Expend	5,683	A19504	714
TOTAL Taxes & Assess On Munic Prop	5,683		714
TOTAL General Government Support	439,229		494,816
Traffic Control, Contr Expen	3,966	A33104	8,278
TOTAL Traffic Control	3,966		8,278
Safety Inspection, Contr Expend	43,115	A36204	44,738
TOTAL Safety Inspection	43,115		44,738
TOTAL Public Safety	47,081		53,016
Maint of Streets, Contr Expend	412,661	A51104	415,426
TOTAL Maint of Streets	412,661		415,426
Snow Removal, Contr Expend	30,491	A51424	53,541
TOTAL Snow Removal	30,491		53,541
Street Lighting, Contr Expend	2,986	A51824	2,902
TOTAL Street Lighting	2,986		2,902
TOTAL Transportation	446,138		471,869
Parks, Contr Expend	55,787	A71104	35,321
TOTAL Parks	55,787		35,321

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Celebrations, Contr Expend	14,603	A75504	15,493
TOTAL Celebrations	14,603		15,493
TOTAL Culture And Recreation	70,390		50,814
Zoning, Pers Serv	4,877	A80101	6,359
Zoning, Contr Expend	2,153	A80104	195
TOTAL Zoning	7,030		6,554
Planning, Pers Serv	5,477	A80201	6,959
Planning, Contr Expend	9,057	A80204	9,289
TOTAL Planning	14,534		16,248
Environmental Control, Contr Expend	21,307	A80904	11,924
TOTAL Environmental Control	21,307		11,924
Emergency Disaster Work, Contr Expend	2,790	A87604	2,790
TOTAL Emergency Disaster Work	2,790		2,790
TOTAL Home And Community Services	45,661		37,516
State Retirement System	12,238	A90108	14,618
Social Security, Employer Cont	12,321	A90308	14,168
Worker's Compensation, Empl Bnfts	1,540	A90408	775
Disability Insurance, Empl Bnfts	575	A90558	565
Hospital & Medical (dental) Ins, Empl Bnft	10,877	A90608	13,337
TOTAL Employee Benefits	37,551		43,463
Debt Principal, Serial Bonds	42,410	A97106	114,530
Debt Principal, Bond Anticipation Notes	70,000	A97306	
TOTAL Debt Principal	112,410		114,530
Debt Interest, Serial Bonds	38,071	A97107	46,695
Debt Interest, Bond Anticipation Notes	17,490	A97307	
TOTAL Debt Interest	55,561		46,695
TOTAL Expenditures	1,254,021		1,312,719
Transfers, Capital Projects Fund		A99509	50,160
TOTAL Operating Transfers	0		50,160
TOTAL Other Uses	0		50,160
TOTAL Detail Expenditures And Other Uses	1,254,021		1,362,879

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	650,241	A8021	865,707
Prior Period Adj -Increase In Fund Balance		A8012	1,114
Prior Period Adj -Decrease In Fund Balance	1,070	A8015	
Restated Fund Balance - Beg of Year	649,171	A8022	866,821
ADD - REVENUES AND OTHER SOURCES	1,470,557		1,441,295
DEDUCT - EXPENDITURES AND OTHER USES	1,254,021		1,362,879
Fund Balance - End of Year	865,707	A8029	945,237

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	565,025	A1049N	493,021
Est Rev - Real Property Tax Items	6,000	A1099N	7,500
Est Rev - Non Property Tax Items	531,900	A1199N	550,400
Est Rev - Departmental Income	27,200	A1299N	27,900
Est Rev - Use of Money And Property	33,700	A2499N	37,550
Est Rev - Miscellaneous Local Sources	8,000	A2799N	8,000
Est Rev - Interfund Revenues	50,000	A2801N	50,000
Est Rev - State Aid	37,000	A3099N	49,000
TOTAL Estimated Revenues	1,258,825		1,223,371
Appropriated Fund Balance	121,022	A599N	357,981
TOTAL Estimated Other Sources	121,022		357,981
TOTAL Estimated Revenues And Other Sources	1,379,847		1,581,352

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	527,250	A1999N	524,250
App - Public Safety	55,700	A3999N	55,700
App - Transportation	458,000	A5999N	456,500
App - Culture And Recreation	71,100	A7999N	71,100
App - Home And Community Services	62,850	A8999N	40,100
App - Employee Benefits	44,800	A9199N	48,150
App - Debt Service	160,147	A9899N	161,879
TOTAL Appropriations	1,379,847		1,357,679
App - Interfund Transfer	0	A9999N	223,673
TOTAL Other Uses	0		223,673
TOTAL Appropriations And Other Uses	1,379,847		1,581,352

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	17,991	FX200	363,621
TOTAL Cash	17,991		363,621
Water Rents Receivable	90,773	FX350	93,944
Accounts Receivable	80,461	FX380	91,140
TOTAL Other Receivables (net)	171,234		185,084
TOTAL Assets and Deferred Outflows of Resources	189,225		548,705

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	21,234	FX600	28,254
TOTAL Accounts Payable	21,234		28,254
Due To Other Funds	54,437	FX630	23,537
TOTAL Due To Other Funds	54,437		23,537
TOTAL Liabilities	75,671		51,791
Fund Balance			
Reserve For Debt	15,331	FX884	
TOTAL Restricted Fund Balance	15,331		0
Assigned Appropriated Fund Balance		FX914	17,600
Assigned Unappropriated Fund Balance	98,223	FX915	479,314
TOTAL Assigned Fund Balance	98,223		496,914
TOTAL Fund Balance	113,554		496,914
TOTAL Liabilities, Deferred Inflows And Fund Balance	189,225		548,705

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	140,911	FX1001	138,095
TOTAL Real Property Taxes	140,911		138,095
Other General Departmental Income	135	FX1289	225
Metered Water Sales	273,837	FX2140	278,147
Water Service Charges	105,108	FX2144	118,068
Interest & Penalties On Water Rents	9,764	FX2148	12,230
TOTAL Departmental Income	388,844		408,670
Interest And Earnings	101	FX2401	118
TOTAL Use of Money And Property	101		118
Permits, Other		FX2590	7,500
TOTAL Licenses And Permits	0		7,500
TOTAL Revenues	529,856		554,383
Bond Anticipation Notes		FX5730	400,000
TOTAL Proceeds of Obligations	0		400,000
TOTAL Other Sources	0		400,000
TOTAL Detail Revenues And Other Sources	529,856		954,383

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Water Trans & Distrib, Equip & Cap Outlay	297,939	FX83402	127,440
TOTAL Water Trans & Distrib	297,939		127,440
Other Water, Equip & Cap Outlay	65,384	FX83892	309,265
TOTAL Other Water	65,384		309,265
TOTAL Home And Community Services	363,323		436,705
Debt Principal, Serial Bonds	57,590	FX97106	60,470
Debt Principal, Bond Anticipation Notes	57,000	FX97306	
TOTAL Debt Principal	114,590		60,470
Debt Interest, Serial Bonds	51,698	FX97107	48,848
Debt Interest, Bond Anticipation Notes	1,591	FX97307	
TOTAL Debt Interest	53,289		48,848
TOTAL Expenditures	531,202		546,023
Transfers, Other Funds	23,600	FX99019	25,000
Transfers, Capital Projects Fund	33,022	FX99509	
TOTAL Operating Transfers	56,622		25,000
TOTAL Other Uses	56,622		25,000
TOTAL Detail Expenditures And Other Uses	587,824		571,023

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	171,522	FX8021	113,554
Restated Fund Balance - Beg of Year	171,522	FX8022	113,554
ADD - REVENUES AND OTHER SOURCES	529,856		954,383
DEDUCT - EXPENDITURES AND OTHER USES	587,824		571,023
Fund Balance - End of Year	113,554	FX8029	496,914

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	138,097	FX1049N	146,752
Est Rev - Real Property Tax Items	6,000	FX1099N	6,000
Est Rev - Departmental Income	376,140	FX1299N	375,300
Est Rev - Use of Money And Property	100	FX2499N	100
TOTAL Estimated Revenues	520,337		528,152
TOTAL Estimated Revenues And Other Sources	520,337		528,152

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(FX) WATER

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - Home And Community Services	382,240	FX8999N	381,400
App - Debt Service	138,097	FX9899N	146,752
TOTAL Appropriations	520,337		528,152
TOTAL Appropriations And Other Uses	520,337		528,152

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	182,484	G200	180,291
TOTAL Cash	182,484		180,291
Accounts Receivable	91,429	G380	112,977
TOTAL Other Receivables (net)	91,429		112,977
Due From Other Funds	831	G391	
TOTAL Due From Other Funds	831		0
TOTAL Assets and Deferred Outflows of Resources	274,744		293,268

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	173,383	G600	166,032
TOTAL Accounts Payable	173,383		166,032
TOTAL Liabilities	173,383		166,032
Fund Balance			
Assigned Unappropriated Fund Balance	101,361	G915	127,236
TOTAL Assigned Fund Balance	101,361		127,236
TOTAL Fund Balance	101,361		127,236
TOTAL Liabilities, Deferred Inflows And Fund Balance	274,744		293,268

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Sewer Rents	568,321	G2120	590,618
Interest & Penalties On Sewer Accts	12,875	G2128	16,210
TOTAL Departmental Income	581,196		606,828
Interest And Earnings	163	G2401	145
TOTAL Use of Money And Property	163		145
Permits, Other		G2590	27,300
TOTAL Licenses And Permits	0		27,300
Insurance Recoveries		G2680	4,250
TOTAL Sale of Property And Compensation For Loss	0		4,250
TOTAL Revenues	581,359		638,523
TOTAL Detail Revenues And Other Sources	581,359		638,523

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Administration-Equip&cap Outlay		G17102	
TOTAL Administration-Equip&cap Outlay	0		0
TOTAL General Government Support	0		0
Sewer Administration, Contr Expend	2,256	G81104	1,885
TOTAL Sewer Administration	2,256		1,885
Sanitary Sewers, Equip & Cap Outlay		G81202	6,570
TOTAL Sanitary Sewers	0		6,570
Sewage Treat Disp, Contr Expend	585,531	G81304	579,193
TOTAL Sewage Treat Disp	585,531		579,193
Storm Sewers, Contr Expend		G81404	
TOTAL Storm Sewers	0		0
TOTAL Home And Community Services	587,787		587,648
TOTAL Expenditures	587,787		587,648
Transfers, Other Funds	23,600	G99019	25,000
TOTAL Operating Transfers	23,600		25,000
TOTAL Other Uses	23,600		25,000
TOTAL Detail Expenditures And Other Uses	611,387		612,648

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	131,389	G8021	101,361
Restated Fund Balance - Beg of Year	131,389	G8022	101,361
ADD - REVENUES AND OTHER SOURCES	581,359		638,523
DEDUCT - EXPENDITURES AND OTHER USES	611,387		612,648
Fund Balance - End of Year	101,361	G8029	127,236

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Tax Items		G1099N	88,000
Est Rev - Departmental Income	622,100	G1299N	624,100
Est Rev - Use of Money And Property	100	G2499N	100
TOTAL Estimated Revenues	622,200		712,200
Appropriated Reserve		G511N	0
Estimated - Proceeds of Obligations		G5799N	320,600
TOTAL Estimated Other Sources	0		320,600
TOTAL Estimated Revenues And Other Sources	622,200		1,032,800

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(G) SEWER

Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - Home And Community Services	622,200	G8999N	944,800
App - Debt Service		G9899N	88,000
TOTAL Appropriations	622,200		1,032,800
TOTAL Appropriations And Other Uses	622,200		1,032,800

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	157,722	H200	76,222
TOTAL Cash	157,722		76,222
Accounts Receivable	33,600	H380	
TOTAL Other Receivables (net)	33,600		0
Due From Other Funds	109,716	H391	
TOTAL Due From Other Funds	109,716		0
TOTAL Assets and Deferred Outflows of Resources	301,038		76,222

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable		H600	18,455
TOTAL Accounts Payable	0		18,455
Due To Other Funds		H630	22,209
TOTAL Due To Other Funds	0		22,209
TOTAL Liabilities	0		40,664
Fund Balance			
Assigned Appropriated Fund Balance	39,650	H914	
Assigned Unappropriated Fund Balance	261,388	H915	35,558
TOTAL Assigned Fund Balance	301,038		35,558
TOTAL Fund Balance	301,038		35,558
TOTAL Liabilities, Deferred Inflows And Fund Balance	301,038		76,222

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Interest And Earnings	299	H2401	188
TOTAL Use of Money And Property	299		188
St Aid, Consolidated Highway Aid	33,600	H3501	65,757
TOTAL State Aid	33,600		65,757
TOTAL Revenues	33,899		65,945
Interfund Transfers	33,022	H5031	50,160
TOTAL Interfund Transfers	33,022		50,160
Bond Anticipation Notes		H5730	100,655
TOTAL Proceeds of Obligations	0		100,655
TOTAL Other Sources	33,022		150,815
TOTAL Detail Revenues And Other Sources	66,921		216,760

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Maint of Streets, Equip & Cap Outlay	103,099	H51102	285,670
TOTAL Maint of Streets	103,099		285,670
TOTAL Transportation	103,099		285,670
Water Capital Projects, Equip & Cap Outlay	27,603	H83972	196,572
TOTAL Water Capital Projects	27,603		196,572
TOTAL Home And Community Services	27,603		196,572
TOTAL Expenditures	130,702		482,242
TOTAL Detail Expenditures And Other Uses	130,702		482,242

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	364,820	H8021	301,040
Prior Period Adj -Decrease In Fund Balance	-1	H8015	
Restated Fund Balance - Beg of Year	364,821	H8022	301,040
ADD - REVENUES AND OTHER SOURCES	66,921		216,760
DEDUCT - EXPENDITURES AND OTHER USES	130,702		482,242
Fund Balance - End of Year	301,040	H8029	35,558

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Land	750	K101	750
Buildings	285,969	K102	285,969
Machinery And Equipment	282,220	K104	343,633
Infrastructure	5,039,422	K106	5,521,663
Accum Deprec, Buildings	-40,669	K112	-48,243
Accum Depr, Machinery & Equip	-233,433	K114	-269,793
Accum Deprec, Infrastructure	-425,382	K116	-519,178
TOTAL Fixed Assets (net)	4,908,877		5,314,801
TOTAL Assets and Deferred Outflows of Resources	4,908,877		5,314,801

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	4,908,877	K159	5,314,801
TOTAL Investments in Non-Current Government Assets	4,908,877		5,314,801
TOTAL Fund Balance	4,908,877		5,314,801
TOTAL	4,908,877		5,314,801

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	170,582	TA200	164,584
TOTAL Cash	170,582		164,584
Due From Other Funds		TA391	
TOTAL Due From Other Funds	0		0
TOTAL Assets and Deferred Outflows of Resources	170,582		164,584

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Due To Other Funds	161	TA630	347
TOTAL Due To Other Funds	161		347
Guaranty & Bid Deposits	170,421	TA30	164,237
TOTAL Agency Liabilities	170,421		164,237
TOTAL Liabilities	170,582		164,584
TOTAL Liabilities, Deferred Inflows And Fund Balance	170,582		164,584

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Total Non-Current Govt Liabilities	3,059,525	W129	3,325,655
TOTAL Provision To Be Made In Future Budgets	3,059,525		3,325,655
TOTAL Assets and Deferred Outflows of Resources	3,059,525		3,325,655

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EcpCode	2017
Bond Anticipation Notes Payable	590,000	W626	1,020,655
TOTAL Notes Payable	590,000		1,020,655
Net Pension Liability -Proportionate Share	59,525	W638	
TOTAL Other Liabilities	59,525		0
Bonds Payable	2,410,000	W628	2,305,000
TOTAL Bond And Long Term Liabilities	2,410,000		2,305,000
TOTAL Liabilities	3,059,525		3,325,655
TOTAL Liabilities	3,059,525		3,325,655

VILLAGE OF South Blooming Grove
Statement of Indebtedness
For the Fiscal Year Ending 2017

4/20/2018

County of: Orange

Municipal Code: 330407804695

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amf. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2015	BAN N	CAPITAL IMPROVEMENTS		Y	08/04/2015	08/03/2016	1.50%		\$660,000	\$590,000	\$70,000	\$0	\$0		\$520,000
2017	BAN N	WATER DISTRICT INFRASTRUCTURE			12/01/2017	12/01/2018	2.00%		\$100,655	\$0	\$0		\$0		\$100,655
2017	BAN N	SEWER DISTRICT INFRASTRUCTURE			12/01/2017	12/01/2018	2.00%		\$400,000	\$0	\$0		\$0		\$400,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$500,655	\$590,000	\$70,000	\$0	\$0	\$0	\$1,020,655
2013	BOND N	MULTI PURPOSE		Y	09/27/2013	09/27/2033	3.25%	Y	\$2,700,000	\$2,410,000	\$105,000	\$0	\$0		\$2,305,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$0	\$2,410,000	\$105,000	\$0	\$0	\$0	\$2,305,000
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year									\$500,655	\$3,000,000	\$175,000	\$0	\$0	\$0	\$3,325,655

VILLAGE OF South Blooming Grove
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2017

	EDP Code	Amount
CASH:		
On Hand	9Z2001	
Demand Deposits	9Z2011	\$1,677,635.00
Time Deposits	9Z2021	
Total		\$1,677,635.00
COLLATERAL:		
- FDIC Insurance	9Z2014	\$304,763.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$1,372,872.00
Total		\$1,677,635.00
INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
- Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

VILLAGE OF South Blooming Grove
Bank Reconciliation
For the Fiscal Year Ending 2017

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
*****-2835	\$785,413	\$127,181	\$19,677	\$892,917
*****-677	\$135,904	\$49,680	\$5,293	\$180,291
*****-5293	\$367,077	\$1,459	\$50,528	\$318,008
*****-0528	\$57,589	\$28	\$12,004	\$45,613
*****-3106	\$27,761	\$0	\$804	\$26,957
*****-8939	\$131,887	\$0	\$142	\$131,745
*****-8941	\$6,160	\$0	\$278	\$5,882
*****-4346	\$67,072	\$0	\$0	\$67,072
*****-6239	\$51,578	\$0	\$42,428	\$9,150
Total Adjusted Bank Balance				\$1,677,635
Petty Cash				\$.00
Adjustments				\$.00
Total Cash			9ZCASH *	\$1,677,635
Total Cash Balance All Funds			9ZCASHB *	\$1,677,635
* Must be equal				

VILLAGE OF South Blooming Grove
Local Government Questionnaire
For the Fiscal Year Ending 2017

	Response
1) Does your municipality have a written procurement policy?	Yes
2) Have the financial statements for your municipality been independently audited?	No
If not, are you planning on having an audit conducted?	No
3) Does your local government participate in an insurance pool with other local governments?	No
4) Does your local government participate in an investment pool with other local governments?	No
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	No
6) Does your municipality have a Capital Plan?	Yes
7) Has your municipality prepared and documented a risk assessment plan?	Yes
If yes, has your municipality used the results to design the system of internal controls?	Yes
8) Have you had a change in chief executive or chief fiscal officer during the last year?	Yes
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	Yes

VILLAGE OF South Blooming Grove
Employee and Retiree Benefits
For the Fiscal Year Ending 2017

Total Full Time Employees:		1			
Total Part Time Employees:		8			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$14,618.00	1	4	
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$14,168.00			
90408	Worker's Compensation Insurance	\$775.00	1	8	
90458	Life Insurance				
90508	Unemployment Insurance		1	3	
90558	Disability Insurance	\$565.00	1	8	
90608	Hospital and Medical (Dental) Insurance	\$13,337.00	1		
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$43,463.00			
Computed Total From Financial Section (comparative purposes only)		\$43,463.00			

VILLAGE OF South Blooming Grove
Energy Costs and Consumption
For the Fiscal Year Ending 2017

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$3,781		gallons	
Diesel Fuel			gallons	
Fuel Oil			gallons	
Natural Gas			cubic feet	
Electricity	\$123,554		kilowatt-hours	
Coal			tons	
Propane			gallons	

VILLAGE OF South Blooming Grove
Schedule of Other Post Employment Benefits (OPEB)
For the Fiscal Year Ending 2017

Annual OPEB Cost and Net OPEB Obligation

1. Type of Other Post Employment Benefits Plan
2. Annual Required Contribution(ARC)
3. Interest on Net OPEB Obligation
4. Adjustment to Annual Required Contribution
5. Annual OPEB Expense
6. Less: Actual Contribution Made
7. Increase in Net OPEB Obligation
8. Net OPEB Obligation - beginning of year
9. Net OPEB Obligation - end of year
10. Total Other Post Employment Benefits as reported in Accounts 683 in Financial Section, Current Fiscal Year
11. Percentage of Annual OPEB Cost Contributed (Actual Contribution Made/Annual OPEB Cost)

Funded Status and Funding Process

12. Actuarial Accrued Liability(AAL)
13. Less: Actuarial Value of Plan Assets
14. Unfunded Actuarial Accrued Liability(UAAL)
15. Funded Ratio(Actuarial Value of Plan Assets/AAL)
16. Annual Covered Payroll (of active employees covered by the plan)
17. UAAL as Percentage of Annual Covered Payroll

Other OPEB Information

18. Date of most recent actuarial valuation
19. Actuarial method used
20. Assumed rate of return on investments discount rate .00%
21. Amortization period of UAAL(in years)

CERTIFICATION OF CHIEF FISCAL OFFICER

I, HOLLY BROWN, hereby certify that I am the Chief Fiscal Officer of the VILLAGE of SOUTH BLOOMING GROVE, and that the information provided in the annual financial report of the VILLAGE of SOUTH BLOOMING GROVE, for the fiscal year ended 12/31/2017, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the VILLAGE of SOUTH BLOOMING GROVE, and adopted by me as my signature for use in conjunction with the filing of the VILLAGE of SOUTH BLOOMING GROVE's annual financial report, I am evidencing my express intent to authenticate my certification of the VILLAGE of SOUTH BLOOMING GROVE's annual financial report for the fiscal year ended 12/31/2017 and filed by means of electronic data transmission.

MARVIN NYMAN
Name of Report Preparer if different
than Chief Fiscal Officer

(914) 980-6521
Telephone Number

04/20/2018
Date of Certification

HOLLY BROWN
Name

CONSULTANT
Title

BOX 295, BLOOMING GROVE, NY
Official Address

(845) 782-2600
Official Telephone Number

VILLAGE OF South Blooming Grove
Financial Comments
For the Fiscal Year Ending 2017

(A) GENERAL

Adjustment Reason

Account Code A8012 OPENING BALANCE ADJUSTMENT

Account Code A8015 OPENING BALANCE ADJUSTMENT

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Total Non-Current Govt Liabilities	3,059,525	W129	3,325,655
TOTAL Provision To Be Made In Future Budgets	3,059,525		3,325,655
TOTAL Assets and Deferred Outflows of Resources	3,059,525		3,325,655

VILLAGE OF South Blooming Grove
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Bond Anticipation Notes Payable	590,000	W626	1,020,655
TOTAL Notes Payable	590,000		1,020,655
Net Pension Liability -Proportionate Share	59,525	W638	
TOTAL Other Liabilities	59,525		0
Bonds Payable	2,410,000	W628	2,305,000
TOTAL Bond And Long Term Liabilities	2,410,000		2,305,000
TOTAL Liabilities	3,059,525		3,325,655
TOTAL Liabilities	3,059,525		3,325,655

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of South Blooming Grove have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units except for the valuation of fixed assets as explained in Footnote #1, (F). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The Village of South Blooming Grove, which was established in 2006, is governed by its Charter, the Village Local law and other general laws of the State of New York and various local laws. The Village Board is the legislative body responsible for overall operations, the mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The following basic services are provided: Highway Maintenance, Refuse Collection and Recycling, Planning Board, Zoning Board, and Building Department. The Village Board also is responsible for the management of Sewer and Water Districts whose boundaries lie wholly within the Village

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

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. The following fund types and account groups are used:

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

1. Fund Categories

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

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

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the enterprise, special assessment or internal service funds.

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

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

- c. **PROPRIETARY FUNDS** - used to account for activities for which a fee is charged to external users for services (Water and Sewer Funds).

2. Account Groups

Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not "funds". They are concerned with measurement of financial position and not results of operations.

The General Fixed Assets Account Group - used to account for land, buildings, improvements other than buildings, and equipment utilized for general governmental purposes, except those accounted for in proprietary funds.

The General Long-Term Debt Account Group - used to account for all long-term debt except that accounted for in proprietary funds

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

Modified Accrual Basis - All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current pay period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state aid and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from state grants are accrued when the expenditure is made.

Expenditures are recorded when the fund liability is incurred except that:

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

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

- b. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when paid.

Account Groups - General fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received.

D. PROPERTY TAXES

Real property taxes are levied annually in January. The Village assumes enforcement responsibility for a 10 month period for all taxes levied in the Village.

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

On November 1st unpaid Village taxes are then turned over to the county for enforcement. Any such taxes remaining unpaid at year end are paid by the county.

E. BUDGETARY DATA

1. **Budget Policies** - The budget policies are as follows:
 - a. During October the budget officer submits a tentative budget to the Village Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
 - b. After public hearings are conducted to obtain taxpayer comments, during November, the governing board adopts the budget.
 - c. All modifications of the budget must be approved by the governing board.
2. **Budget Basis of Accounting**
The Budget is adopted annually on a basis consistent with generally accepted accounting principles.

F. PROPERTY, PLANT AND EQUIPMENT - GENERAL

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized as costs in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The Village is not in compliance with GASB 34 as it has not valued and capitalized infrastructure assets acquired at inception during 2006 from the Town of Blooming Grove. As of the date of incorporation of the Village, the Town had not complied with GASB 34 relative to its fixed assets, and therefore as to the assets inherited by the Village at its incorporation. Assets acquired since village incorporation are depreciated on a straight line basis over the estimated life of the assets.

G. INSURANCE

The Village assumes the liability for most risk, including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

probable that an asset has been impaired or a liability has incurred and the amount of loss can be reasonably estimated.

H. TOTAL COLUMNS ON THE GENERAL PURPOSE FINANCIAL STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

II. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. ASSETS

1. Cash

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

Collateral is required for demand deposits and certificates of deposit at 102 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 102 percent of the cost of the repurchase agreement.

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

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

Deposits: All deposits including certificates of deposit are carried at cost plus accrued interest.

Fund	Bank Balance	Carrying Amount	
General	\$250,000	\$250,000	Insured FDIC
General	\$ 535,413	\$ 642,917	Third Party Collateral
Sewer	\$ 135,904	\$ 180,291	Third Party Collateral
Water	\$ 367,077	\$ 318,008	Insured FDIC
Water	\$ 57,589	\$ 45,613	Third Party Collateral
Capital Project	\$ 67,072	\$ 67,072	Third Party Collateral
Capital Project	\$ 51,578	\$ 9,150	Insured FDIC
Trust&Agency	\$ 165,808	\$161,584	Third Party Collateral

2. Changes in Net General Fixed Assets

A summary of changes in the Net General Fixed Assets follows:

Type	Net Asset Value 12/31/16	Additions	Depreciation	Net Asset Value 12/31/17
Infrastructure	\$ 4,614,040	\$482,241	\$ 93,796	\$5,002,485
Land	750	0	0	750
Buildings & Improvement	245,300	0	7,574	237,726
Machinery & Equipment	48,787	61,413	36,360	73,840
	<u>\$ 4,908,877</u>	<u>\$ 543,654</u>	<u>\$ 137,730</u>	<u>\$ 5,314,801</u>

VILLAGE OF SOUTH BLOOMING GROVE

Notes To The Financial Statements

Year Ended December 31, 2017

B. LIABILITIES

1. Short-Term And Long-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the W funds. Principal payments on BANs must be made annually.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Serial Bonds (and Capital Notes) – The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the General Long-Term Debt Account Group or in the enterprise fund in the case of Capital Acquisition debt. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Enterprise fund debt is liquidated with enterprise income.

During 2017 the Village issued two BAN's as follows: in the amount of \$100,655 to pay for Sewer District infrastructure costs; in the amount of \$400,000 to pay for Water District infrastructure costs. Current year expenditures, if any expended, have been recorded in the Capital Projects Fund as infrastructure improvements.

During 2015 the Village issued a BAN in the amount of \$660,000 to pay for highway infrastructure costs and culvert/drainage improvements relative to Houston Road. Current year expenditures have been recorded in the Capital Projects Fund as infrastructure improvements.

During 2013 existing Road Improvement and Water District BANS were consolidated into Public Improvement Serial bonds totaling \$2,700,000. Such bonds are for a period of 20 years, mature during 2033 and pay varying rates of interest between 3.00% & 4.25%.

APPENDIX C

FORM OF BOND COUNSEL OPINION

August 1, 2018

The Board of Trustees of the
Village of South Blooming Grove, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of South Blooming Grove, in the County of Orange, a municipal corporation of the State of New York (the "Village"), and have examined a record of proceedings relating to the authorization, sale and issuance of the \$837,000 Bond Anticipation Note -2018 (the "Note"), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the

interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the Village will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Village represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Village's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the Village with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated above in paragraphs 2 and 3. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Issuer, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Village of South Blooming Grove, in the County of Orange, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution(s) referred to in the Certificate of Determination, executed by the Village Treasurer as of August 1, 2018.

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

“Securities” shall mean the Issuer’s \$837,000 Bond Anticipation Note-2018, dated August 1, 2018, maturing on August 1, 2019, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through **Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776** to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. unscheduled draws on debt service reserves reflecting financial difficulties;

- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers, or their failure to perform;
- vi. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- vii. modifications to rights of Securities holders, if material;
- viii. Bond calls, if material, and tender offers;
- ix. defeasances;
- x. release, substitution, or sale of property securing repayment of the Securities, if material;
- xi. rating changes;
- xii. bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- xiii. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this

Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 1, 2018.

VILLAGE OF SOUTH BLOOMING GROVE

By _____
Village Treasurer and Chief Fiscal Officer