MAY 12, 2020

ADDENDUM TO THE PRELIMINARY OFFICIAL STATEMENT
DATED MAY 5, 2020 RELATING TO:

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

$1,490,000 PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES A
(the "Series A Bonds")

AND

$2,015,000 PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2020 SERIES B
(the "Series B Bonds" together with the Series A Bonds, the "Bonds")

The principal and interest payment dates have changed for the $1,490,000 Public Improvement (Serial) Bonds – 2020 Series A.

The following changes have been made to the Preliminary Official Statement:

Cover Page:

Prior Redemption: The Series A Bonds maturing on July 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Village, on any date on or after July 15, 2026, in accordance with terms described herein. (See "*Optional Redemption*" under "*THE BONDS*", herein).

Inside Cover Page:

Dated: June 3, 2020

Principal Due: **July 15, 2021-2035 inclusive**
Interest Due: **Semi-annually January 15 and July 15 in each year to maturity, commencing January 15, 2021**

Year	Amount	Rate	Yield or Price	CUSIP #
July 15, 2021	$ 90,000			
July 15, 2022	100,000			
July 15, 2023	100,000			
July 15, 2024	100,000			
July 15, 2025	100,000			
July 15, 2026	100,000			
July 15, 2027	100,000**			
July 15, 2028	100,000**			
July 15, 2029	100,000**			
July 15, 2030	100,000**			
July 15, 2031	100,000**			
July 15, 2032	100,000**			
July 15, 2033	100,000**			
July 15, 2034	100,000**			
July 15, 2035	100,000**			

*Preliminary, subject to change.
**Subject to prior redemption.

THE SERIES A BONDS

Description of the Series A Bonds

The Series A Bonds will be dated June 3, 2020 and will mature on July 15, in each of the years 2021 to 2035, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Series A Bonds will be payable semi-annually January 15 and July 15 in each year to maturity, commencing January 15, 2021.

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

Optional Redemption of the Series A Bonds

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

PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2020

NEW ISSUE **RATING – MOODY'S INVESTOR SERVICE: " "**
SERIAL BONDS - BOOK-ENTRY **See "Bond Rating", herein**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax. In the further opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

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

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

$1,490,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES A
(the "Series A Bonds")

$2,015,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2020 SERIES B
(the "Series B Bonds" together with the Series A Bonds, the "Bonds")

BOND MATURITY SCHEDULE
(See Inside Front Cover)

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

Prior Redemption: The Series A Bonds maturing on July 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Village, on any date on or after July 15, 2026, in accordance with terms described herein. (See "*Optional Redemption*" under "*THE BONDS*", herein). The Series B Bonds are not subject to redemption prior to maturity.

Form and Denomination: At the option of the purchaser, the Bonds may be either (i) registered in the name of the purchaser or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds.

If the Bonds are registered in the name of the purchaser, a single bond certificate shall be issued for each maturity and principal of and interest on such Bonds will be payable in Federal Funds by the Village, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

Payment: The Bonds issued in book-entry form will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds will be paid in Federal Funds by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Village will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See "*BOOK-ENTRY SYSTEM*", herein).

The Bonds are offered when, as and if issued and received by the Purchaser(s) Underwriter and subject to the receipt of the legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about June 3, 2020.

THE VILLAGE DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR 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 BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

*Preliminary, subject to change.

VILLAGE OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK

$1,490,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES A

MATURITIES, RATES AND YIELDS

Dated: June 3, 2020

Principal Due: July 15, 2021-2035 inclusive
Interest Due: Semi-annually on January 15 and July 15 in each year to maturity, commencing January 15, 2021

Year	Amount	Rate	Yield or Price	CUSIP #
July 15, 2021	$ 90,000			
July 15, 2022	100,000			
July 15, 2023	100,000			
July 15, 2024	100,000			
July 15, 2025	100,000			
July 15, 2026	100,000			
July 15, 2027	100,000**			
July 15, 2028	100,000**			
July 15, 2029	100,000**			
July 15, 2030	100,000**			
July 15, 2031	100,000**			
July 15, 2032	100,000**			
July 15, 2033	100,000**			
July 15, 2034	100,000**			
July 15, 2035	100,000**			

*Preliminary, subject to change.
**Subject to prior redemption.

$2,015,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2020 SERIES B

MATURITIES, RATES AND YIELDS

Dated: June 3, 2020

Principal Due: November 1, 2020-2031 inclusive
Interest Due: November 1, 2020, and semi-annually thereafter on May 1 and November 1 in each year to maturity

Year	Amount	Rate	Yield or Price	CUSIP #
November 1, 2020	$ 405,000			
November 1, 2021	410,000			
November 1, 2022	410,000			
November 1, 2023	120,000			
November 1, 2024	120,000			
November 1, 2025	125,000			
November 1, 2026	125,000			
November 1, 2027	70,000			
November 1, 2028	70,000			
November 1, 2029	70,000			
November 1, 2030	45,000			
November 1, 2031	45,000			

*Preliminary, subject to change.

VILLAGE OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK

86 Main Street
East Hampton, New York 11937
Telephone: (631) 324-4150
Fax: (631) 324-4189

VILLAGE OFFICIALS

Richard Lawler, Mayor

Trustees

Barbara S. Borsack
Rosemary G. Brown
Arthur Graham

Rebecca A. Hansen, Village Administrator and Clerk-Treasurer

Attorney for the Village

Elizabeth Baldwin, Esq.

* * *

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

* * *

Prepared with the Assistance of

MUNICIPAL ADVISOR

Municipal Finance Advisory Service

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

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

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

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OFFICIAL STATEMENT

VILLAGE OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK

$1,490,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES A
AND
$2,015,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES B

[BOOK-ENTRY BONDS]

This Official Statement and the appendices hereto present certain information relating to the Village of East Hampton, in the County of Suffolk, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of $1,490,000* Public Improvement (Serial) Bonds – 2020 Series A (the "Series A Bonds") and $2,015,000* Public Improvement Refunding (Serial) Bonds – 2020 Series B (the "Series B Bonds"). The Series A Bonds and Series B Bonds are collectively referred to herein as the "Bonds".

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

THE SERIES A BONDS

Description of the Series A Bonds

The Series A Bonds will be dated June 3, 2020 and will mature on July 15, in each of the years 2021 to 2035, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Series A Bonds will be payable semi-annually on January 15 and July 15 in each year to maturity, commencing January 15, 2021.

At the option of the purchaser, the Series A Bonds may be either (i) registered in the name of the purchaser or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds.

If the Series A Bonds are registered in the name of the purchaser, a single bond certificate shall be issued for each maturity and principal of and interest on such Series A Bonds will be payable in Federal Funds by the Village, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

The Series A Bonds issued in book-entry form will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Series A Bonds. Beneficial owners will not receive certificates representing their interest in the Series A Bonds. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Series A Bonds. Principal of and interest on said Series A Bonds will be paid in Federal Funds by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Series A Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Village will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See "*BOOK-ENTRY SYSTEM*", herein).

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

The Village Treasurer will act as Fiscal Agent for the Series A Bonds. Paying agent fees, if any, will be paid by the purchaser. The Village's contact information is as follows: Rebecca A. Hansen, Village Administrator and Clerk Treasurer, Village of East Hampton, 86 Main Street, East Hampton, New York 11937, Phone (631) 324-4150, Fax (631) 324-4189 and email: rmolinaro@easthamptonvillage.org.

*Preliminary, subject to change.

Optional Redemption of the Series A Bonds

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

Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Authorization and Purpose of the Series A Bonds

The Series A Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and a bond resolution duly adopted by the Village Board of Trustees, authorizing the following purpose:

Date of Authorization	Purpose	Amount Authorized	Amount to be Issued
06/21/19	Construction of Fire Protection and Ambulance Facility	$1,500,000	$ 1,490,000

THE SERIES B BONDS

Description of the Series B Bonds

The Series B Bonds will be dated June 3, 2020 and will mature on November 1 in each of the years 2020 to 2031, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Series B Bonds will be payable on November 1, 2020, and semi-annually thereafter on May 1 and November 1 in each year to maturity.

At the option of the purchaser, the Series B Bonds may be either (i) registered in the name of the purchaser or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds.

If the Series B Bonds are registered in the name of the purchaser, a single bond certificate shall be issued for each maturity and principal of and interest on such Series B Bonds will be payable in Federal Funds by the Village, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

The Series B Bonds issued in book-entry form will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Series B Bonds. Beneficial owners will not receive certificates representing their interest in the Series B Bonds. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Series B Bonds. Principal of and interest on said Series B Bonds will be paid in Federal Funds by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Series B Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Village will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See "*BOOK-ENTRY SYSTEM*", herein).

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

The Village Treasurer will act as Fiscal Agent for the Series B Bonds. Paying agent fees, if any, will be paid by the purchaser. The Village's contact information is as follows: Rebecca A. Hansen, Village Administrator and Clerk Treasurer, Village of East Hampton, 86 Main Street, East Hampton, New York 11937, Phone (631) 324-4150, Fax (631) 324-4189 and email: rmolinaro@easthamptonvillage.org.

Optional Redemption of the Series B Bonds

The Series B Bonds will not be subject to redemption prior to maturity.

Authorization and Purpose for the Series B Bonds

The Series B Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, the Village Law and a refunding bond resolution duly adopted by the Board of Trustees on March 5, 2020 (the "Refunding Bond Resolution"), authorizing the refunding of all or a part of the Public Improvement (Serial) Bonds, 2008 and Public Improvement (Serial) Bonds, 2013. The amounts expected to be refunded are set forth below:

Summary of Refunded Bonds
(the "Refunded Bonds")

Public Improvements Serial Bonds, 2008 Maturity Date	Amount to Be Refunded	Interest Rate	Date of Redemption	Call Price	CUSIP Numbers
11/01/2020	$ 150,000	4.750%	07/06/2020	100.00%	272767FQ2
11/01/2021	150,000	4.750	07/06/2020	100.00	272767FR0
11/01/2022	150,000	4.750	07/06/2020	100.00	272767FS8
Total:	$450,000				

Public Improvements Serial Bonds, 2013 Maturity Date	Amount to Be Refunded	Interest Rate	Date of Redemption	Call Price	CUSIP Numbers
06/15/2021	$ 275,000	2.500%	07/06/2020	100.00%	272767GA6
06/15/2022	275,000	3.000	07/06/2020	100.00	272767GB4
06/15/2023	275,000	3.000	07/06/2020	100.00	272767GC2
06/15/2024	125,000	3.000	07/06/2020	100.00	272767GD0
06/15/2025	125,000	3.125	07/06/2020	100.00	272767GE8
06/15/2026	125,000	3.250	07/06/2020	100.00	272767GF5
06/15/2027	125,000	3.500	07/06/2020	100.00	272767GG3
06/15/2028	70,000	3.750	07/06/2020	100.00	272767GH1
06/15/2029	70,000	4.000	07/06/2020	100.00	272767GJ7
06/15/2030	70,000	4.000	07/06/2020	100.00	272767GK4
06/15/2031	45,000	4.000	07/06/2020	100.00	272767GL2
06/15/2032	45,000	4.125	07/06/2020	100.00	272767GM0
Total:	$1,625,000				

Refunding Financial Plan

Pursuant to the Village's Refunding Financial Plan, as referred to in the Refunding Bond Resolution, the Series B Bonds are being issued to effect the refunding of the Refunded Bonds maturing on their respective principal payment dates as set forth herein. The Refunding Financial Plan will permit the Village to realize, as a result of the issuance of the Series B Bonds, cumulative dollar and present-value debt service savings.

The net proceeds of the Series B Bonds (after payment of the underwriting fee and other costs of issuance relating to the Series B Bonds) may be used to purchase non–callable, direct obligations of or obligations guaranteed by the United States of America (the "Government Obligations") which, together with remaining cash proceeds from the sale of the Series B Bonds, will be placed in an irrevocable trust fund (the "Escrow Fund") to be held by U.S. Bank (the "Escrow Holder"), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Village and the Escrow Holder, dated as of the delivery date of the Series B Bonds (the "Escrow Contract"). Alternatively, the Village may fund the Escrow Fund with the cash proceeds of the Series B Bonds. The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, interest on and applicable redemption premiums, if any, of the Refunded Bonds on the dates of their redemption.

The holders of the Refunded Bonds will have a first lien on all cash on deposit in the Escrow Fund. Upon payment by the Escrow Holder to the fiscal agent for the Refunded Bonds of amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds to be paid from the Escrow Fund, including interest and redemption premium, if any, payable with respect thereto, and payment of all expenses incidental to the issuance of the Series B Bonds, such Escrow Contract shall terminate.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Village and will continue to be payable from *ad valorem* taxes on all taxable real property in the Village. However, inasmuch as the funds held in the Escrow Fund together with interest earnings thereon and cash held in the Escrow Fund shall be sufficient to meet all required payments of principal of, interest on the premium payable with respect to the Refunded Bonds, it is not anticipated that other sources of payment will be utilized.

Sources and Uses of Bond Proceeds

Sources:	
Par Amount of Bonds	$
Original Issue Premium	
Contributed Funds	
Total	$
Uses:	
Escrow Deposit	$
Underwriters' Discount	
Allowance for Costs of Issuance and Contingency	
Total	$

BOOK-ENTRY SYSTEM

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

DTC, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and deposited with DTC for all of the Bonds bearing the same rate of interest.

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

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

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

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

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

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

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

Security and Source of Payment

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

ENFORCEMENT OF REMEDIES UPON DEFAULT

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

General Municipal Law Contract Creditors' Provision. The Bonds when duly issued and paid for will constitute a contract between the Village and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds.

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

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any Village, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Village were to fail to make a required appropriation, however, the ability of affected owners of Village indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

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

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

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

No current State law purports to create any collateral or priority for owners of the Bonds should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds could be deemed unsecured obligations of the Village in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Village may be able, without the consent and over the objection of owners of the Bonds, to impair and alter the terms and provisions of the Bonds, including the payment terms, interest rate, maturity date, and payment sources, if the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of bonds to receive interest and principal from the Village and the enforceability of the Village's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Village (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.

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

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

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

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

The Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

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

THE VILLAGE OF EAST HAMPTON

The Village is located on the south fork of eastern Long Island approximately 100 miles east of Manhattan. The population is estimated to be at 1,034 as per the 2018 Census Bureau. The southern boundary of the Village is the Atlantic Ocean upon which the Village has frontage of approximately four miles, with five protected beaches. The area of the Village is approximately 8 square miles. The Village remains a secluded and quaint historic area despite the fact that its population triples during the summer season due to seasonal and second homes.

The Village is the location of artistic, cultural and historic points of interest including the John Drew Theater (professional summer theater); Guild Hall (permanent exhibits by famous artists, many of whom live in the area); Home Sweet Home (commemorated in a well-known song by John Howard Payne and now a museum); Mulford House Museum and Old Hook Mill (one of the most famous Village landmarks, built in 1806 and still operating).

Settled in 1648, the Village was incorporated in 1920. Police, fire and ambulance services are provided by the Village police department, with volunteer firefighters, ambulance personnel and two full-time paramedics.

The Village is one of the main shopping and commercial areas of eastern Long Island. Approximately two-thirds of the Village is zoned for two-acre minimum residential homes.

Governmental Organization

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

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

The Village Treasurer is appointed by the Board of Trustees and, as chief fiscal officer, is responsible for the overall financial operation of the Village.

Financial Organization and Budgetary Procedures

The Treasurer is also the chief fiscal officer of the Village. The duties of the Treasurer include, among other things, administration and general supervision of all Village accounting and bookkeeping functions and departmental operations.

The Treasurer also serves as the budget officer. The budget officer prepares a tentative budget and presents it to the Board of Trustees. Modifications to the tentative budget by the Board of Trustees result in the preliminary budget and a public hearing is held by the Board of Trustees thereon. Subsequent to the public hearing, revisions, if any, are made and the annual Village budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year. Village budgets are not subject to referendum.

Employees

The Village provides services through approximately 84 full-time and 121 part-time and seasonal employees. The Police Benevolent Association represents 22 employees, under a contract which expires July 31, 2024. The East Hampton Village Public Safety Dispatcher Association represents 16 employees under a contract which expires July 31, 2020.

DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Population

Year	Village	Suffolk County	New York State
1990	1,402	1,321,864	17,990,455
2000	1,334	1,390,791	18,976,457
2010	1,083	1,482,548	19,378,102
2018	1,034	1,493,350	19,618,453

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	1990	2000	2010	2018[a]
Village of East Hampton	$37,015	$51,316	$89,830	$113,203
County of Suffolk	18,481	26,577	35,755	43,905
State of New York	16,501	23,389	30,948	38,884

	Median Household Income			
	1990	2000	2010	2018[a]
Village of East Hampton	$46,771	$56,607	$84,234	$ 90,750
County of Suffolk	53,244	72,112	84,506	100,468
State of New York	32,965	43,393	55,603	67,844

Source: U.S. Bureau of the Census.
a. Based on American Community Survey 5-Year Estimates (2014-2018).

Selected Listing of Larger Employers – Town of East Hampton[a]

Name of Employer	Nature of Business	Number of Employees[b]
Town of East Hampton	Municipality	665
Public Schools (4 Districts)	Education	533
Gurney's Inn	Restaurant & Hotel	250
Dune Management	Hotel	230
Village of East Hampton	Municipality	165
Riverhead Building Supply	Construction Supplies	59
United States Post Office	Government	38
East Hampton STAR Newspaper	Media	35

Source: Town of East Hampton most recent Official Statement
a. Largest employers are not necessarily located within the Village.
b. Includes seasonal and part-time employees.

Unemployment Rate Statistics

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

Annual Averages:	Suffolk County (%)	New York State (%)
2015	4.8	5.3
2016	4.3	4.8
2017	4.5	4.7
2018	3.9	4.1
2019	3.7	4.0
2020 (3 Month Average)	4.1	4.1

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

and an action contesting such validity is commenced within twenty days after the date of such publication, or,

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

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

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

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

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

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

There is no constitutional limitation on the amount that may be raised by the Village by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the new Tax Levy Limit Law imposes a statutory limitation on the procedures necessary for the Village to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the new Tax Levy Limit Law, unless the Village Board overrides the limitation. 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 May 5, 2020)

Fiscal Year Ending July 31:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2016	$43,627,751	0.64	$6,816,836,094
2017	43,755,874	0.64	6,836,855,313
2018	44,073,692	0.59	7,470,117,288
2019	44,306,659	0.57	7,773,098,070
2020	44,880,369	0.58	7,737,994,655

Total Five Year Full Valuation	$36,634,901,420
Average Five Year Full Valuation	7,326,980,284
Debt Limit - 7% of Average Full Valuation	512,888,620
Inclusions:	
General Purpose Bonds	3,440,000
Bond Anticipation Notes	0
Total Inclusions	3,440,000
Exclusions:	
Appropriations	255,000
Total Exclusions	255,000
Total Net Indebtedness Before the Issuance of the Series A Bonds	3,185,000
The Bonds	1,490,000
BANs to be Redeemed by the Issuance of the Bonds	0
Net Effect of the Series A Bonds	1,490,000
Total Net Indebtedness After the Issuance of the Series A Bonds	4,675,000
Net Debt Contracting Margin	$508,213,620
Percent of Debt Contracting Margin Exhausted (%)	0.91

Details of Short-Term Indebtedness Outstanding
(As of May 5, 2020)

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

Authorized but Unissued Indebtedness

Date Authorized	Purpose	Amount
07/31/2012	Osborn House	$800,000
02/15/2013	Generator	65,000
02/15/2013	Fire Truck	500,000
04/06/2017	Acquisition of Real Property at 8 Osborne Lane	989,000
04/06/2017	Construction of a Roundabout	1,400,000
	Total	$3,754,000

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending July 31:	Principal	Interest	Total
2020	$865,000	$109,719	$974,719
2021	890,000	87,925	977,925
2022	745,000	65,875	810,875
2023	750,000	43,444	793,444
2024	125,000	27,975	152,975
2025	125,000	24,225	149,225
2026	125,000	20,319	145,319
2027	125,000	16,256	141,256
2028	70,000	11,881	81,881
2029	70,000	9,256	79,256
2030	70,000	6,456	76,456
2031	45,000	3,656	48,656
2032	45,000	1,856	46,856
Totals:	$4,050,000	$428,843	$4,478,843

a. Does not include payments made to date.

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, police, and fire protection facilities. In general, needs for capital funding for the above described projects 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

	Fiscal Year Ending July 31:				
	2015	2016	2017	2018	2019
Bonds	$7,485,000	$6,635,000	$5,740,000	$4,900,000	$4,050,000
BANs	-	-	-	-	-
Other	-	-	-	-	-
Total Debt Outstanding	$7,485,000	$6,635,000	$5,740,000	$4,900,000	$4,050,000

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	03/26/2020	1.46	$28,725,695	$19,610,550
Town of East Hampton	08/05/2019	19.76	23,455,085	19,905,670
East Hampton UFSD	11/15/2019	42.60	17,144,370	15,429,933
Totals			$69,325,150	$54,946,153

Debt Ratios
(As of May 5, 2020)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$ 3,440,000	$ 3,327	0.044
Net Direct Debt	3,185,000	3,080	0.041
Total Direct & Applicable Total Overlapping Debt	72,765,151	70,372	0.940
Net Direct & Applicable Net Overlapping Debt	58,131,153	56,220	0.751

a. The current estimated population of the Village is 1,034.
b. The full valuation of taxable real property in the Village for 2019-20 is $7,737,994,655.

FINANCES OF THE VILLAGE

Financial Statements

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an audit report is available is the fiscal year ended July 31, 2019, which is attached as Appendix B. As required by law, the Village also prepares and Annual Financial Report Update Document (unaudited) for submission to the State.

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

The Village presently maintains the following governmental funds: General Fund, Special Revenue Fund, Capital Projects Fund and Employee Benefit Leave Reserve Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The government-wide financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related case transaction takes place. Non-exchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The fund financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases and installment debt are reported as other financing sources.

Investment Policy

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

The Village's investments are governed by a formal investment policy. The Village's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies.

Collateral is required for demand deposit, money market accounts and certificates of deposit 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 New York State and its municipalities and school districts.

Fund Balance Policy

In recognition of sound fiscal policy, the Village has adopted a formal reserve policy to make all reasonable efforts to maintain an unreserved and unappropriated fund balance in its General Fund at the end of each fiscal year equal to no less than 10% of the total operating budget. Such unreserved/unappropriated fund balance will be exclusive of any reserve funds maintained by the Village. The Village believes that this threshold is a reasonable amount of unreserved/unappropriated fund balance to achieve at the end of each fiscal year as unanticipated circumstances during the course of a year, shortfalls in projected revenues, and adverse events can have negative effects on non-tax revenues or expenditures or both.

If an emergency or unanticipated need were to occur that necessitated the appropriation of fund balance that would result in reducing the unreserved/unappropriated fund balance below 10%, a resolution of the Village Board would be adopted to approve such appropriation. Subsequent to such appropriation, the Board of Trustees will commit to immediately begin the process of reducing expenditures or raising revenues in order to restore the unreserved/unappropriated fund balance in the General Fund to 10% of the total operating expenditures.

The unreserved/unappropriated fund balance in the General Fund above 10% may be appropriated for the purpose of reducing subsequent year's property tax levy, one-time capital expenditures and for emergencies cause by natural occurrences such as hurricanes and blizzards.

Financial Organization and Budgetary Procedures

The Village Treasurer functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Village Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Village Treasurer is also the Village's budget officer and prepares the annual tentative budget for submission to the Village Board. Budgetary control during the year is the responsibility of the Village Treasurer. Pursuant to Section 30 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.

The Village Charter establishes the fiscal year as the twelve-month period beginning August 1st. The departments submit to the Village Administrator a budget of estimated expenditures for the ensuing fiscal year after which the Village Administrator subsequently submits a budget of estimated expenditures and revenues to the Board of Trustees by May 31st.

Upon receipt of the budget estimates, the Board of Trustees holds a public hearing on the proposed budget. Information about the budget resolution is then published in the official newspaper of the Village.

At least 41 days prior to August 1st, the budget is legally enacted through the adoption of the resolution. The Village Administrator is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

Revenues

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

Real Property Taxes

See "*Tax Information*", herein. See also "*Tax Levy Limit Law*", herein.

State Aid

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

Based on the audited financial statements of the Village, the Village received approximately 8.45% of its General Fund revenue from State aid in the fiscal year ending May 31, 2019. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in certain years in order to balance its own budget.

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

Should the Village fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. Currently, due to the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impact of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE" herein.)

The following table sets forth the percentage of the Village's General Fund revenue comprised of State aid for each of the fiscal years 2015 through 2019 and as budgeted for 2020.

Fiscal Year Ending July 31:	Total Revenue	State Aid	State Aid to Revenues (%)
2015	$20,920,994	$855,407	4.09
2016	21,716,190	942,016	4.34
2017	22,008,657	1,014,462	4.61
2018	22,704,969	1,030,530	4.54
2019	24,048,428	2,031,909	8.45
2020 (Budgeted)	22,957,802	845,919	3.68

Sources: Audited financial statements (2015-2019) and Adopted Budget for fiscal year ending July 31, 2020.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

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 districts 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 ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). 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 OSC designates the Village as "No Designation" (Fiscal Score: 1.7%; Environmental Score: 10.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit was released on November 6, 2015. The purpose of the audit was to determine if computerized data and assets were properly safeguarded for the period August 1, 2013 through April 30, 2015. The complete report, along with the Village's response, may be found on the OSC's official website.

See the State Comptroller's official website for more information regarding the foregoing. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Expenditures

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

Employee Pension System

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS") or the New York State and Local Police and Fire Retirement System (PFRS). The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for Tier 6 employees. The Retirement Systems Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Generally, all members hired on or after July 27, 1976 through and including December 31, 2009 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement Systems, at which time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5 employees, which is effective for ERS employees hired after January 1, 2010 through March 31, 2012. Tier 5 contribute 3% of their salaries and there is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for 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.

As a result of significant capital market declines at certain times in the recent past, in certain years the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State's Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years.

Pursuant to Chapter 131 of the Laws of 2012 of the State of New York mandated the Village to amortize contributions under Section 385-d over a 5-year installment period.

Under these laws, participating employers must make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal year end of March 31st.

Payments to the Retirement Systems

Fiscal Year Ending July 31:	ERS/PFRS
2015	$1,934,443
2016	1,719,310
2017	1,546,275
2018	1,635,651
2019	1,613,895
2020 (Budgeted)	1,657,318

Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as it accounts for vested pension benefits. GASB Statement No. 75 ("GASB 75") described below requires such accounting.

GASB 75 of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended July 31, 2018, the Village adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The Village's net position at July 31, 2019 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending July 31, 2019:
Total OPEB liability as of June 30, 2018	$18,363,167
Changes for the year:	
Service Cost	241,097
Interest	706,662
Differences between actual and expected experience	645,309
Benefit payments	(688,523)
Total Changes	$904,545
Total OPEB liability as of July 31, 2019	$19,267,712

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

Actuarial Valuation are required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

TAX INFORMATION

Real Property Taxes

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

One June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Village, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Village. See "Tax Levy Limit Law," herein.

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 2015 through 2019, and, as budgeted, for the year ending 2020.

Fiscal Year Ending July 31:	Total Revenue	Property Taxes	Real Property Taxes to Revenues (%)
2015	$20,920,994	$12,323,236	58.90
2016	21,716,190	12,514,155	57.63
2017	22,008,657	12,668,017	57.56
2018	22,704,969	13,006,522	57.28
2019	24,048,428	13,401,973	55.73
2020 (Budgeted)	22,957,802	13,759,558	59.93

Sources: Audited financial statements (2015-2019) and Adopted Budget for fiscal year ending July 31, 2020.

Tax Collection Procedure

Real property tax payments are payable on August 1 each year, payable without penalty to August 31. A 5% penalty is added to taxes paid in September. Thereafter the penalty added to delinquent taxes is one-twelfth the rate of interest determined by the State Commissioner of Taxation and Finance. This rate is determined each year by July 15 based on the one-year constant maturity yield index for United States Treasury securities for the quarter year ending on the immediately preceding June 30. The rate is effective for a twelve-month period commencing November 1 each year and in no event, will be less than ten per centum per annum. Tax sales are conducted in May each year.

Tax Levy Limit Law

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted", the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

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

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

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

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

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 2019-2020 fiscal year is as follows:

Five-year Average Full Valuation	$7,111,430,373
Tax Limit - 2% thereof	142,228,607
Tax Levy for General Village Purposes	13,649,558
Less: Exclusions	974,719
Tax Levy Subject to Tax Limit	$12,674,839
Constitutional Tax Margin	$129,553,768

Tax Levies and Rates

	Fiscal Year Ending July 31:				
	2016	2017	2018	2019	2020
Tax Levy	$12,323,236	$12,592,446	$12,890,926	$13,287,326	$13,649,558
Taxes Rate per $1,000 of Assessed Valuation	$283.31	$288.63	$292.49	$299.89	$304.13

Selected Listing of Large Taxable Properties
2018-2019 Assessment Roll

Name	Type	Assessed Valuation
Lewis & Alice Sanders	Residential	$301,300
Maidstone Club, Inc.	Golf Course	269,550
252 Further Lane, LLC	Residential	262,750
Calvin Klein	Residential	255,480
Hamptons Residence LLC	Residential	227,500
Norma Lerner 2015 QRPT	Residential	225,050
Howard & Sheri Schultz Trusts	Residential	217,770
Pond Acquisition Corp.	Residential	214,325
62 FL LLC	Residential	202,825
37 Beach Terminal LLC	Residential	200,550
101 LPL LLC	Residential	196,125
Lee Avenue Lot 1 LLC	Residential	194,160
	Total [a]	$2,767,385

a. Represents 6.17% of the total taxable assessed valuation for 2019-2020.

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 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.

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.

RISK FACTORS

AND

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

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

The Village is dependent in part on financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State in order to make State aid payments to the Village. (See also "State Aid".)

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

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the "Commission", the Village has agreed to provide, at the time of delivery of the Bonds, an executed Annual and Continuing Disclosure Undertaking in substantially the form attached as Appendix C.

TAX MATTERS

Tax Exemption

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

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

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

In the opinion of Bond Counsel, under existing law interest on the Obligations is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

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

Tax Accounting Treatment of Discount and Premium on Certain Obligations

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

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

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

Qualified Tax-Exempt Obligations for Financial Institutions

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

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

LEGAL MATTERS

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

RATING

The Village has applied to Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, for a rating on the Bonds and such application is pending at this time. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE SERIES B BONDS

Causey Demgen & Moore Inc. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Series B Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements of the Refunded Bonds, and (2) the computations of the yield on both the Government Obligations and the Series B Bonds contained in the provided schedules to be used by Norton Rose Fulbright US LLP, as Bond Counsel to the Village for the Series B Bonds, in its determination that the interest on the Series B Bonds is excludable from gross income for Federal income tax purposes. Causey Demgen & Moore Inc. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Series B Bonds.

The accuracy of the mathematical computations regarding the adequacy of the cash as deposit in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds on the applicable payment date(s) will be verified by Causey Demgen & Moore, P.C. Such verification of the accuracy of the mathematical computation will be based, in part, upon factual information supplied by the Village and the Purchaser or the Municipal Advisor.

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 Bonds and has reviewed and commented on certain legal documents, including this Official Statement.

The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained from Rebecca A. Hansen, Village Administrator, of the Village of East Hampton, 86 Main Street, East Hampton, New York 11937, telephone number (631) 324-4150, email: rmolinaro@easthamptonvillage.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: http://www.munistat.com.

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

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

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

The preparation and distribution of this Official Statement has been authorized by the Treasurer pursuant to bond resolutions of the Village which delegate to the Supervisor the power to sell and issue the Bonds.

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

VILLAGE OF EAST HAMPTON, NEW YORK

By: s/s REBECCA A. HANSEN
Village Administrator and Clerk-Treasurer

May , 2020

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
General Fund
Fiscal Year Ended July 31:

	2018	2019
ASSETS		
Cash	$ 6,364,930	$ 7,093,262
Restricted Cash	1,441,278	1,392,170
Accounts Receivables	84,753	118,823
Due from Other Funds		405,569
Due from Other Governments	498,119	454,505
Prepaid Expenses	279,816	253,269
LOSAP Pension Assets	5,967,816	6,095,737
Total	$ 14,636,712	$ 15,813,335
LIABILITIES		
Accounts Payable	$ 272,751	$ 167,075
Collections in Advance		
Total Liabilities	272,751	167,075
Fund Equity:		
Fund Balance:		
Nonspendable	$ 279,248	$ 253,269
Restricted	7,409,094	7,487,907
Assigned	839,457	862,858
Unassigned	5,835,594	7,042,226
Total Fund Equity	14,363,393	15,646,260
Total Liabilities and Fund Equity	$ 14,636,144	$ 15,813,335

Source: Audited Financial Statements of the Village (2018-2019)

NOTE: This Schedule NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund

	2015	2016	2017	2018	2019
Revenues:					
Real Property Taxes & Tax Items	$ 12,323,236	$ 12,514,155	$ 12,668,017	$ 13,006,522	$ 13,401,974
Non-Property Taxes	266,512	270,731	367,441	305,527	282,491
Departmental Income	441,715	438,506	406,523	439,280	532,320
Intergovernmental Charges	2,894,765	2,858,051	2,917,542	2,948,747	2,913,246
Use of Money and Property	1,171,140	1,087,896	1,248,780	1,667,085	1,429,311
Licenses & Permits	2,086,286	2,422,823	2,464,615	2,402,667	2,457,114
Fines & Forfeitures	683,933	932,735	844,454	797,651	893,955
Sale of Property & Compensation for Loss	42,416	24,200	27,286	5,565	43,030
State and County Aid	855,407	942,016	1,014,462	1,030,530	2,031,909
Federal Aid	11,760				
Miscellaneous	143,824	225,077	49,537	101,395	63,078
Total Revenues	20,920,994	21,716,190	22,008,657	22,704,969	24,048,428
Expenditures:					
General Government Support	2,453,448	2,485,294	2,533,095	2,660,284	2,603,460
Public Safety	7,166,307	6,788,403	7,123,617	7,497,285	7,567,449
Health	308,908	379,514	425,451	384,673	371,224
Transportation	1,101,678	1,087,859	1,117,986	1,293,069	1,170,413
Culture and Recreation	954,837	1,063,348	884,421	893,347	949,221
Home and Community Services	788,512	812,224	891,547	858,810	830,052
Employee Benefits	5,498,647	5,496,557	5,553,927	5,835,828	6,030,808
Debt Service	1,043,360	1,052,513	1,073,181	994,056	981,144
Total Expenditures	19,315,697	19,165,712	19,603,225	20,417,352	20,503,771
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In					
Operating Transfers Out	(327,931)	(1,414,099)	(1,887,110)	(1,716,224)	(2,261,790)
Total Other Financing Sources (Uses)	(327,931)	(1,414,099)	(1,887,110)	(1,716,224)	(2,261,790)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	1,277,366	1,136,379	518,322	571,393	1,282,867
Fund Balance Beginning of Year	5,288,502	6,565,868	7,702,247	8,220,569	14,363,393
Prior Period Adjustments				5,571,431	
Fund Balance End of Year	$ 6,565,868	$ 7,702,247	$ 8,220,569	$ 14,363,393	$ 15,646,260

Sources: Audited Financial Statements of the Village (2015-2019)
NOTE: This Schedule NOT audited

Budget Summaries
General Fund
Fiscal Year Ending July 31:

	2019	2020
Revenues:		
Real Property Taxes	$ 13,287,326	$ 13,649,558
Real Property Tax Items	110,000	110,000
Non-Property Taxes	275,000	255,000
Departmental Income	3,184,636	371,900
Intergovernmental Charges		2,934,823
Use of Money and Property	1,301,423	1,302,502
Licenses & Permits	2,010,500	2,094,500
Fines & Forfeitures	655,000	720,000
Sale of Property & Insurances	8,600	8,600
State Aid	849,445	845,919
Appropriations of Fund Balance	600,000	600,000
Miscellaneous	64,000	65,000
Total Revenues	$ 22,345,930	$ 22,957,802
Expenditures:		
General Government Support	$ 2,887,568	$ 2,961,449
Public Safety	7,373,813	7,687,904
Health	428,800	390,300
Transportation	1,455,769	1,505,281
Culture and Recreation	1,105,910	1,155,223
Home and Community Services	938,616	990,196
Employee Benefits	6,129,310	6,582,730
Debt Service	981,144	974,719
Transfer to Other Funds	1,045,000	710,000
Total Expenditures	$ 22,345,930	$ 22,957,802

Sources: Adopted Budgets of the Village.

VILLAGE OF EAST HAMPTON

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JULY 31, 2019

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. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

THE HOOK MILL

VILLAGE OF EAST HAMPTON

Settled 1648 · Incorporated 1920

Basic Financial Statements

For the Year Ended July 31, 2019

INCORPORATED VILLAGE OF EAST HAMPTON
Financial Statements and Supplementary Information
For the Year Ended July 31, 2019

Table of Contents

Satty&Partners
SATTY, LEVINE & CIACCO, CPAS, PC
BUSINESS ADVISORS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Trustees of the
Incorporated Village of East Hampton:

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of East Hampton, New York (the "Village"), as of and for the year ended July 31, 2019 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of East Hampton, as of July 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

534 Broadhollow Rd, Suite 300 Melville, NY 11747 | p. 516-338-9500 | f. 516-338-8862
117 East Colorado Boulevard, Suite 602 Pasadena, CA 91105 | p. 626-304-9745 | f. 626-304-9749
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Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Satty, Levine & Ciacco CPAs PC

Satty, Levine & Ciacco, CPAs P.C.
Melville, New York
January 8, 2020

INCORPORATED VILLAGE OF EAST HAMPTON
Management's Discussion and Analysis (Unaudited)
For the Year Ended July 31, 2019

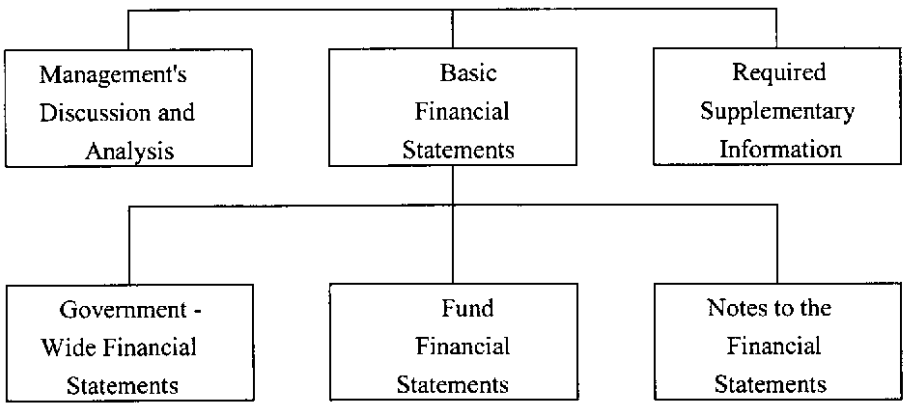
This section of the Village of East Hampton's (the "Village") annual financial report presents a discussion and analysis of the Village's financial performance during the fiscal year ended July 31, 2019. Please read it in conjunction with the Village's financial statements.

1. FINANCIAL HIGHLIGHTS

- The Village's total net position, as reflected in the government-wide financial statements, increased by $2,673,427 (160%).
- The Village's general fund balance, as reflected in the fund financial statements, increased by $1,282,867 (8.9%).
- Long-term debt of $4,050,000 decreased from $4,900,000 due to principal payments of $850,000 made during the year. Long-term debt of $4,050,000 is 1% of the statutory limit. Total annual debt service of $981,144 represents 4.8% of general fund expenditures.
- Under the accrual basis of accounting, the Village is required to record, as a current year expense, the cost of providing health retirement benefits to active and retired employees. During the year ended July 31, 2019 the Village recorded an increase in the net OPEB obligation of $904,545 relating to these benefits resulting in a total net OPEB obligation of $19,267,712.
- Under the accrual basis of accounting, the Village is required to record, as a current year expense, the cost of providing pension benefits to active and retired employees. During the year ended July 31, 2019 the Village recorded an increase in the pension liability of $653,389 relating to these benefits resulting in a total pension liability of $10,719,826 for LOSAP benefits and $2,877,534 for New York State Retirement Systems.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. Government-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded though available resources and payable within a current period.

Governmental Funds

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

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

The Village maintains two individual governmental funds; general fund and capital fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village's total net position increased by $2,673,427 between fiscal year 2019 and 2018. A summary of the Village's Statement of Net Position is as follows.

	2019	2018	Change	Percentage Change
Assets:				
Current and Other Assets	$ 15,941,335	$ 14,757,355	$ 1,183,980	8%
Capital Assets, Net	27,242,887	26,078,877	1,164,010	4%
Total Assets	43,184,222	40,836,232	2,347,990	12%
Deferred Outflows of Resources	3,871,995	5,270,539	(1,398,544)	-27%
Liabilities:				
Current and Other Liabilities	2,629,413	3,034,056	(404,643)	-13%
Long-Term Liabilities	7,413,695	8,078,645	(664,950)	-8%
Net Other Postemployment Benefit Obligation	19,267,712	18,363,167	904,545	5%
Pension Liabilities	13,597,360	12,943,971	653,389	5%
Total Liabilities	42,908,180	42,419,839	488,341	-12%
Deferred Inflows of Resources	3,140,551	5,352,873	(2,212,322)	-41%
Net Position:				
Net Investment in Capital Assets	23,192,887	21,178,877	2,014,010	10%
Restricted	1,392,170	1,541,992	(149,822)	-10%
Unrestricted Net Position (Deficit)	(23,577,571)	(24,386,810)	809,239	-3%
Total Net Position	$ 1,007,486	$ (1,665,941)	$ 2,673,427	-160%

Current and other assets increased by $1,183,980, as compared to the prior year. This increase is evidenced by an increase in cash and due from fiduciary fund offset by a decrease in due from other governments and prepaid expenses.

Capital assets, net increased by $1,164,010, as compared to the prior year. This increase was due to capital additions primarily made through the capital projects fund of $2,764,454, net of the current year's depreciation expense of $1,597,014.

Deferred outflows of resources represents contributions to the retirement plan subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years.

Current and other liabilities decresed by $404,643, as compared to the prior year. This decrease is primarily due to a decrease in accounts payable offset by an increase in retainage payable.

Long-term liabilities decreased by $664,950, as compared to the prior year. This decrease is primarily due to the current year bond principal payments $850,000 and a net increase in the compensated absences liability.

Net other postemployment benefits (OPEB) increased by $904,545 as compared to the prior year. This increase was the result of the current year unfunded OPEB costs on the full accrual basis of accounting in excess of the amount reflected in the governmental funds on the modified accrual basis (pay as you go). The accompanying notes to the financial statements, Note 13 "Post-Employment Benefits" provides additional information.

Pension liabilities increased by $653,389 in the current year. This liability represents the Village's share of the New York State and Local Employees' Retirement System's and the New York State and Local Police and Fire Retirement System's collective net pension liability at March 31, 2019 and the Ambulance and Fire Losap net pension liability at December 31, 2018, the measurement dates. The accompanying notes to the financial statements, Note 10 "Pension Plans and Service Award Programs" provides additional information.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years.

The net investment in capital assets, relates to the investment in capital assets at cost such as: land, construction in progress, buildings, artwork, land improvements, machinery and equipment, furniture and fixtures, and infrastructure, net of depreciation and related debt. This number increased over the prior year by $2,014,010 due to additional capital assets and principal payments offset by depreciation expense.

The restricted amount of $1,392,170 represents the Village's insurance, employee benefits and capital projects reserves and decreased from the prior year.

The unrestricted deficit of $(23,577,571) represents the deficit net position as a result of unfunded long term liabilities and OPEB and pension plan obligations. This amount decreased from the prior year by $809,239.

B. Changes in Net Position

Government activities. Government activities increased the Village's assets by $2,673,427. Revenues for the year exceeded expenses by this amount. The following table indicates the changes in net position for governmental activities:

	2019	2018	Increase (Decrease)	Percentage Change
Revenues:				
Program Revenues				
Charges for Services	$ 8,173,401	$ 8,253,207	$ (79,806)	-1%
Operating Grants	392,779	439,675	(46,896)	-11%
Capital Grants	1,458,198	-	1,458,198	100%
General Revenues:				
Property Taxes	13,401,973	13,006,522	395,451	3%
Utilities Gross Receipts Tax	139,061	155,246	(16,185)	-10%
Franchise Fee	143,660	146,407	(2,747)	-2%
Mortgage Tax	586,501	590,855	(4,354)	-1%
Investment Earnings	147,760	31,890	115,870	363%
Miscellaneous	102,677	5,565	97,112	1745%
Total Revenues	24,546,010	22,629,367	1,916,643	8%
Expenses:				
General Government Support	$ 3,403,583	4,049,394	(645,811)	-16%
Public Safety	12,710,584	9,914,034	2,796,550	28%
Health	782,017	455,558	326,459	72%
Transportation	1,766,514	3,452,927	(1,686,413)	-49%
Culture and Recreation	1,767,366	1,247,671	519,695	42%
Home and Community Services	1,316,705	1,310,932	5,773	0%
Debt Services - Interest	125,814	147,448	(21,634)	-15%
Total Expenses	21,872,583	20,577,964	1,294,619	6%
Increase in Net Assets	$ 2,673,427	$ 2,051,403	$ 622,024	30%

The Village's net position increased by $2,673,427 for the year ended July 31, 2019 and increaesd by $2,051,403 for the year ended July 31, 2018.

The Village's revenues increased by $1,916,643 (8%). This increase is due to the net effect of approximate increases in program revenues, real property taxes of approximately $395,500 and investment earnings $115,870, offset by decreases in utilities gross receipts tax.

The Village's expenses increased by $1,294,619 (6%). The increase was mainly the result of approximate net increases in public safety and culture and recreation offset by decreases in general government support and transportation.

Business-type activities. The Village does not have any business type activities.

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At July 31, 2019, the Village's governmental funds reported a combined fund balance of $15,586,949, which is an increase of $1,502,422 from the prior year. A summary of the change in fund balance is as follows:

	2019	2018	Changes
Nonspendable:			
Prepaid Expenses	$ 253,269	$ 279,248	$ (25,979)
Restricted:			
Insurance	93,495	93,402	93
Capital Projects	568,575	556,420	12,155
LOSAP	6,095,737	5,970,940	124,797
Employee Benefits	730,100	788,332	(58,232)
Assigned			
Appropriated Fund Balance	600,000	600,000	-
Encumbrances	262,858	239,457	23,401
Unassigned Fund Balance	6,982,915	5,556,728	1,426,187
Total Fund Balance	$ 15,586,949	$ 14,084,527	$ 1,502,422

The net change in the governmental fund-fund balance is an increase of $1,502,422, as revenues and other sources of $24,454,098 exceeded expenditures and other uses of $22,951,676. In 2018, the net change was an increase of $95,855.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget

The Village's general fund adopted budget for the year ended July 31, 2019 was $21,690,930. This amount was increased by encumbrances carried forward from the prior year in the amount of $239,457 and prior year surplus of $600,000. There were also budget revisions that increased the budget by $795,090. The total budget was $23,325,478.

The budget was funded through a combination of revenues and designated fund balance. The major funding sources were real property taxes $13,268,981, intergovernmental charges $2,809,736, use of money and property $1,301,423 and licenses and permits $2,010,500.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior year's excess revenues over expenditures, net transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance."

The change in this balance demonstrated through a comparison of actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$5,835,594
Appropriated Fund Balance	(75,090)
Revenues Over Budget	1,657,497
Expenditures and Encumbrances Under Budget	277,059
Prepaid Expenses	25,979
Use of Compensated Absence Reserves	95,090
Interest Transferred into Reserves	(29,106)
Transfer to Employee Benefits Reserve	(20,000)
LOSAP Pension Assets	(124,797)
Appropriated for July 31, 2020 Budget	(600,000)
Closing - Unassigned Fund Balance	$7,042,226

Opening – Unassigned Fund Balance

The $5,835,594 shown in the table is the portion of the Village's July 31, 2018, fund balance that was retained as undesignated fund balance.

Revenues Over Budget

The 2018-2019 final budgets for revenues were $22,390,931. Actual revenues received for the year were $24,048,428. The excess of actual revenue over estimated or budgeted revenue was $1,657,497. This excess is primarily due to the Village receiving approximately more State aid of $480,000, departmental income of $157,000, intergovernmental charges $104,000, licenses and permits of $447,000, fines and forfeitures $239,000, use of money and property $128,000, and miscellaneous revenue of $54,000.

Expenditures and Encumbrances Under Budget (GAAP Basis)

The 2018-2019 final budget for expenditures, including prior year encumbrances and budget revisions as of July 31, 2019, was $23,325,478. Actual expenditures as of July 31, 2019, were $22,785,561 and outstanding encumbrances were $262,858. Combined, the expenditures plus encumbrances for 2018-2019 were $23,048,419. The final budget was under expended by $277,059.

Prepaid Expenses

Prepaid expenses are a current use of resources, however, they relate to a period beyond the current fiscal year and, therefore, decrease the unassigned portion of the general fund-fund balance.

Interest Transferred Into Reserves

Revenues such as interest earned in a general fund reserve increases the reserve and, therefore, decreases the undesignated portion of the general fund – fund balance. $93 of interest was earned in the Insurance Reserve, $16,858 of interest was earned in the Employee Benefits Reserve, and $12,155 of interest was earned in the Capital Reserve.

Employee Benefit Reserve

The Village has chosen to fund $20,000 to partially fund this liability.

Assigned – Appropriated Fund Balance

The Village has chosen to use $600,000 of its available July 31, 2019 fund balance to partially fund its 2019-2020 operating budget. As such, the unassigned portion of the July 31, 2019, fund balance must be reduced by this amount.

Closing – Unassigned Fund Balance

Based upon the summary of changes shown in the above table, the unassigned fund balance at July 31, 2019 is $7,042,226. This is an increase of $1,206,632 from the unassigned fund balance as of July 31, 2018.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The Village's investment in capital assets for its governmental activities includes land, artwork, infrastructure, buildings and equipment. The net increase in the Village's investment in capital assets was due to capital asset additions for the year ended July 31, 2019. A summary of the Village's capital assets, net of depreciation at July 31, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)
Land	$ 9,494,179	$ 9,494,179	$ -
Buildings	6,757,655	7,051,457	(293,802)
Land Improvements	464,103	539,771	(75,668)
Machinery and Equipment	3,413,237	2,820,745	592,492
Furniture and Fixtures	19,784	24,044	(4,260)
Artwork	420,600	421,200	(600)
Infrastructure	5,767,075	4,343,262	1,423,813
Construction in Progress	906,254	1,384,219	(477,965)
Total	$ 27,242,887	$ 26,078,877	$ 1,164,010

B. Short-Term Debt

At July 31, 2019, the Village did not have any bond anticipation notes (BAN's) outstanding.

C. Long-Term Debt

At July 31, 2019, the Village had total bonds payable of $4,050,000. The bonds were issued for Village improvements. The decrease in outstanding debt represents the pay down of prior year bonds. A summary of the outstanding long-term debt at July 31, 2019 and 2018 is as follows:

Issue Date	Interest Rate	2019	2018	Increase (Decrease)
11/1/2008	4.500% - 4.750%	$ 600,000	$ 750,000	$ (150,000)
7/18/2013	2.000% - 4.125%	1,880,000	2,150,000	(270,000)
6/27/2014	1.000% - 3.000%	1,570,000	2,000,000	(430,000)
Total		$ 4,050,000	$ 4,900,000	$ (850,000)

The Village's latest credit rating from Moody's Investors Services is an Aa1. The Village's total outstanding indebtedness is significantly less than its debt limit. The debt limit is 7% of its five-year valuation of the taxable real property within the Village.

7. Economic Factors and Next Year's Budget and Rates

The 2019-2020 budget appropriations are $611,872 (2.7%) more than the current year's budget and reflect increased revenue expectations and the positive variance in the current year's expenditures to budget. Every major category of the appropriations budget is about equal to the prior year. Revenue other than property taxes is expected to increase by $249,640 (3.0%). This is the result of increases in intergovernmental charges and licenses and permits. Property tax collections will increase by $362,232 approximately 2.7%.

8. Contacting the Village's Financial Management

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. Any questions about this report or need for any additional information should be directed to:

Rebecca Molinaro-Hansen
Village Administrator
Incorporated Village of East Hampton
86 Main Street
East Hampton, New York 11937

INCORPORATED VILLAGE OF EAST HAMPTON

Statement of Net Position

July 31, 2019

ASSETS:		
Cash	$	7,093,262
Restricted Cash		1,502,566
Accounts Receivable		136,427
Due From Other Governments		454,505
Due From Fiduciary Fund		405,569
Prepaid Expenses		253,269
LOSAP Pension Assets		6,095,737
Capital Assets Not Being Depreciated		10,821,033
Capital Assets Being Depreciation, Net of Accumulated Depreciation		16,421,854
Total Assets		43,184,222
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions		3,871,995
LIABILITIES:		
Accounts Payable and Accrued Expenses		298,432
Retainage Payable		38,350
Accrued Bond Interest		25,170
Due to Retirement System		552,439
Unearned Revenue:		
Collections in Advance		1,715,022
Long-Term Liabilities:		
Due and Payable Within One Year		
Bonds Payable		865,000
Compensated Absenece s		168,185
Due Beyond One Year		
Bonds Payable		3,185,000
Compensated Absenece s		3,195,510
Net Other Postemployment Benefits Obligation		19,267,712
Total Pension Liability		10,719,826
Pension Liability - Proportionate Share		2,877,534
Total Liabilities		42,908,180
DEFERRED INFLOWS OF RESOURCES		
Pensions		3,140,551
NET POSITION		
Net Investment in Capital Assets		23,192,887
Restricted		1,392,170
Unrestricted Net Position (Deficit)		(23,577,571)
Total Net Position	$	1,007,486

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON

Statement of Activities

Year Ended July 31, 2019

PROGRAMS/FUNCTIONS:	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Position
Governmental Activities:					
General Government Support	$ 3,403,583	$ 894,155	$ 16,628	$ -	$ (2,492,800)
Public Safety	12,710,584	5,498,877	376,151	-	(6,835,556)
Health	782,017	1,320	-	-	(780,697)
Transportation	1,766,514	185,040	-	1,052,629	(528,845)
Culture and Recreation	1,767,366	1,499,134	-	405,569	137,337
Home and Community Service	1,316,705	94,875	-	-	(1,221,830)
Debt Service - Interest	125,814	-	-	-	(125,814)
Total Governmental Activities	$ 21,872,583	$ 8,173,401	$ 392,779	$ 1,458,198	(11,848,205)

GENERAL REVENUES:	
Taxes:	
Property Taxes-levied for general purposes	13,401,973
Utilities Gross Receiptes Tax	139,061
Franchise Taxes	143,660
Mortgage Tax	586,501
Investment Earnings	147,760
Miscellaneous	102,677
Total General Revenues	14,521,632
Change In Net Position	2,673,427
Net Position - Beginning	(1,665,941)
Net Position - Ending	$ 1,007,486

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON

Balance Sheet - Governmental Funds

July 31, 2019

	Governmental Fund Types		
	General	Capital Projects	Total
ASSETS:			
Cash	$ 7,093,262	$ -	$ 7,093,262
Restricted Cash	1,392,170	110,396	1,502,566
Accounts Receivable	118,823	-	118,823
Due From Other Governments	454,505	-	454,505
Due From Fiduciary Fund	405,569	-	405,569
Prepaid Expenses	253,269	-	253,269
Length of Service Awards Investments	6,095,737	-	6,095,737
Total Assets	$ 15,813,335	$ 110,396	$ 15,923,731
LIABILITIES:			
Accounts Payable and Accrued Expenses	$ 167,075	$ 131,357	$ 298,432
Retainage Payable	-	38,350	38,350
Total Liabilities	167,075	169,707	336,782
FUND BALANCES:			
Nonspendable	253,269	-	253,269
Restricted:			
Insurance	93,495		93,495
Length of Service Award Programs	6,095,737	-	6,095,737
Capital Projects	568,575	-	568,575
Employee Benefit	730,100	-	730,100
Assigned Fund Balance:			
Appropriated Fund Balance	600,000	-	600,000
Encumbrances	262,858	-	262,858
Unassigned	7,042,226	(59,311)	6,982,915
Total Fund Balance	15,646,260	(59,311)	15,586,949
Total Liabilities and Fund Balances	$ 15,813,335	$ 110,396	$ 15,923,731

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
July 31, 2019

Total Governmental Fund Balances		$ 15,586,949
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building and acquiring capital assets (land, buildings, roads, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.		
Original Cost of Capital Assets	50,515,310	
Accumulated Depreciation	(23,272,423)	
		27,242,887
Certain accounts receivable are not considered available in the current period and therefore are not reported in the funds		17,604
Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement systems and LOSAP plans are not current financial resources or obligations and are not reported in the Funds.		
Deferred Outflows of Resources	3,871,995	
Pension Liability	(13,597,360)	
Deferred Inflows of Resources	(3,140,551)	
		(12,865,916)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:		
Accrued Bond Interest	(25,170)	
Due to Retirement System	(552,439)	
Collections in Advance	(1,715,022)	
Compensated Absences	(3,363,695)	
Bonds Payable	(4,050,000)	
Net Other Postemployment Benefits Obligation	(19,267,712)	
		(28,974,038)
Total Net Position		$ 1,007,486

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON

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

Year Ended July 31, 2019

	Governmental Fund Types		
	General	Capital Fund	Total
REVENUES:			
Real Property Taxes	13,269,094	$ -	$ 13,269,094
Payments in Lieu of Taxes	132,880	-	132,880
Non-Property Tax Items	282,491	-	282,491
Departmental Income	532,320	-	532,320
Intergovernmental Income	2,913,246	-	2,913,246
Use of Money and Property	1,429,311	101	1,429,412
Licenses and Permits	2,457,114	-	2,457,114
Fines and Forfeitures	893,955	-	893,955
Sale of Property and Compensation for Loss	43,030	-	43,030
Contributions	-	405,569	405,569
State and County Aid	2,031,909	-	2,031,909
Miscellaneous	63,078	-	63,078
Total Revenues	24,048,428	405,670	24,454,098
EXPENDITURES:			
General Government	2,603,460	-	2,603,460
Public Safety	7,567,449	938,415	8,505,864
Health	371,224	-	371,224
Transportation	1,170,413	742,498	1,912,911
Culture and Recreation	949,221	766,992	1,716,213
Home & Community Services	830,052	-	830,052
Employee Benefits	6,030,808	-	6,030,808
Debt Service:			
Principal	850,000	-	850,000
Interest	131,144	-	131,144
Total Expenditures	20,503,771	2,447,905	22,951,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,544,657	(2,042,235)	1,502,422
OTHER FINANCING SOURCES AND (USES):			
Operating Transfers In		2,261,790	2,261,790
Operating Transfers Out	(2,261,790)		(2,261,790)
Total Other Financing Sources and (Uses)	(2,261,790)	2,261,790	-
Net Change in Fund Balances	1,282,867	219,555	1,502,422
Fund Balances - Beginning of Year	14,363,393	(278,866)	14,084,527
Fund Balances - End of Year	$ 15,646,260	$ (59,311)	$ 15,586,949

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON

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

Year Ended July 31, 2019

Net change in fund balances - total governmental funds		$ 1,502,422
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital Asset Purchases Capitalized	2,764,454	
Depreciation Expense	(1,597,014)	
Fixed Asset Retirement	(3,430)	
		1,164,010
Unearned credits in the Statement of Activities that provide current financial resources are reported as revenues in the funds:		
Increase in Unearned Credits From the Prior Year		95,114
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. The issuance/repayment increases/decreases long term liabilities in the Statement of Net Position:		
Bond Principal Payments		850,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds:		
(Increase) Decrease From the Prior Year:		
Due to Retirement System	(14,474)	
Accrued Bond Interest	5,330	
Compensated Absences	(185,050)	
Other Postemployment Benefits Obligation	(241,370)	
		(435,564)
The changes in the proportionate share of the collective pension expense of the state retirement and LOSAP plans reported in the Statement of Activities did not affect current financial resources and, therefore, is not reported in the governmental funds.		
Police and Fire Retirement System	(151,607)	
Employees Retirement System	(78,533)	
Ambulance LOSAP	(141,073)	
Fire Department LOSAP	(131,573)	
		(502,786)
Some accounts receivable will not be collected for serval months after the Village's fiscal year end, they are not considered available revenues in the governmental funds:		
Decrease in Accounts Receivable From the Prior Year		231
Change in Net Position of Governmental Activities		$ 2,673,427

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON

Statement of Fiduciary Net Position

July 31, 2019

	Agency Funds	Employee Retirement Plans	Private Purpose Trust
ASSETS:			
Cash	$ 171,821	$ -	$ 496,009
Investments	-	7,633,664	-
Total Assets	$ 171,821	$ 7,633,664	$ 496,009
LIABILITIES:			
Due To Governmental Funds	$ -	$ -	$ 405,569
Bid Deposits Payable	171,821	-	-
Total Liabilities	171,821	-	405,569
NET POSITION:			
Held in Trust For Pension Benefits and Other Purposes	-	7,633,664	90,440
Total Net Position	$ -	$ 7,633,664	$ 90,440

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON
Statement of Changes in Fiduciary Net Position
Year Ended July 31, 2019

	Employee Retirement Plans	Private Purpose Trust
ADDITIONS:		
Contributions:		
Employer	$ 400,423	$ -
Donations	-	83,333
Total Contributions	400,423	83,333
Investment Earnings:		
Net Increase in Fair Value of Investments	81,357	-
Interest, Dividends and Gains/Losses	226,165	8,978
Total Investment Earnings	307,522	8,978
Total Additions	707,945	92,311
DEDUCTIONS:		
Benefits	86,870	-
Administration Fees	3,160	-
Donations	-	405,569
Tuition Assistance	-	1,500
Total Deductions	90,030	407,069
Change in Net Position	617,915	(314,758)
Net Position - Beginning of Year	7,015,749	405,198
Net Position - End of Year	$ 7,633,664	$ 90,440

See independent auditors' report and notes to the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of East Hampton (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Village are as follows:

A. Financial Reporting Entity

The Village is governed by the laws of New York State. The Village is an independent entity governed by an elected Board of Trustees consisting of five members. The President of the Board serves as the chief fiscal officer and the Village Administrator is the chief executive officer. The Board of Trustees is responsible for, and controls all activities related to the Village. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the Village's reporting entity.

B. Basis of Presentation

Government-Wide Statements

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

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

Fund Statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds as defined by GASB, each displayed in a separate column. The Village's financial statements reflect the following major fund categories:

Governmental Funds

General Fund –

General Fund is the main operating fund of the Village. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund –

Capital Projects Fund is used to account for funds received and expended for the construction, renovation, expansion and major improvement of various Village facilities, thoroughfares, arterial streets and drainage improvements, improvements and construction of parks and recreational facilities and acquisition of land and other large nonrecurring projects.

Fiduciary Funds

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

Agency Funds –

Agency Funds account for assets held by the Village in purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. Agency Funds consist of bid deposits held by the Village.

Trust Funds –

Employee Retirement Plans –

Expendable Trust Funds report fiduciary resources held in trust and the receipt, investment and distribution of retirement contributions. The Village's Deferred Compensation Plan is available to all of the employees of the Village. See Note 11.

Private Purpose Trust –

Private Purpose Trust Funds report fiduciary resources held in trust until the donor restriction on the use is met. Private Purpose Funds consist of scholarship money and monies to make improvements to the Dominy Clock Shop.

C. Basis of Accounting and Measurement Focus

The government-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgetary Control

The Village Charter establishes the fiscal year as the twelve-month period beginning August 1st. The departments submit to the Village Administrator a budget of estimated expenditures for the ensuing fiscal year after which the Village Administrator subsequently submits a budget of estimated expenditures and revenues to the Board of Trustees by May 31st.

Upon receipt of the budget estimates, the Board of Trustees holds a public hearing on the proposed budget. Information about the budget resolution is then published in the official newspaper of the Village.

At least 41 days prior to August 1st, the budget is legally enacted through the adoption of the resolution. The Village Administrator is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

Budgeted amounts are as originally adopted or as amended by the Board of Trustees. Individual amendments that were not material in relation to the original appropriations were adopted by the Board of Trustees.

The Budgetary Comparison Schedule – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

E. Cash and Investments

Cash consists of cash on hand, bank deposits and investments with original maturity dates of three months or less from the date of acquisition.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

G. Restricted Resources

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

H. Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

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

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

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is provided subsequently in these Notes.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant or equipment.

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 years
Infrastructure	20 years
Machinery and Equipment	5-15 years
Land Improvements	20 years
Furniture and Fixtures	10 years

J. Accounts Receivable

Accounts receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Collections in Advance

Collections in advance are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Collections in advance also arise when resources are received by the Village before it has legal claim to them, as when contractual or rental fees are received in advance. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

L. Compensated Absences

The Village's policy allows certain employees to accumulate unused sick leave and vacation leave in varying amounts. Employees who have completed one full year of employment are entitled to various amounts of accumulated sick leave and any accumulated vacation upon termination with varying cashout on sick and vacation days depending on the employee classification. Compensated absences at July 31, 2019 amounted to $3,363,695.

M. Other Benefits

Eligible Village employees participate in the New York State Employees' Retirement System and the New York State and Local Police and Fire Retirement System.

In addition to providing pension benefits, the Village provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Village and the retired employee. The Village accounts for these post-employment benefits in accordance with GASB Statement No. 75 (GASB 75) *Accounting and Reporting for Postemployment Benefits other than Pensions ("OPEB")*. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the General Fund, in the year paid. In the government-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting.

N. Short-Term Debt

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

O. Accrued Liabilities and Long-Term Obligations

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village has two items that qualify for reporting in this category. The first item is related to pensions and represents the effect of the net change in the Village's proportion of the collective net pension asset or liability and difference during the measurement period between the Village's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the Village's contributions to the pension systems (ERS, PFRS, and LOSAP Systems) subsequent to the measurement date.

Q. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Some of the deferred inflows of resources are related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension liability and difference during the measurement periods between the Village's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments.

R. Equity Classifications

Government-wide statements

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

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

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

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

Fund Statements

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

Non-spendable - Consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Village utilized the following non-spendable fund balance:

Prepaid Expenses - prepaid expenses is used to account for current funds that have been spent, but will benefit a future period. Prepaid expenses are accounted for in the general fund.

Restricted - Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted fund balances, generally referred to as reserves in accordance with New York State law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Fund balance reserves currently in use by the Village include the following:

Insurance Reserve - insurance reserve is primarily reserved and accumulated for the payment of general liability and casualty insurance claims.

Capital Projects Reserve - capital projects reserve is used to pay the cost of any object or purpose for which bonds may be issued.

Employee Benefit Accrued Liability Reserve - employee benefit accrued liability reserve is used to pay for any accrued employee benefit due an employee on termination of the employee's service.

Service Award Program - The Village sponsors a length of service award program for the ambulance and fire department, as described in Note 10. Those assets, in accordance with GASB Statement No. 73, are to be recorded within the governmental funds of the Village and are restricted by General Municipal Law Article 11-A.

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

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

Fund balance classification

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

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

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

S. Change in Accounting Principles

Changes implemented in current year

Effective August 1, 2019 the Village adopted GASB Statement No. 83, *Certain Asset Retirement Obligations.* This standard will establish uniform criteria to recognize and measure certain AROs, including those AROs previously reported. The adoption of this standard had no effect.

Effective August 1, 2019, the Village implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard improved the information disclosed in the notes to the financial statements related to indebtedness and clarifies liabilities that arise from contractual obligations. The effects of adoption of this standard are reflected in the note disclosures shown in this financial statements.

Changes to be implemented in future years

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard will enhance the consistency and comparability of fiduciary activity by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this standard are effective for the Village beginning after December 15, 2018.

In June 2017, GASB issued Statement No. 87, *Leases*. This standard will improve consistency in accounting and financial reporting for leases by governments as well as requiring the recognition of certain lease assets and liabilities that were previously classified as operating leases. The requirements of this standard are effective for the Village beginning after December 15, 2019.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this standard are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this standard are effective for the Village beginning after December 15, 2019.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61.* This Statement has primary objectives to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations, thereby reducing diversity in practice and improving consistency and comparability in financial statements. In addition, this standard will address arrangements that are often characterized as leases and have associated conduit debt obligations. The requirements will outline when such arrangements should not be treated as a lease and provide for the appropriate accounting treatment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

The Village is currently evaluating the impact, if any, of the above pronouncements.

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

Pension differences occur as a result of changes in the Village's proportion of the collective net pension asset/liability and differences between the Village's contributions and its proportionate share of the total contributions to the pension systems.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The Village Administrator prepares a proposed budget for approval by the Board of Trustees for the General Fund, the only fund with a legally adopted budget. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board of Trustees approves them because of a need that exists, which was not determined at the time the budget was adopted. During the year, the Board of Trustees approved additional appropriations in the amount of $795,090,$700,000 was related to additional state aid received and $95,090 was related to the employee benefits reserve fund for compensated absences due to employee retirements.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Budgets are established and used for individual Capital Project Fund expenditures as approved by the Board of Trustees. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

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

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

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

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

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

Investment Pool

The Village participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, 119-O whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of the cooperative year-end are $2,492,856,780, which consisted of $1.905.651.848 in U.S. Treasury Securities, $350,918,796 in repurchase agreements, and $235,026,621 in collateralized bank deposits with various interest rate and due dates.

The amount of $1,298,675 has been recorded as restricted cash in the general fund and $405,569 has been recorded as restricted cash in the private purpose trust fund.

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of the Cooperative Liquid Asset Securities System (CLASS), which may be obtained from MBIA Municipal Investors Service Corp., 113 King Street, Armonk, NY 10504.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs-other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Description	Fair Value	Level 1	Level 2	Level 3
Money Market	$ 195,613	$ 195,613	$ -	$ -
Mutual Fund	3,065,741	3,065,741	-	-
Fixed Income Securities	938,137	938,137	-	-
Stocks	7,900,455	7,900,455	-	-
Short Term Investments	970,465	970,465	-	-
Asset Allocation	591,615	591,615	-	-
Outstanding Loan Balance	67,375	-	67,375	-
Total	$ 13,729,401	$ 13,662,026	$ 67,375	$ -

The Village's investments at July 31, 2019 in more detail:

	General Fund			Fiduciary	
Description	Volunteer Fire Department	Volunteer Ambulance Department	General Fund Total	Deferred Compensation Plan	Investment Total
Money Market	$ 120,444	$ 75,169	$ 195,613	$ -	$ 195,613
Mutual Fund	3,065,741	-	3,065,741	-	3,065,741
Fixed Income Securities	329,303	451,016	780,319	157,818	938,137
Stocks	1,076,863	977,201	2,054,064	5,846,391	7,900,455
Short Term Investments	-	-	-	970,465	970,465
Asset Allocation	-	-	-	591,615	591,615
Outstanding Loan Balance	-	-	-	67,375	67,375
Total	$ 4,592,351	$ 1,503,386	$ 6,095,737	$ 7,633,664	$ 13,729,401

Money Market - The carrying amount approximates fair market value because of the short maturity of the instruments.

Fixed Income Securities, Stocks, Short Term Investments and Asset Allocation - Reported at current quoted fair values.

Mutual Fund - Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Outstanding Loan Balance - Value at the principal loan outstanding plus accrued interest at the reporting date.

NOTE 5. DUE FROM OTHER GOVERNMENTS

Due from other governments at July 31, 2019 consists of:

East Hampton Town - Fees	$ 3,115
Justice Court - Fees	246,863
Suffolk County - 911 Share	76,000
Suffolk County - Mortgage Tax	128,527
Total Due from Other Governments	$454,505

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended July 31, 2019 were as follows:

	Beginning Balance	Additions	Adjustments/ Reductions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 9,494,179	$ -	$ -	$ 9,494,179
Artwork	421,200	-	(600)	420,600
Construction in Progress	1,384,219	906,254	(1,384,219)	906,254
Total Capital Assets Not Being Depreciated	11,299,598	906,254	(1,384,819)	10,821,033
Capital Assets Being Depreciated:				
Buildings	12,018,212	-	(1,304)	12,016,908
Land Improvements	1,647,583	-	-	1,647,583
Machinery and Equipment	10,177,078	1,286,799	(332,811)	11,131,066
Furniture and Fixtures	153,621	1,330	(3,388)	151,563
Infrastructure	12,792,867	1,954,290	-	14,747,157
Total Capital Assets Being Depreciated	36,789,361	3,242,419	(337,503)	39,694,277
Less Accumulated Depreciation for:				
Buildings	(4,966,755)	(292,871)	373	(5,259,253)
Land Improvements	(1,107,812)	(75,668)	-	(1,183,480)
Machinery and Equipment	(7,356,333)	(692,806)	331,310	(7,717,829)
Furniture and Fixtures	(129,577)	(5,192)	2,990	(131,779)
Infrastructure	(8,449,605)	(530,477)	-	(8,980,082)
Total Accumulated Depreciation	(22,010,082)	(1,597,014)	334,673	(23,272,423)
Total Assets Being Depreciated, Net	14,779,279	$ 1,645,405	$ (2,830)	16,421,854
Capital Assets, Net	$26,078,877			$27,242,887

Depreciation expense was charged to governmental functions as follows:

General Government and Administration	$ 16,073
Public Safety	1,098,814
Transportation	301,690
Cultural and Recreational	153,626
Home and Community Services	26,811
Total Deprecation Expense	$ 1,597,014

NOTE 7. LONG-TERM DEBT

Bonds Payable

At July 31, 2019 bonds payable consisted of the following individual issues:

2008 General Obligation Bonds, dated November 1, 2008, due in annual installments through November 1, 2022 bearing interest rates of 4.500% to 4.750%	$ 600,000
2013 General Obligation Bonds, dated July 18, 2013, due in annual installments through June 15, 2032 bearing interest rates of 2.000% to 4.125%	1,880,000
2014 General Obligation bonds, dated June 27, 2014, due in annual installments through October 1, 2022 bearing interest rates of 1.000% to 3.000%	1,570,000
Total Bonds Payable	$ 4,050,000

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

Interest Paid	$ 131,144
Less: Interest Accrued in Prior Year	(30,500)
Plus: Interest Accrued in current Year	25,170
Total Interest expense on Long-Term Debt	$ 125,814

Transactions for the year ended July 31, 2019 are summarized as follows:

	Balance August 1, 2018	Additions	Reductions	Balance July 31, 2019	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 4,900,000	$ -	$ (850,000)	$ 4,050,000	$ 865,000

The General Fund has typically been used to liquidate general obligation bonds.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Village to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended July 31, 2019.

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to July 31, 2019 are as follows:

Years Ending July 31,	Principal	Interest	Total
2020	$ 865,000	$109,720	$ 974,720
2021	890,000	87,926	977,926
2022	745,000	65,875	810,875
2023	750,000	43,444	793,444
2024	125,000	27,975	152,975
2025 - 2029	515,000	81,937	596,937
2030 - 2032	160,000	11,968	171,968
	$4,050,000	$428,845	$4,478,845

Other Long-Term Debt

At July 31, 2019 other long-term debt and related transactions are summarized as follows:

	Balance August 1, 2018	Additions	Reductions	Balance July 31, 2018	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 3,178,645	$ 185,050	$ -	$ 3,363,695	$ 168,185
Total Pension Liability	11,352,503	850,581	1,483,258	10,719,826	-
Pension Liability - Proportionate Share	1,591,468	2,713,983	1,427,917	2,877,534	-
Other Postemployment Benefits Obligation	18,363,167	1,593,068	688,523	19,267,712	-
Total	$ 34,485,783	$5,342,682	$ 3,599,698	$ 36,228,767	$ 168,185

Increases and decreases to compensated absences are shown net since it is impractical to determine these items separetly. The General Fund has typically been used to liquidate other long-term debt. Refer to subsequent footnotes regarding the detail of the total pension liability, pension liability – proportionate share, and other postemployment benefits obligation.

NOTE 8. UNEARNED REVENUE

Unearned revenues are monies collected in advance in the General Fund in the amount of $1,715,022 that are related to beach house rentals to individuals and communication and fire protection services provided to various municipalities.

NOTE 9. PROPERTY TAX

Property tax is levied each August 1st on the assessed (appraised) value listed as of the prior January 1 for all business and personal property located in the Village. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the Village. The Town of East Hampton establishes appraised values at 1% for estimated fair market value.

Taxes are due on August 1st, the levy date, and are delinquent after the following September 1st. Tax liens are automatic on September 1st each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (September 1st). The Village usually waits until May 1st at which time the unpaid taxes are sold through a tax sale. As of September 1st, 5% collection costs may be added to all delinquent accounts and an additional 1% collection cost may be added on the first of each month thereafter through April. Current tax collections for the year ended July 31, 2019 were 100.00% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

As of July 31, 2019, the total outstanding indebtedness of the Village aggregated $4,050,000. Of this amount, $4,050,000 was subject to the constitutional debt limit and represented approximately 1% of its debt limit.

NOTE 10. PENSION PLANS AND SERVICE AWARD PROGRAMS

A. Pension Plans

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement Systems (PFRS) and the Public Employees' Group Life Insurance Plan collectively known as NYSLRS (Systems). These are cost sharing multiple employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be found at http://www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, employees who joined the System on or after January 1, 2010 (ERS) and before April 1, 2012, are required to contribute 3% of their salary to NYSERS throughout their active membership, and employees who joined the System after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on salaries paid. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village is required to contribute an actuarially determined rate. The Village's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2019	$ 549,297	$ 878,620
2018	725,743	909,908
2017	705,359	840,916

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

At July 31, 2019, the Village reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2019 for PFRS and ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset/(liability) was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the PFRS and ERS Systems in reports provided to the Village.

	ERS	PFRS
Actuarial valuation date	April 1, 2018	April 1, 2018
Net pension liability	1,359,117	1,518,417
Village's portion of the Plan's total net pension liability	0.0191822%	0.0905402%

For the year ended July 31, 2019, the Village recognized pension expense of $1,036,292 for PFRS and $822,214 for ERS. At July 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	$ 267,639	$ 368,865	$ 91,235	$ 162,116
Changes of assumptions or other inputs	341,626	551,681	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	-	348,825	304,102
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,304	188,974	123,938	62,826
Village's contributions subsequent to the measurement date	253,500	298,939	-	-
Totals	$ 867,069	$1,408,459	$ 563,998	$ 529,044

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended July 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending July 31,	ERS	PFRS
2020	$ 230,890	$ 345,214
2021	(311,401)	(33,968)
2022	(44,607)	26,496
2023	174,689	197,606
2024	-	45,128
Thereafter	-	-
Totals	$ 49,571	$ 580,476

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2019	March 31, 2019
Actuarial valuation date	April 1, 2018	April 1, 2018
Interest rate	7.0%	7.0%
Salary scale	4.2%	5.0%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%
COLA	1.3%	1.3%

For both PFRS and ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

For both PFRS and ERS, the actuarial assumptions used in the April 1, 2017, valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	ERS		PFRS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2019		March 31, 2019
Asset type				
Domestic equity	36.00%	4.55%	36.00%	4.55%
International equity	14.00%	6.35%	14.00%	6.35%
Private equity	10.00%	7.50%	10.00%	7.50%
Real estate	10.00%	5.55%	10.00%	5.55%
Absolute return strategies*	2.00%	3.75%	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%	3.00%	5.68%
Real assets	3.00%	5.29%	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%	17.00%	1.31%
Cash	1.00%	-0.25%	1.00%	-0.25%
Inflation indexed bonds	4.00%	1.25%	4.00%	1.25%
	100.00%		100.00%	

The real rate of return is net of the long-term inflation assumption of 2.50 percent.

*Excludes equity-oriented long-only funds. For investment managurpose, these funds are included in domestic equity and international equity.

Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Assumptions (7.0%)	1% Increase (8.0%)
ERS			
Village's proportionate share of the net pension liability/(asset)	$ 5,942,277	$1,359,117	$ (2,491,062)
PFRS			
Village's proportionate share of the net pension liability/(asset)	$ 5,487,331	$1,518,417	$ (1,796,087)

Pension Plan Fiduciary Net Position

The components of the current - year net pension asset/(liability) of the employers as of the respective measurement dates, were as follows:

	ERS	PFRS	Total
		(Dollars in Thousands)	
Employers' total pension liability	$ 189,803,429	$ 34,128,100	$ 223,931,529
Plan net position	(182,718,124)	(32,451,037)	(215,169,161)
Employers' net pension assets/(liability)	$ 7,085,305	$ 1,677,063	$ 8,762,368
Ratio of plan net position to the employers' total pension liabillity	96.27%	95.09%	96.09%

For PFRS and ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of July 31, 2019, represent the projected employer contribution for the period of April 1, 2019 through July 31, 2019 based on paid PFRS and ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of July 31, 2019 amounted to $552,439 of employer contributions. Employee contributions are remitted monthly.

B. Service Award Programs

i. Volunteer Ambulance Department (Ambulance)

On July 15, 1997, the Village established a "service award program" for volunteer members of the East Hampton Village Volunteer Ambulance Department. This program is allowed under general municipal law Article 11-A authorizing the establishment of a service award program for volunteer ambulance departments.

The Village acts as the plan sponsor but not the administrator of the program. Assets are held in the name of the New York State Office of Comptroller, Emergency Squad Trust Fund. It is considered to be a "defined benefit" plan and in order to determine the Village's liability an actuarial valuation has been prepared as of December 31, 2018 to determine the required contribution due. The Village funded the program with $100,501 for the fiscal year ended July 31, 2019. As of July 31, 2019, the market value of the assets of the plan totaled $1,503,386. This amount is reflected in the General Fund assets along with a corresponding fund balance restriction for the employees participating in the plan.

ii. Volunteer Fire Department (Fire)

On June 16, 1992, a general election was held where approval was given to establish a "service award program" for volunteer members of the East Hampton Village Volunteer Fire Department as of August 1, 1992. This program is allowed under general municipal law Article 11-A which was amended in 1987 authorizing the establishment of a service award program for volunteer firefighters. The Village acts as the plan sponsor and administrator of the program. It is considered to be a "defined benefit" plan. In order to determine the Village's liability an actuarial valuation was prepared as of January 1, 2019 to determine the required contribution due. The Village's required contribution to the program was $430,933 for the fiscal year ended July 31, 2019.

Program Description

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to $20 multiplied by the person's total number of years of volunteer service prior to December 31, 2006 and $30 per year thereafter. The number of years of firefighting service used to compute the benefit cannot exceed forty years. Except in the case of disability or death benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated Rebecca Molinaro Hansen to assist in the administration of the program. The designated program administrator's functions include processing new and terminated member applications and getting beneficiary information. Disbursements of program assets for the payments of benefits or administrative expenses must be approved by the administrator of the program.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are not held in trust

Authority to invest program assets is vested in Wells Fargo. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contribution to the plan. Portions of the following information are derived from a report prepared by the actuary dated June 6, 2019.

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Frozen initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present values of benefits are:

Assumed rate of return on investment is 5.25%.

The RP-2014 Mortality Table is used for pre- and post-entitlement age mortality rate.

General Information about the Pension Plans

Participants Covered by the Benefit Terms

At the December 31, 2018 measurement date, the following participants were covered by the benefit terms:

	Ambulance	Fire
Inactive participants currently receiving benefit payments	23	59
Inactive participants entitled to but not yet receiving benefit payments	20	54
Active participants	25	107
Total	68	220

Contributions

New York State General Municipal Law S 219-o (1) requires the Board of Trustees to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Board of Trustees.

Trust Assets

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Ambulance	Fire
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Inflation:	2.25%	2.25%
Salary Scale:	None Assumed	None Assumed

Mortality rates for Ambulance were based on the RP-2014 Mortality Table (60/40 male/female blend) projected for mortality improvement to the year 2020 with scale MP2016. Mortality rates for Fire were based on the RP-2014 Mortality Table adjusted to 2006, scaled with MP-2017, separate rates for male/female; non-annuitant/annuitant.

Discount Rate

The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

	Ambulance	Fire
Balance as of the 12/31/17 measurement date	$ 2,128,309	$ 9,224,194
Service cost	54,768	291,560
Interest	67,749	295,236
Change of benefit terms	102,060	-
Changes of assumptions or other inputs	(128,925)	(774,489)
Differences between expected and actual experience	39,208	(155,888)
Benefit payments	(78,249)	(345,707)
Net changes	56,611	(689,288)
Balance as of the 12/31/18 measurement date	$ 2,184,920	$ 8,534,906

Sensitivity of the Total Pension Liability to changes in the discount rate

The following presents the total pension liability of the Village as of December 31, 2018 measurement date, calculated using the discount rate of 3.64%, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Current Assumptions (3.64%)	1% Increase (4.64%)
Ambulance			
Total pension liability	$2,467,314	$ 2,184,920	$ 1,949,961
Fire			
Total pension liability	$9,794,353	$ 8,534,906	$ 7,491,332

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

For the year ended July 31, 2019 the Village recongnized pension expense of $228,482 for Ambulance and $507,554 for Fire. At July 31, 2019 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Ambulance	Fire	Ambulance	Fire
Differences between expected and actual experience	$ 72,907	$ 90,180	$ -	$ 185,398
Changes of assumptions or other inputs	72,425	493,180	164,255	1,101,037
Benefit payment and administrative expenses subsequent to the measurement date	54,653	260,264	-	-
Totals	$ 199,985	$ 843,624	$ 164,255	$ 1,286,435

$54,653 and $260,264 reported as deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended July 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending July 31,	Ambulance	Fire
2020	$ 295	$ (89,083)
2021	295	(89,083)
2022	(3,035)	(89,083)
2023	(16,479)	(89,083)
2024	-	(89,083)
Thereafter	-	(257,660)
Totals	$ (18,924)	$ (703,075)

NOTE 11. DEFERRED COMPENSATION PLAN

Employees of the Village may elect to participate in the Village Employees Deferred Compensation Plan created in accordance with internal Revenue Code 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

As of July 31, 2019, the market value of the assets of the plan totaled $7,633,664. This amount is reflected in the Fiduciary Fund Assets along with a corresponding liability to the employees participating in the plan.

NOTE 12. INTERFUND BALANCES AND ACTIVITY TRANSFERS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
General Fund	$ 405,569	$ -	$ -	$ 2,261,790
Capital Projects Fund	-	-	2,261,790	-
Private Purpose Trust Fund	-	405,569	-	-
Total	$ 405,569	$ 405,569	$ 2,261,790	$ 2,261,790

Transfers are primarily used to move funds from the General Fund to finance various programs accounted for in the Capital Projects Fund in accordance with budgetary authorizations.

NOTE 13. POST EMPLOYMENT BENEFITS

Plan Description

The Village provides post-employment (health insurance) coverage to retired employees and their families and eligible dependents in accordance with the provisions of various employment contracts (uniform and non-uniform). The Village through board resolution has the authority through collective bargaining agreements to establish and amend benefit terms including employee contribution requirements. The New York State Department of Civil Service administers NYSHIP, which is an agent multiemployer defined benefit plan. The plan does not issue a stand-alone financial report. The benefit levels, employee contributions and employer contributions are governed by the Village's contractual agreements. New York State law does not allow for the establishment of an OPEB trust, thus benefit payments are made on a "pay-as-you-go" basis. As a result, there are not assets accumulated in a trust that would be subject to the criteria of paragraph 4 of GASB Statement No. 75.

Benefits and Contributions

The Village provides medical and Medicare part B reimbursement to retired employees and their survivors. The benefit terms provide for payment of 50-100% of health insurance premiums at retirement and cost coverage is dependent on various employment contracts. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivor benefits are provided through a premium based plan.

The Village recognizes the cost of providing health insurance annually as expenditures in the General Fund.

Employees Covered by Benefit Terms

At July 31, 2019, the following employees were covered by the benefit terms:

Inactive participants currently receiving benefit payments	45
Inactive participants entitled to but not yet receiving benefit payments	-
Active participants	80
Total	125

Total OPEB Liability and Actuarial Assumptions

The Village's total OPEB liability of $119,267,712 was measured as of July 31, 2019, and was determined by an actuarial valuation report dated August 1, 2017 with update procedures used to roll forward the actuarial accrued liability to July 31, 2019. Calculation of the total OPEB liability was performed using the entry age normal percentage of pay actuarial cost method. The following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.87% (6/30/2018 Bond Buyer Index AA)
	3.50% (6/30/2019 Bond Buyer Index AA)
Inflation rate	3.00%
Projected salary increases	4.00%, average, including inflation
Healthcare cost trend rates	7% in the first year gradually decreasing to 0.5% per year, to an ultimate rate of 5%

The discount rate was based on a Bond Buyer Municipal Bond Index AA as of the nearest quarter.

Mortality rates were based on the RP-20000 Healthy Annuitant projected to 2019 with blue collar adjustment for PBA.

Changes in the Total OPEB Liability

Balance as of the 7/31/18	$18,363,167
Service cost	241,097
Interest	706,662
Effect of economic/demographic gains or losses	645,309
Benefit payments	(688,523)
Net changes	904,545
Balance as of the 7/31/19	$19,267,712

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount ate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate:

	1% Decrease (2.50%)	Current Assumptions (3.50%)	1% Increase (4.50%)
Total Net OPEB Liability	$22,150,142	$19,267,712	$16,901,377

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the baseline rates (year one) discussed in the earlier table:

	1% Decrease	Current Assumptions	1% Increase
Total Net OPEB Liability	$16,517,314	$19,267,712	$22,693,181

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB expense for the year ended July 31, 2019 was $929,893. At July 31, 2019, the Village reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 552,858	$ 596,818

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ending July 31,	
2020	$(17,866)
2021	(17,866)
2022	(17,866)
2023	(17,866)
2024	(17,866)
Thereafter	45,370
Totals	$(43,960)

NOTE 14. ASSIGNED APPROPRIATED FUND BALANCE

The amount of $600,000 has been appropriated to reduce the amount of funding needed to be raised by real estate taxes for the year ending July 31, 2020.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Risk Management

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

Lawsuits

The Village is subject to a number of lawsuits in the ordinary conduct of its affairs. The Village does not believe, however, that any such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Village.

Grants

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

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At July 31, 2019, the Village encumbered the following amounts:

Assigned: Unappropriated Fund Balance:	
General Fund	
General Government	$ 18,870
Public Safety	36,506
Health	36,274
Transportation	135,887
Culture and Recreation	35,321
	$ 262,858

NOTE 16. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances

The Capital Projects Fund had a deficit fund balance at July 31, 2019 in the amount of $59,311. The deficit will be eliminated as financing is obtained or from general fund appropriations.

NOTE 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 8, 2020, the date the financial statements were available to be issued.

INCORPORATED VILLAGE OF EAST HAMPTON

Budgetary Comparison Schedule - General Fund (Unaudited)

Year Ended July 31, 2019

	Original Budget	Modified Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenues:					
Real Property Taxes	13,287,326	13,268,981	$ 13,269,094		$ 113
Payments in Lieu of Taxes	110,000	128,346	132,880		4,534
Non-Property Tax Items	275,000	275,000	282,491		7,491
Departmental Income	374,900	374,900	532,320		157,420
Intergovernmental Income	2,809,736	2,809,736	2,913,246		103,510
Use of Money and Property	1,301,423	1,301,423	1,429,311		127,888
Licenses and Permits	2,010,500	2,010,500	2,457,114		446,614
Fines and Forfeitures	655,000	655,000	893,955		238,955
Sale of Property and Compensation for Loss	8,600	8,600	43,030		34,430
State and County Aid	849,445	1,549,445	2,031,909		482,464
Miscellaneous	9,000	9,000	63,078		54,078
Total Revenues	21,690,930	22,390,931	$ 24,048,428		$ 1,657,497
Appropriated Fund Balance					
Prior Years' Surplus	600,000	600,000			
Prior Years' Encumbrances	239,457	239,457			
Reserves	-	95,090			
Total Appropriated Fund Balance	$ 839,457	$ 934,547			
Balance	$ 22,530,387	$ 23,325,478			
Expenditures:					
General Government	2,892,522	2,696,358	$ 2,603,460	$ 18,870	$ 74,028
Public Safety	7,492,626	7,649,992	7,567,449	36,506	46,037
Health	428,800	417,538	371,224	36,274	10,040
Transportation	1,495,233	1,311,283	1,170,413	135,887	4,983
Culture and Recreation	1,160,008	1,044,030	949,221	35,321	59,488
Home & Community Services	960,744	887,544	830,052	-	57,492
Employee Benefits	6,074,310	6,055,715	6,030,808	-	24,907
Debt Service:					
Principal	850,000	850,000	850,000	-	-
Interest	131,144	131,144	131,144	-	-
Total Expenditures	21,485,387	21,043,604	20,503,771	262,858	276,975
Other Uses					
Operating Transfers Out	1,045,000	2,261,874	2,261,790	-	84
Contribution to Reserve Fund	-	20,000	20,000	-	-
Total Expenditures and Other Uses	$ 22,530,387	$ 23,325,478	$ 22,785,561	$ 262,858	$ 277,059

Explanation of differences between budgetary expenditures and other uses and GAAP expenditures and other uses:

Expenditures and Other Uses:	
Actual total expenditures budgetary basis	$ 22,785,561
Differences - Budget to GAAP Contribution to reserve Funds	(20,000)
Total expenditures and other uses as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	$ 22,765,561

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF EAST HAMPTON

Schedule of Proportionate Share of the Net Pension Liability (Unaudited)

July 31, 2019

NYSLRS Pension Plan	2019	2018	2017
Village's proportion of the net pension liability			
ERS	0.0191822%	0.0196658%	0.0197367%
PFRS	0.0905402%	0.0946583%	0.0934708%
Village's proportionate share of the net pension liability			
ERS	$ 1,359,117	$ 634,702	$ 1,854,503
PFRS	$ 1,518,417	$ 956,766	$ 1,937,325
Village's covered-employee payroll			
ERS	$ 5,226,206	$ 5,087,574	$ 4,945,545
PFRS	$ 3,845,166	$ 3,774,917	$ 3,927,030
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll			
ERS	26.01%	12.48%	37.50%
PFRS	39.49%	25.35%	49.33%
Plan fiduciary net position as a percentage of the total pension liability			
ERS	96.27%	96.93%	94.70%
PFRS	95.09%	98.24%	93.50%

See independent auditors' report and notes to the financial statements

INCORPORATED VILLAGE OF EAST HAMPTON
Schedule of Village Contributions (Unaudited)
For the Years Ended July 31,

NYSLRS Pension Plan	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ERS										
Contractually required contribution	$ 549,297	$ 725,743	$ 705,359	$ 874,106	$ 919,560	$ 929,975	$ 875,731	$ 667,326	$ 482,736	$ 298,066
Contributions in relation to the contractually required contribution	$ 549,297	$ 725,743	$ 705,359	$ 874,106	$ 919,560	$ 929,975	$ 875,731	$ 667,326	$ 482,736	$ 298,066
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered-employee payroll	$ 5,226,206	$ 5,087,574	$ 4,945,545	$ 4,876,585	$ 4,710,238	$ 4,634,929	$ 4,652,986	$ 4,511,293	$ 4,441,151	$ 4,225,802
Contributions as a percentage of covered employee payroll	10.5%	14.27%	14.26%	17.92%	19.52%	20.06%	18.82%	14.79%	10.87%	7.05%
PFRS										
Contractually required contribution	$ 878,620	$ 909,908	$ 840,916	$ 845,204	$ 1,014,883	$ 982,224	$ 734,041	$ 977,216	$ 484,201	$ 350,395
Contributions in relation to the contractually required contribution	$ 878,620	$ 909,908	$ 840,916	$ 845,204	$ 1,014,883	$ 982,224	$ 734,041	$ 977,216	$ 484,201	$ 350,395
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered-employee payroll	$ 3,845,166	$ 3,774,917	$ 3,927,030	$ 3,580,533	$ 3,577,447	$ 3,637,211	$ 3,518,428	$ 3,368,523	$ 3,353,419	$ 3,748,863
Contributions as a percentage of covered employee payroll	22.8%	24.10%	21.41%	23.61%	28.37%	27.00%	20.86%	29.01%	14.44%	9.35%

See independent auditors' report and notes to the financial statements

INCORPORATED VILLAGE OF EAST HAMPTON

Schedule of Changes in the Village's Total Pension Liability (Unaudited)

For the Years Ended July 31,

Total Pension Liability - Ambulance	2019	2018	2017
Service Cost	$ 54,768	$ 59,388	$ 69,264
Interest	67,749	71,617	62,783
Change of benefit terms	102,060	-	-
Changes of assumptions or other inputs	(128,925)	122,373	(123,282)
Differences between expected and actual experience	39,208	40,825	35,078
Benefit payments	(78,249)	(73,744)	(57,400)
Net Change In Total Pension Liability	56,611	220,459	(13,557)
Total Pension Liability - Beginning	2,128,309	1,907,850	1,921,407
Total Pension Liability - Ending	$ 2,184,920	$ 2,128,309	$ 1,907,850
Covered-Employee Payroll	N/A	N/A	N/A
Total Pension Liability As A Percentage Of Covered-employee Payroll	N/A	N/A	N/A

Total Pension Liability - Fire Department	2019	2018	2017
Service Cost	$ 291,560	$ 248,218	$ 283,452
Interest	295,236	307,927	281,255
Changes of assumptions or other inputs	(774,489)	657,573	(650,228)
Differences between expected and actual experience	(155,888)	120,237	(72,929)
Benefit payments	(345,707)	(322,745)	(268,630)
Net Change In Total Pension Liability	(689,288)	1,011,210	(427,080)
Total Pension Liability - Beginning	9,224,194	8,212,984	8,640,064
Total Pension Liability - Ending	$ 8,534,906	$ 9,224,194	$ 8,212,984
Covered-Employee Payroll	N/A	N/A	N/A
Total Pension Liability As A Percentage Of Covered-employee Payroll	N/A	N/A	N/A

Notes to Required Supplementary Information

Changes of assumptions or other inputs:

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2017: 3.16%
December 31, 2018: 3.64%

The mortality projection scale was changed to the MP2017 scale as of the December 31, 2017 measurement date. The prior scale, for the December 31, 2016 measurement date, was the MP2016 scale.

Changes of benefit terms:

Effective January 1, 2019 the program was amended to increase the monthly accrual per year of service from $20 to $30 for service credit earned after January 1, 2019.

Trust Assets:

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

N/A - individuals that receive benefits are volunteers and there is no related covered-employee payroll for these individuals.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

See independent auditors' report and notes to the financial statements

INCORPORATED VILLAGE OF EAST HAMPTON

Schedule of Changes in the Village's Total Pension Liability (Unaudited)

For the Years Ended July 31,

	2019	2018
Total OPEB Liability		
Service cost	$ 241,097	$ 286,826
Interest	706,662	674,817
Effect of economic/demographic gains or losses	645,309	(817,452)
Benefit payments	(688,523)	(687,695)
Net Change In Total OPEB Liability	904,545	(543,504)
Total OPEB Liability - Beginning	18,363,167	18,906,671
Total OPEB liability - Ending (a)	19,267,712	18,363,167
Plan Fiduciary Net Position (b)	*N/A	*N/A
Net OPEB Liability - Ending (a) - (b)	$ 19,267,712	$ 18,363,167
Plans Fiduciary Net Position As A Percentage Of The Total OPEB Liability	0%	0%
Covered-Employee Payroll	$ 8,857,594	$ 8,365,004
Net OPEB Liability As A Percentage Of Covered-employee Payroll	217.53%	219.52%

*N/A - Current regulations do not permit the Village to fund the OPEB obligation, it is a "pay-as-you-go" and no assets accumulate

Notes to Required Supplementary Information

Changes of assumptions:

Based on changing discount rate from 3.50% to 3.87%, no change in the basis used to benchmark

Plan Assets:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Satty&Partners
SATTY, LEVINE & CIACCO, CPAS, PC
BUSINESS ADVISORS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Board of Trustees of the
Incorporated Village of East Hampton:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Incorporated Village of East Hampton, New York (the "Village"), as of and for the year ended July 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated January 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Satty, Levine & Ciacco CPAs PC

Satty, Levine, & Ciacco, CPAs, P.C.
Melville, New York
January 8, 2020

APPENDIX C

FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING CERTIFICATE PURSUANT TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION

On the date hereof, the Village of East Hampton, Suffolk County, New York (the "Issuer") is issuing its Bonds (as defined herein). To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the Issuer hereby undertakes for the benefit of the record and beneficial owners from time to time of the Bonds (the "Holders") to provide:

A. ***Definitions.*** As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

"Bonds" means the Issuer's $1,490,000* Public Improvement Serial Bonds – 2020 Series A and $2,015,000* Public Improvement Refunding Serial Bonds - 2020 Series B, dated June 3, 2020.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Undertaking" means this Annual and Continuing Disclosure Undertaking.

B. ***Annual Reports.*** The Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer's final Official Statement, dated May 20, 2020, under the headings **"THE VILLAGE OF EAST HAMPTON", "DEMOGRAPHIC AND STATISTICAL INFORMATION", "INDEBTEDNESS OF THE VILLAGE", "FINANCES OF THE VILLAGE", "TAX INFORMATION", and "LITIGATION",** and in **APPENDICES A AND B,** and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Issuer will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will electronically file with the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be electronically filed pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

C. ***Event Notices.*** The Issuer shall electronically file with the MSRB notice of any of the following events with respect to the Obligations in a timely manner and not more than ten business days after occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) 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 or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the 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.

The Issuer shall electronically file with the MSRB, in a timely manner, notice of any failure by the Issuer to provide financial information or operating data in accordance with this Undertaking by the time required by this Undertaking.

D*.* ***Filings with the MSRB***. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E*.* ***Limitations, Disclaimers, and Amendments***. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY

COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Bonds.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority of the aggregate principal amount of outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand this June 3, 2020.

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Village Administrator and Clerk-Treasurer

APPENDIX D

FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

NORTON ROSE FULBRIGHT

June 3, 2020

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Village of East Hampton,
County of Suffolk,
State of New York

Re: Village of East Hampton, Suffolk County, New York
$1,490,000 Public Improvement (Serial) Bonds – 2020 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $1,490,000 Public Improvement (Serial) Bonds – 2020 Series A (the "Obligation"), of the Village of East Hampton, County of Suffolk, State of New York (the "Obligor"), dated June 3, 2020.

We have examined:

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

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

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

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

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

the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

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

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

(c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

NORTON ROSE FULBRIGHT

June 3, 2020

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Village of East Hampton,
County of Suffolk,
State of New York

Re: Village of East Hampton, Suffolk County, New York
$2,105,000 Public Improvement Refunding (Serial) Bonds – 2020 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $2,015,000 Public Improvement Refunding (Serial) Bonds – 2020 Series B (the "Obligation"), of the Village of East Hampton, County of Suffolk, State of New York (the "Obligor"), dated June 3, 2020.

We have examined:

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

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

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

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

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

the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

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

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

(c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,