PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 19, 2022

RENEWAL **BOND ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

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

VILLAGE OF PORT JEFFERSON
SUFFOLK COUNTY, NEW YORK

(the "Village")

$1,839,716

BOND ANTICIPATION NOTES – 2022 SERIES B

(the "Notes")

Dated Date: October 13, 2022 Maturity Date: October 13, 2023

Security and Sources of Payment: The Notes are general obligations of the Village of Port Jefferson, 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 Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "*Tax Levy Limit Law*," herein).

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 28, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about October 13, 2022 in New York, New York, or as otherwise agreed to by the Village and the purchaser.

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

VILLAGE OF PORT JEFFERSON
IN THE TOWN OF BROOKHAVEN
SUFFOLK COUNTY, NEW YORK

121 West Broadway
Port Jefferson, New York 11777
Telephone: 631/473-4740
Fax: 631/476-0672

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

Munistat
Municipal Financial Advisory Service
Since 1977

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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Village from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

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OFFICIAL STATEMENT

Relating to

VILLAGE OF PORT JEFFERSON
SUFFOLK COUNTY, NEW YORK

$1,839,716 BOND ANTICIPATION NOTES – 2022 SERIES B
(the "Notes")

This Official Statement, including the cover page and appendices thereto, has been prepared by the Village of Port Jefferson (the "Village") and presents certain information relating to the Village's $1,839,716 Bond Anticipation Notes – 2022 Series B (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are uncertain, and these conditions may continue for an indefinite period of time. Accordingly, the Village's overall economic situation and outlook (and all of the specific Village-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "*RISK FACTORS*" and "*IMPACT OF COVID-19*" herein.

THE NOTES

Description of the Notes

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

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

The Village Clerk will act as Fiscal Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The Village's contact information is as follows: Denise Mordente, Village Treasurer of the Port Jefferson, 121 West Broadway, Port Jefferson, NY 11777, Phone (631) 473-4740 and email: treasurer@portjeff.com.

Optional Redemption

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

Book-Entry System

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also 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"). Standard & Poor's assigns a rating of "AA+" to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found a www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and various bond resolutions duly adopted by the Board of Trustees of the Village as follows:

Date of Authorization	Purpose	Amount Outstanding	Amount to be Paid	Amount to be Issued
07/20/2020	Highland Blvd Retaining Wall	$ 110,113	$ 8,000	$ 102,113
07/20/2020	Expansion and Improvements to the Existing Public Works Maintenance and Storage Building	486,000	31,000	455,000
07/20/2020	East Beach Retaining Wall	370,000	26,000	344,000
07/20/2020	Station Street Phase 1	284,000	71,000	213,000
07/20/2020	Rocketship Park Bathroom Improvements	131,000	10,000	121,000
07/20/2020	Village Hall Bathroom Improvements	75,603	7,000	68,603
07/20/2020	Longfellow Drainage Improvements	168,000	12,000	156,000
07/20/2020	Barnum Lot Improvements	270,000	30,000	240,000
07/20/2020	Digitalization of Records	185,000	45,000	140,000
	Totals:	$2,079,716	$240,000	$1,839,716

Security and Source of Payment

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

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

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

RISK FACTORS

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

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

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

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

The Village is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. Should the Village fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the Village is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Village will have market access for any such borrowing on a cost effective basis. (See also "*State Aid*" herein.)

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is affecting economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and nonessential 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. Similarly, the degree of the impact to the Village's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*Revenues - State Aid*" herein.)

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Village. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Village to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Village and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Village to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Village subject to taxation by the Village, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE VILLAGE

Description

The Village is located in the north-central portion of Suffolk County in the Town of Brookhaven, approximately 56 miles east of New York City. Its current population is estimated to be 8,016 according to the U.S. Bureau of Census and it encompasses a land area of approximately 3.1 square miles. Located on Long Island Sound, the Village's deep water harbor has made a significant contribution to its economy and to the quality of life of its residents. In addition to oil-docking facilities, the Village is the site of the Bridgeport-Port Jefferson Ferry, which provides cross-sound ferry service for both passengers and vehicles on a year-round basis; it is also the location of some of the largest marinas on the north shore of Suffolk County for pleasure boats, as well as boat yards, fishing vessels, restaurants and shopping. Residents find employment in the Village and in the surrounding area at such facilities as Mather Hospital, St. Charles Hospital, the State University at Stony Brook, Brookhaven National Laboratory or other private and governmental operations.

Incorporated in 1963, the Village provides a variety of services to its residents and property owners, including road maintenance and zoning and code enforcement. The Village also owns and operates the Port Jefferson Country Club, which includes an 18-hole golf course, tennis courts and a club house which is open for catering functions as well as private dining. The Village also maintains a beach on the north shore of Long Island Sound and parks for children as well as adults.

Rail transportation is provided by the Long Island Railroad, which has a branch line terminating in Port Jefferson. Highways include New York State Routes 25A (a major east-west artery) and 112, which leads to the Long Island Expressway (Interstate Route 495). Water service is provided by the Suffolk County Water Authority; sewer service is provided by the County of Suffolk, which also provides police protection. Gas and electric service is provided by National Grid and PSEG Long Island, respectively and fire protection is provided by a local volunteer unit.

Government

The Village was incorporated in 1963. One independently governed school district, which relies on its own taxing powers granted by the State to raise revenues is located partially within the Village. The school district uses the Town of Brookhaven assessment roll as its basis for taxation of property located within the Village.

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

The legislative power of the Village is vested in the Board of Trustees, which consists of five members, including the Mayor, who is the chief executive officer of the Village, each elected for a term of four years. Elections are held every two years. There is one elected Village Justice who serves a four-year term and one Assistant Village Justice who is appointed each year. Village Clerk, Village Treasurer, Village Attorney, Village Assessor and other department heads are appointed by the Mayor with consent of the Board. All the Board members are elected at large and there is no limitation to the number of terms each may serve.

The Village Treasurer is responsible for the overall financial operation of the Village and the Village Administrator serves as the Receiver of Taxes.

Employees

The Village provides services to its residents and business owners utilizing 54 full-time and approximately 145 part-time employees, most of whom are represented by CSEA whose contract expires on May 31, 2024.

DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Population

Year	Village	Town of Brookhaven	Suffolk County
1990	7,455	397,014	1,292,665
2000	7,837	448,248	1,419,369
2010	8,043	486,040	1,493,350
2020	8,016	485,773	1,481,364

Sources: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	1990	2000	2010	2020 [a]
Village	$23,805	$33,852	$45,558	$55,877
Town of Brookhaven	16,441	24,191	32,410	42,388
County of Suffolk	18,481	26,577	34,582	46,466
State of New York	16,501	23,389	30,948	40,898

	Median Household Income			
	1990	2000	2010	2020 [a]
Village	$54,620	$65,119	$98,355	$117,579
Town of Brookhaven	47,074	62,475	81,937	100,061
County of Suffolk	49,128	65,288	91,104	105,362
State of New York	32,965	51,591	55,217	71,117

Source: United States Bureau of the Census.
a: Based on American Community Survey 5-Year Estimates (2016-2020)

Selected Listing of Major Employers in the Village

Name of Employer	Nature of Business	Number of Employees
John T. Mather Hospital	Hospital	2,600
St. Charles Hospital	Hospital	1400
Verizon	Communication Services	325
Port Jefferson UFSD	Public Schools	196
National Grid	Power Plant	90

Unemployment Rate Statistics

Unemployment statistics are not available for the Village. The information set forth below with respect to the Town, 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 Town, County or the State.

Annual Averages:	Town of Brookhaven (%)	Suffolk County (%)	New York State (%)
2017	4.5	4.5	4.7
2018	3.9	3.9	4.1
2019	3.7	3.7	4.0
2020	8.2	8.5	10.0
2021	4.8	4.9	7.2
2022 (7 Month Average)	3.3	3.3	4.7

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the 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, bond anticipation notes and capital notes.

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of September 19, 2022)

Fiscal Year Ending May 31:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2019	$22,669,315	0.88	$2,576,058,523
2020	22,108,691	0.80	2,763,586,375
2021	20,999,576	0.76	2,763,102,105
2022	20,417,422	0.74	2,759,111,081
2023	20,487,321	0.74	2,768,556,892

Total Five Year Full Valuation	$13,630,414,976
Average Five Year Full Valuation	2,726,082,995
Debt Limit - 7% of Average Full Valuation	190,825,810
Inclusions:	
General Purpose Bonds	3,605,000
Bond Anticipation Notes	7,279,716
Total Inclusions	10,884,716
Exclusions:	
Bond Appropriations	555,000
Note Appropriations	240,000
Total Exclusions	795,000
Total Net Indebtedness Before Issuing the Notes	10,089,716
The Notes	1,839,716
Less: BANs Being Redeemed by the Notes	0
Net Effect of the Notes	1,839,716
Total Net Indebtedness Before Issuing the Notes	11,929,432
Net Debt Contracting Margin	$180,736,094
Percent of Debt Contracting Margin Exhausted (%)	5.29

Debt Service Requirements - Outstanding Bonds [a]

Fiscal Year Ending May 31:	Principal	Interest	Total
2023	$ 650,000	$ 52,945	$ 702,945
2024	655,000	45,623	700,623
2025	645,000	37,225	682,225
2026	640,000	27,828	667,828
2027	630,000	16,855	646,855
2028	200,000	8,706	208,706
2029	205,000	4,038	209,038
2030	40,000	1,100	41,100
2031	35,000	350	35,350
Totals:	$3,700,000	$194,668	$3,894,668

a. Does not include payments made to date in the current fiscal year.

Capital Leases Payable [a]

Fiscal Year Ending May 31:	Principal
2023	$ 117,777
2024	109,263
2025	8,288
Totals:	$235,328

a. Does not include payments made to date in the current fiscal year.

Details of Short-Term Indebtedness Outstanding
(As of September 19, 2022)

As of the date of this Official Statement, the Village has bond anticipation notes outstanding in the amount of $2,079,716 which mature on October 14, 2022 and $5,200,000 which mature on April 26, 2023. The Notes along with $240,000 in available funds will redeem $2,079,716 bond anticipation notes.

Authorized but Unissued Indebtedness

As of the date of this Statement, the Village has authorized but unissued indebtedness in the amount of $4,800,000.

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, water and sewer 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 May 31:				
	2018	2019	2020	2021	2022
Bonds	$5,015,000	$4,540,000	$4,830,000	$4,320,000	$3,700,000
BANs	1,480,000	1,200,000	960,000	2,369,716	7,279,716
Total Debt Outstanding	$6,495,000	$5,740,000	$5,790,000	$6,689,716	$10,979,716

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	08/11/2022	1.14	$15,743,041	$13,756,981
Town of Brookhaven	06/29/2022	5.33	25,617,579	24,609,143
Port Jefferson UFSD	12/15/2021	92.50	619,750	557,775
Totals:			$41,980,370	$38,923,899

Debt Ratios
(As of September 19, 2022)

	Amount	Per Capita [a]	Percentage of Full Value (%) [b]
Total Direct Debt	$10,884,716	$1,358	0.393
Net Direct Debt	10,089,716	1,259	0.364
Total Direct & Applicable Total Overlapping Debt	52,865,086	6,595	1.909
Net Direct & Applicable Net Overlapping Debt	49,013,615	6,114	1.770

a. The current estimated population of the village is 8,016.
b. The full valuation of taxable real property in the Village for 2022-23 is $2,768,556,892.

FINANCES OF THE VILLAGE

Financial Statements and Accounting Procedures

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an audited financial statement is available is the fiscal year ended May 31, 2021 and is attached as Appendix B. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village also prepares an Annual Financial Report Update Document for submission to the State Comptroller. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

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

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

Basis of Accounting

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

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

Investment Policy

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

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

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

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

Budgetary Procedures

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

Financial Operations

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

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

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

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village. 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. See also "Tax Levy Limit Law" herein.

Real Property Taxes

See "Tax Information", herein.

State Aid

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

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. In 2020, due to the outbreak of COVID-19, the State declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts 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 negatively impacted 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 "*IMPACT OF COVID*" herein.)

In October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a $14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of $63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State had announced that in the absence of Federal funding to offset this revenue loss, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

The State's revenue picture improved in the final quarter of fiscal year 2021, with tax collections exceeding expectations. On March 1, 2021 the Executive and Legislature reached consensus that cumulative tax receipts over fiscal year 2021 and fiscal year 2022 would be at least $2.5 billion higher than estimated in the Executive Budget Financial Plan. Collections through the end of fiscal year 2021 were even more favorable, providing the basis for the substantial upward revision to tax receipts. The State finished fiscal year 2021 in a stronger overall position in comparison to the Executive Budget Financial Plan. Results reflected both strong tax receipts and disbursements that fell substantially below budgeted levels.

On March 11, 2021 the Federal American Rescue Plan Act (ARPA) was enacted. The ARPA is a $1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation's economic recovery. The ARPA provides the State with $12.6 billion in general aid ("recovery aid"), as well as $17.2 billion in categorical aid for schools, universities, childcare, housing and other purposes. (See "*Impact of COVID-19*", herein). The enacted 2021-22 State budget provides for an increase in All Funds spending of 9.7% over 2020-21, relying on a combination of the new federal funding and revenue-raising initiatives to avoid cuts and support additional investments. According to the State, the budget deploys the first $5.5 billion of the $12.6 billion provided for under ARPA. To date, the Village has received $835,382 in ARPA funds.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

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, the Village is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Village's General Fund revenue (including transfers) comprised of State aid for each of the fiscal years 2017 through 2021, and as budgeted for 2022 and 2023.

Fiscal Year Ending May 31:	Total Revenue	State Aid	State Aid to Revenues (%)
2017	$10,345,861	$609,254	5.89
2018	9,666,644	593,726	6.14
2019	10,858,465	1,356,564	12.49
2020	9,767,304	591,719	6.06
2021	9,735,187	540,424	5.55
2022 (Budgeted)	10,187,442	615,302	6.04
2023 (Budgeted)	10,593,804	857,302	8.09

Sources: Audited Financials of the Village (2017-2021) and Adopted Budgets of the Village (2022 and 2023).

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 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: 19.2%; 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. There have not been any audits conducted on the Village in the past five fiscal years.

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, Public Safety, Culture and Recreation, Home & Community Services and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A.

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"). 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. 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 such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for ERS employees hired after January 1, 2010 through March 31, 2012. Tier 5 employees 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 five years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines at certain times, 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.

The Village has decided not to amortize any pension contributions.

The Village is required to contribute an actuarially determined rate. The following table sets forth the contributions for the five most recently completed fiscal years and the amount budgeted for fiscal year ending May 31, 2022.

Payments to the Retirement Systems

Fiscal Year Ending May 31:	ERS
2018	$472,952
2019	436,497
2020	501,340
2021	497,234
2022	576,514
2023 (Budgeted)	522,257

Source: Village Officials.

Other Post-Employment Benefits

OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 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.

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.

The Village's total OPEB liability at May 31, 2022 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending May 31, 2022:
Balance as of May 31, 2021	$17,814,856
Changes for the year:	
Service cost	962,944
Interest	353,323
Differences Between Actual and Expected Experience	(2,192,820)
Changes in assumptions or other inputs	(3,836,125)
Benefit payments	(297,451)
Net Changes	(5,010,129)
Total OPEB liability as of May 31, 2022	$12,804,727

In some recent years, OSC has proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The Village cannot predict at this time whether such proposed legislation will be enacted into law. 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.

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the Village's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, and, as budgeted, for the years ending 2022 and 2023.

Fiscal Year Ending May 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2017	$10,345,861	$6,458,420	62.43
2018	9,666,644	6,482,617	67.06
2019	10,858,468	6,369,408	58.66
2020	9,767,304	6,203,746	63.52
2021	9,735,187	6,529,769	67.07
2022 (Budgeted)	10,187,442	6,524,591	64.05
2023 (Budgeted)	10,593,804	6,463,152	61.01

Source: Audited Financials of the Village (2017-2021), and Adopted Budgets of the Village (2022 and 2023).

Tax Collection Procedure

Tax payments are due on June 1st each year and are payable without penalty up to and including July 1. Penalties for tax delinquencies are imposed at the rate of 5% for the balance of July and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction of thereof thereafter. In March of each year tax liens are sold at auction pursuant to proceedings set forth in the Real Property Tax Law. Consequently, there are usually no uncollected taxes at the end of the fiscal year.

As a result of the COVID-19 pandemic, in certain counties in the State, during the first half of the 2020 fiscal year, the deadline to pay property taxes, without interest or penalty, was extended in certain circumstances. No assurance can be given that similar extensions with respect to the deadlines to pay property taxes, without interest or penalty, may occur in the future. Any such extensions may result in a delay in the receipt of taxes collected.

Tax Levy Limit Law

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

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

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

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2022-2023 fiscal year is as follows:

Five-year Average Full Valuation	$2,609,276,701
Tax Limit - 2% thereof	52,185,534
Tax Levy for General Village Purposes	6,524,591
Less: Exclusions	0
Tax Levy Subject to Tax Limit	$6,524,591
Constitutional Tax Margin	$45,660,943

Tax Levies and Rates

	2019	2020	2021	2022	2023
General	$6,361,010	$6,451,427	$6,401,920	$6,524,591	$6,463,152
Taxes Rate per $1,000 of Assessed Valuation	$2.81	$2.92	$3.10	$3.20	$3.33

Selected Listing of Large Taxable Properties

2022-2023 Assessment Roll

Name	Type	Assessed Valuation
National Grid	Utility	$7,875,431
North Shore Professional Realty	Commercial	166,115
Northville Industries	Commercial	89,115
Belle Terre Equities c/o Fairfield	Commercial	78,200
Belle Height LLC	Commercial	75,600
Crest Hill LLC	Commercial	74,929
Barnum Equities	Commercial	58,700
	Total [a]	$8,418,090

Source: Village Officials

a. Represents 41.23% of the total taxable assessed valuation for 2022-2023. See Long Island Power Authority Tax Certiorari, herein.

Tax Certiorari Claims

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

LONG ISLAND POWER AUTHORITY TAX CERTIORARI

The Village successfully entered a global settlement that resolved all of the tax certiorari proceedings brought by the Long Island Power Authority and National Grid challenging the property tax assessment of the power plant located in the Village. The settlement provided for a de-escalation of taxes along a nine year glide path to an agreed upon final assessment. The Village is currently in Year 5 of the glide path. Assessed value of the power plant will decrease from a high of $10,678,550 in base year 2017-18 to $6,193,559 at the end of the glide path in 2027-28.

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. To mitigate such risk the Village has contracted with an outside technology firm to assist in the prevention detection and remediation of any such attacks. In addition, the Village maintains an insurance policy covering cyber liability. 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.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency in 2020 and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The State's declaration of a state of emergency was lifted in July of 2021. Efforts to contain the spread of COVID-19 have reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Village's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" herein).

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.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the Village (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Village in connection with the Notes, and Bond Counsel has assumed compliance by the Village with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Village will provide an executed copy of its "Undertaking to Provide Notices of Events" (the "Undertaking") substantially in the form appearing in Appendix D.

Compliance History

On December 6, 2021, the Village filed a material event notice for the failure to file its unaudited financial statements for fiscal year May 31, 2021 in a timely manner.

RATING

The Notes are not rated. Moody's has assigned a rating of "Aa3" to the outstanding bonds of the Village. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. 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 rating could have an adverse effect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Village on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has 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 the office of : Denise Mordente, Village Treasurer of the Port Jefferson, 121 West Broadway, Port Jefferson, NY 11777, Phone (631) 473-4740 and email: treasurer@portjeff.com or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: http://www.munistat.com.

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

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes

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

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

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

By: s/s ____________________
DENISE MORDENTE
Village Treasurer
Village of Port Jefferson
Port Jefferson, New York

September , 2022

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending May 31: 2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	$ 6,458,420	$ 6,482,617	$ 6,369,408	$ 6,203,746	$ 6,529,769
Real Property Tax Items	21,419	26,893	299,307	309,494	360,261
Non-Property Tax Items	344,736	355,120	362,667	349,291	354,165
Departmental Income	1,756,891	1,325,472	1,529,132	1,585,279	1,297,855
Intergovernmental Charges		32,472	8,725	7,200	26,913
Use of Money and Property	53,239	56,040	38,655	99,275	52,148
Licenses & Permits	347,133	171,169	169,978	209,287	235,166
Fines & Forfeitures	482,665	509,021	547,745	362,079	276,158
Sale of Property & Compensation for Loss	12,298	74,911	28,804	33,992	30,325
Miscellaneous	259,806	39,203	147,483	15,942	32,003
State Aid	609,254	593,726	1,356,564	591,719	540,424
Total Revenues	10,345,861	9,666,644	10,858,468	9,767,304	9,735,187
Expenditures:					
General Government Support	2,009,088	2,018,518	2,055,208	1,950,588	2,096,379
Public Safety	934,056	980,742	929,763	1,000,331	987,096
Health	621,415	597,891	618,957	364,002	
Transportation	1,960,831	1,704,384	1,722,795	1,503,981	1,413,705
Economic Assistance and Opportunity	52,420	38,944	51,959	46,247	37,923
Culture and Recreation	1,018,449	1,213,970	1,271,096	1,210,200	1,066,540
Home and Community Services	329,828	384,036	354,254	345,958	346,643
Employee Benefits	1,949,708	1,919,128	1,969,068	1,947,038	2,018,864
Debt Service	849,844	686,574	840,996	818,774	787,483
Total Expenditures	9,725,639	9,544,187	9,814,096	9,187,119	8,754,633
Other Financing Sources (Uses):					
Proceeds From:					
Transfers In	565,556				
Transfers Out	(1,187,916)	(725,850)	(1,529,611)	(313,297)	(251,400)
LOSAP Relinquishment					(159,624)
Total Other Financing Sources (Uses)	(622,360)	(725,850)	(1,529,611)	(313,297)	(411,024)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(2,138)	(603,393)	(485,239)	266,888	569,530
Fund Balance Beginning of Year	1,888,158	1,886,020	1,282,627	931,666	1,198,554
Prior Period Adjustment			134,278		
Fund Balance Beginning of Year- Restated			1,416,905	931,666	1,198,554
Fund Balance End of Year	$ 1,886,020	$ 1,282,627	$ 931,666	$ 1,198,554	$ 1,768,084

Sources: Audited Financial Reports of the Village (2017-2021).
NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Country Club

	Fiscal Year Ending May 31: 2017	2018	2019	2020	2021
Revenues:					
Departmental Income	$ 1,802,383	$ 1,807,928	$ 1,789,581	$ 1,821,083	$ 2,995,911
Intergovernmental Charges	190	6,133			
Use of Money and Property	13,966	11,988	12,363	19,009	31,152
Sale of Property and Compensation for Loss			12,615	4,328	3,143
Miscellaneous				3,382	2,210
Total Revenues	1,816,539	1,826,049	1,814,559	1,847,802	3,032,416
Expenditures:					
General Government Support			47,426	51,573	65,111
Culture and Recreation	1,279,060	1,239,332	1,201,044	1,198,132	1,471,566
Employee Benefits	253,031	331,849	353,007	361,885	348,269
Debt Service	147,676	349,331	349,848	353,956	302,637
Total Expenditures	1,679,767	1,920,512	1,951,325	1,965,546	2,187,583
Other Financing Sources (Uses):					
Proceeds From:					
Transfers In	57,457		30,000		
Transfers Out	(178,943)	(30,000)		(3,980)	(7,610)
Total Other Financing Sources (Uses)	(121,486)	(30,000)	30,000	(3,980)	(7,610)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	15,286	(124,463)	(106,766)	(121,724)	837,223
Fund Balance Beginning of Year	(154,130)	(138,844)	(263,307)	(370,073)	(491,798)
Fund Balance End of Year	$ (138,844)	$ (263,307)	$ (370,073)	$ (491,798)	$ 345,426

Sources: Audited Financial Reports of the Village (2017-2021).
NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Capital Projects

	Fiscal Year Ending May 31: 2017	2018	2019	2020	2021
Revenues:					
Intergovernmental Charges				119,331	
Miscellaneous	132,661	58,297			56,798
State Aid	$ 596,048	$ 185,239	$	$ 235,378	$ 216,829
Federal Aid	274,659	7,230			21,785
Total Revenues	1,003,368	250,766	0	354,709	295,412
Expenditures:					
General Government Support			105,937	396,289	262,699
Public Safety			50,582	69,628	60,627
Transportation	1,870,984	1,909,397	956,397	618,942	1,253,375
Culture and Recreation			333,968	215,295	301,200
Home and Community Services			95,629	57,230	
Total Expenditures	1,870,984	1,909,397	1,542,513	1,357,384	1,877,901
Other Financing Sources (Uses):					
Proceeds From:					
BANs Redeemed from Appropriations			280,000	240,000	240,000
Proceeds from Debt	1,497,652		99,869	383,157	985,687
Transfers In	1,199,746	755,850	1,529,611	317,277	259,010
Transfers Out	(455,900)		(30,000)		
Total Other Financing Sources (Uses)	2,241,498	755,850	1,879,480	940,434	1,484,697
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	1,373,882	(902,781)	336,967	(62,241)	(97,792)
Fund Balance Beginning of Year	(24,997)	1,348,885	(1,051,548)	(714,581)	(776,823)
Prior Period Adjustment		(1,497,652)			
Fund Balance Beginning of Year, as Restated		(148,767)	(1,051,548)	(714,581)	(776,823)
Fund Balance End of Year	$ 1,348,885	$ (1,051,548)	$ (714,581)	$ (776,823)	$ (874,614)

Sources: Audited Financial Reports of the Village (2017-2021).
NOTE: This Schedule NOT audited.

Balance Sheet
General Fund

	Fiscal Year Ending May 31: 2020	2021
Assets:		
Cash - Unrestricted	$ 918,932	$ 2,245,331
Account Receivable	22,130	195,590
Taxes Receivable	124,729	124,729
Due from other Funds	602,322	514,192
Service Award Program	159,624	
Total Assets	$ 1,827,737	$ 3,079,842
Liabilities:		
Accounts Payable	$ 168,356	$ 249,102
Accrued Liabilites	257,678	263,446
Due to Employees' Retirement System	72,689	84,357
Other Liabilities		590,124
Deferred Inflows of Resources	130,460	124,729
Total Liabilities and Deferred Revenues	629,183	1,311,758
Fund Balance:		
Restricted	159,624	
Assigned	23,810	23,810
Unassigned	1,015,120	1,744,274
Total Fund Balance	1,198,554	1,768,084
Total Liabilities and Fund Balance	$ 1,827,737	$ 3,079,842

Source: Audited Financials of the Village (2020-2021).
NOTE: This Schedule NOT audited.

Budget Summary

	Fiscal Year Ending May 31: 2020-2021	2021-2022
Revenues:		
Real Property Taxes	$ 6,401,920	$ 6,524,591
PILOT	275,000	291,000
Interest & Penalties	40,000	40,000
Non-Property Tax	370,000	370,000
Departmental Income	726,500	731,500
Culture and Recreation	762,259	632,400
Use of Money & Property	79,740	239,740
Licenses & Permits	225,000	225,000
Fines & Forfeitures	510,000	500,409
Sale of Prop & Comp for Loss	7,500	7,500
Miscellaneous	10,000	10,000
State Aid	584,646	615,302
Total	$ 9,992,565	$ 10,187,442
Expenses:		
General Government Support	$ 2,178,046	$ 2,224,200
Public Safety	984,225	977,328
Transportation	1,977,100	1,986,600
Economic Assistance	63,700	63,700
Culture & Recreation	1,298,500	1,260,500
Home & Community Services	376,850	391,462
Employee Benefits	2,129,019	2,182,541
Interfund Transfer	302,744	313,400
Debt Service	682,381	787,711
Total	$ 9,992,565	$ 10,187,442

Source: Adopted Budgets of the Village.

VILLAGE OF PORT JEFFERSON

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2021

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

The Village Of Port Jefferson

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT

May 31, 2021

INCORPORATED VILLAGE OF PORT JEFFERSON
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JAMES E. DANOWSKI, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
MICHAEL J. LEONE, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 – 2013)

PETER F. RODRIGUEZ, CPA
(RET.)

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Port Jefferson
Port Jefferson, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Port Jefferson (Village), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

Basis for Adverse Opinion on Governmental Activities

The Village did not maintain adequate accounting records to support the reported capital assets amount and capital assets did not include general infrastructure, and accordingly, the Village has not recorded depreciation expense on capital assets. Accounting principles generally accepted in the United States of America require that all capital assets, including general infrastructure be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above, do not present fairly, the financial position of the governmental activities, of the Incorporated Village of Port Jefferson, as of May 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Incorporated Village of Port Jefferson, as of May 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 2 to the financial statements, "Changes in Accounting Principles", the Village adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of May 31, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the Village's proportionate share of the net pension liability, schedule of Village pension contributions, and schedule of changes in the Village's total OPEB liability on pages 3 through 13 and 42 through 47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cullen & Danowski, LLP

February 25, 2022

The Incorporated Village of Port Jefferson's discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2021 in comparison with the year ended May 31, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements, decreased by $284,423. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.

- The Village's expenses for the year, as reflected in the government-wide financial statements, totaled $13,341,707. Of this amount, $5,048,832 was offset by program charges for services, operating grants and capital grants. General revenues of $8,008,452 amount to 61.33% of total revenues, and were not sufficient to cover the balance of program expenses.

- The Village's general fund fund balance, as reflected in the fund financial statements was $1,768,084 at May 31, 2021. This balance represents a $569,530 increase (47.51%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:

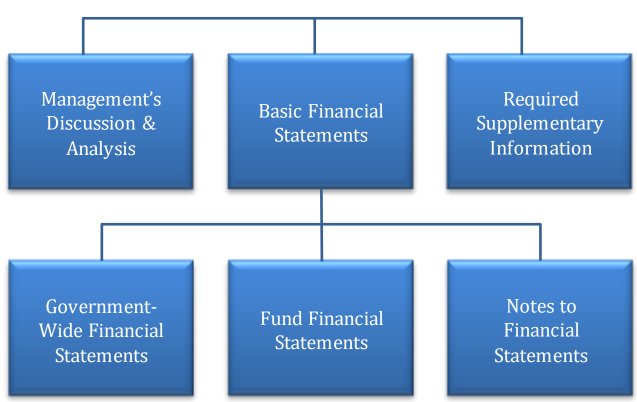
  - Restricted fund balance decreased by $159,624 due to the relinquishment of the Length of Service Awards Program (LOSAP). Effective January 1, 2021, the LOSAP was no longer sponsored by the Village.

  - Unassigned fund balance increased by $729,154 to $1,744,274

- The Village redeemed $240,000 in BANs from general fund appropriations during the year.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. Government-Wide Financial Statements

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

These statements utilize the economic resources measurement focus and 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 reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

The Village maintains four individual governmental funds: general fund, community development fund, country club fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The May 31, 2020 current and other assets, and current and other liabilities were increased by $403,328, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, however, there was no change in total net position.

The Village's total net position decreased by $284,423 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the Village's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 5,418,412	$ 2,237,539	$ 3,180,873	142.16 %
Capital Assets, Net	57,970,828	57,970,828	-	0.00 %
Total Assets	63,389,240	60,208,367	3,180,873	5.28 %
Deferred Outflows of Resources	6,015,337	4,559,349	1,455,988	31.93 %
Liabilities				
Current and Other Liabilities	4,098,011	2,242,109	1,855,902	82.77 %
Long-Term Liabilities	5,681,919	5,367,100	314,819	5.87 %
Net Pension Liability - Proportionate Share	12,907	3,525,323	(3,512,416)	(99.63)%
Service Award Program		226,728	(226,728)	(100.00)%
Total OPEB Liability	17,814,856	15,024,269	2,790,587	18.57 %
Total Liabilities	27,607,693	26,385,529	1,222,164	4.63 %
Deferred Inflows of Resources	3,842,041	142,921	3,699,120	2588.23 %
Net Position				
Net Investment in Capital Assets	50,562,097	52,225,054	(1,662,957)	(3.18)%
Restricted		159,624	(159,624)	(100.00)%
Unrestricted (Deficit)	(12,607,254)	(14,145,412)	1,538,158	10.87 %
Total Net Position	$ 37,954,843	$ 38,239,266	$ (284,423)	(0.74)%

The increase in current and other assets is mainly related to an increase in cash and accounts receivable, offset by a decrease in the service award program.

Deferred outflows of resources represents contributions to the pension, and OPEB plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is primarily attributable to increases in bond anticipation notes payable and accounts payable. The increase in bond anticipation notes payable is the result of $2,316,719 in proceeds of BANs, offset by BANs redeemed from appropriations.

The increase in long-term liabilities is primarily the result of the issuance of bonds and capital leases, and increase in compensated absences, net of repayments of the current maturity of bond and capital lease indebtedness.

Net pension liability – proportionate share represents the Village's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 11 "Pension Plans – New York State" provides additional information.

Length of service award program (LOSAP) liability decreased, as the Village was not a sponsor of the plan, effective January 1, 2021.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 13 "Postemployment Healthcare Benefits", provides additional information.

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

The net investment in capital assets is the investment in capital assets at cost, net of related outstanding debt. This number increased over the prior year as follows:

	Increase (Decrease)
Principal debt reduction of construction bonds	$ 500,000
Principal debt reduction of installment capital leases	232,446
Issuance of bonds	(790,000)
Issuance of capital leases	(195,687)
Issuance of BANs	(2,369,716)
BANs redeemed from general fund appropriations	960,000
	$ (1,662,957)

The restricted amount relates to the Village's service award program. Effective January 1, 2021, the Village was not a sponsor of the service award program.

The unrestricted (deficit) amount relates to the balance of the Village's net position. Certain unfunded liabilities will have the effect of reducing the Village's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB liability.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended May 31, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 4,832,003	$ 3,984,928	$ 847,075	21.26 %
Operating Grants		170,682	(170,682)	(100.00)%
Capital Grants	216,829	235,378	(18,549)	(7.88)%
General Revenues				
Property Taxes	6,529,769	6,212,620	317,149	5.10 %
State Sources	540,424	421,037	119,387	28.36 %
Other	938,259	955,520	(17,261)	(1.81)%
Total Revenues	13,057,284	11,980,165	1,077,119	8.99 %
Expenses				
General Government	1,830,461	2,502,956	(672,495)	(26.87)%
Public Safety	1,967,791	2,138,561	(170,770)	(7.99)%
Health		364,003	(364,003)	(100.00)%
Transportation	4,658,119	3,636,383	1,021,736	28.10 %
Econ. Opportunity & Develop.	37,923	46,247	(8,324)	(18.00)%
Culture and Recreation	4,254,042	4,185,080	68,962	1.65 %
Home and Community	523,038	679,726	(156,688)	(23.05)%
Debt Service - Interest	144,720	173,622	(28,902)	(16.65)%
LOSAP relinquishment, net	(74,387)		(74,387)	N/A
Total Expenses	13,341,707	13,726,578	(384,871)	(2.80)%
Change in Net Position	$ (284,423)	$ (1,746,413)	$ 1,461,990	83.71 %

The Village's net position decreased by $284,423 and $1,746,413 for the years ended May 31, 2021 and 2020, respectively.

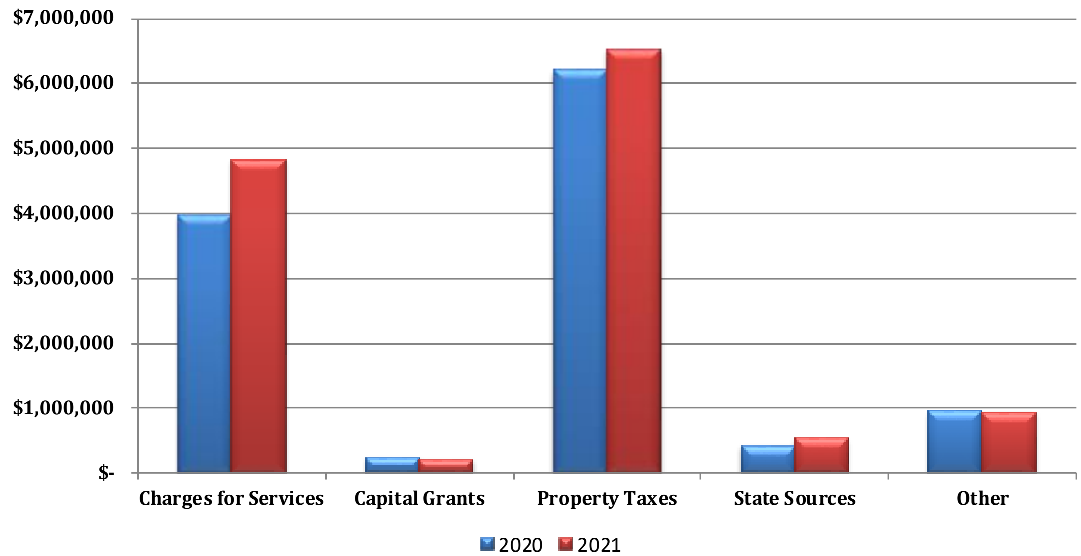
The Village's revenues increased by $1,077,119 or 8.99%. The major factors that contributed to the increase were:

- Charges for services increased due to the increases in the country club's activities.
- Property taxes increased as a result of an increase in the tax levy.
- The Village received more state aid in the current year than during the prior year.

The Village's total expenses for the year decreased by $384,871 or 2.80%. The decrease in expense is primarily due to decreases in public safety, health, transportation, and culture and recreation, offset by an increase in general government. The decreases in public safety, transportation, and culture and recreation are primarily due to a decrease in employee benefits allocated to those functions. The decrease in health, and the relinquishment of LOSAP, is primarily the result of the Town of Brookhaven becoming responsible for the ambulance services contract and the service award program. In the past, the ambulance services contract and service award program was split amongst the Village, the Town of Brookhaven, and the Village of Belle Terre. The increase in general government is the result of an increase in capital projects.

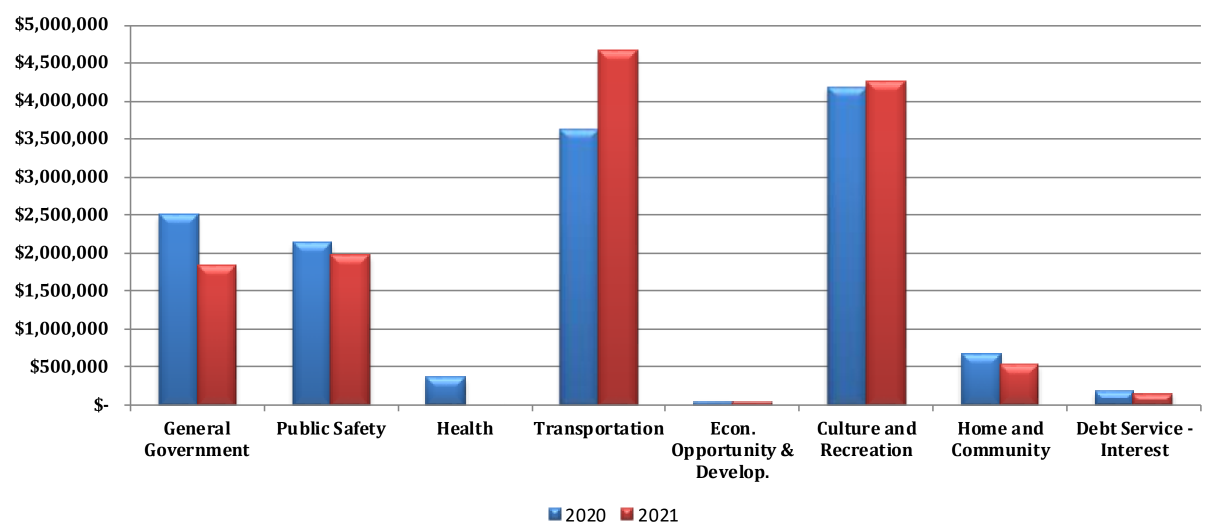
As indicated on the graphs that follow, real property taxes is the largest component of revenues recognized (i.e., 50.0% and 51.9% of the total for the years 2021 and 2020, respectively). Culture and recreation is the largest category of expenses incurred (i.e., 29.6% and 30.5% of the total for the years 2021 and 2020, respectively).

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Capital Grants	Property Taxes	State Sources	Other
2020	33.3%	2.0%	51.9%	3.5%	9.3%
2021	37.0%	1.7%	50.0%	4.1%	7.2%

A graphic display of the distribution of expenses for the two years follows:



	General Government	Public Safety	Health	Transportation	Econ. Opportunity & Develop.	Culture and Recreation	Home and Community	Debt Service - Interest
2020	18.2%	15.5%	2.7%	26.5%	0.3%	30.5%	5.0%	1.3%
2021	13.7%	14.2%	0.0%	34.9%	0.3%	31.9%	3.9%	1.1%

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At May 31, 2021, the Village's governmental funds reported a combined fund balance of $1,221,740, which is an increase of $1,308,961 from the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2021	2020	Increase (Decrease)
General Fund			
Restricted: Service award program	$	$ 159,624	$ (159,624)
Assigned:			
Unappropriated fund balance	23,810	23,810	-
Unassigned: Fund balance	1,744,274	1,015,120	729,154
	1,768,084	1,198,554	569,530
Community Development Fund			
Unassigned: Fund balance (deficit)	(17,156)	(17,156)	-
Country Club Fund			
Nonspendable: Inventory	107,542	27,937	79,605
Assigned: Unappropriated fund balance	237,884	2,859	235,025
Unassigned: Fund balance (deficit)	-	(522,593)	522,593
	345,426	(491,797)	837,223
Capital Projects Fund			
Unassigned: Fund balance (deficit)	(874,614)	(776,822)	(97,792)
Total Fund Balance (Deficit)	$ 1,221,740	$ (87,221)	$ 1,308,961

A. General Fund

The net change in the general fund – fund balance is an increase of $569,530. This resulted from revenues in excess of expenditures and other financing uses.

The Village's revenues decreased by $32,117 or 0.33%, as compared to the prior year. The decrease is primarily attributable to a decrease in departmental income of $287,424, offset by an increase in real property taxes of $326,023. The decrease in departmental income is due a decrease in ambulance charges ($139,758) and parking meter fees ($359,584).

Expenditures and other financing uses decreased by $334,759 or 3.52% from the prior year. This decrease was primarily due to decreases in health of $364,002 and culture and recreation of $143,660, offset by an increase in LOSAP relinquishment of $159,624. The decrease in health, and increase in the relinquishment of LOSAP, is primarily the result of the Town of Brookhaven becoming responsible for the ambulance services contract and the service award program. In the past, the ambulance services contract and service award program was split amongst the Village, the Town of Brookhaven, and the Village of Belle Terre.

B. Community Development Fund

There was no change in the community development fund – fund balance as the fund did not have current year activity.

C. Country Club Fund

The net change in the country club fund – fund balance is an increase of $837,223. This resulted from revenues in excess of expenditures and other financing uses.

The Village's revenues increased by $1,184,614 or 64.11%, as compared to the prior year. The increase is primarily attributable to an increase in departmental income, which is the result of an increase in membership fees and dues, golf outing revenue, and golf and tennis lessons. In the prior year the country club experienced decreased membership and activity, as a result of the COVID-19 pandemic, as compared to the current year.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance deficit is a decrease of $97,792 from the prior year. This decrease is due to expenditures incurred during the year on capital projects in excess of debt proceeds, transfers from the general fund, and BANs redeemed from appropriations.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The Village's general fund adopted budget for the year ended May 31, 2021 was $9,992,565. The budget was funded through estimated revenues. The majority of this funding source was $6,401,920 in estimated property taxes.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of restricted amounts, assigned amounts, appropriations to fund the subsequent year's budget and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 1,015,120
Revenues Under Budget	(257,378)
Expenditures Under Budget	826,908
Change in Restricted Fund Balance	159,624
Closing, Unassigned Fund Balance	$ 1,744,274

Opening, Unassigned Fund Balance

The $1,015,120 shown in the table is the portion of the Village's May 31, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was $9,992,565. Actual revenues recognized for the year were $9,735,187. The excess of estimated or budgeted revenue over actual revenue was $257,378, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2020 to May 31, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures Over Budget

The 2020-2021 final budget for expenditures was $9,992,565. Actual expenditures and other financing uses as of May 31, 2021 were $9,165,657. The final budget variance was $826,908, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2020 to May 31, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Restricted Fund Balances

The $159,624 shown in the above table represents the relinquishment of the service award program assets.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at May 31, 2021 was $1,744,274.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

The Village's capital assets, as indicated in the following table, for its governmental activities as of May 31, 2021, amounts to $57,970,828. A summary of the Village's capital assets, at May 31, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	$ 32,416,618	$ 32,416,618	$ -
Buildings	17,599,156	17,599,156	
Equipment	7,270,493	7,270,493	
Other	684,561	684,561	
	$ 57,970,828	$ 57,970,828	$

The Village has not provided asset additions, depreciation expense or accumulated depreciation.

B. Debt Administration

At May 31, 2021, the Village had total bonds payable of $4,330,000. The bonds were issued for road and golf course improvements. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at May 31, 2021 and 2020 is as follows:

	Issue Date	Interest Rate	2021	2020	Increase (Decrease)
Bonds Payable					
	10/10/2019	0.60-2.75%	$ 3,610,000	$ 2,750,000	$ 860,000
	8/13/2020	1.125-2.00%	720,000	1,290,000	(570,000)
			$ 4,330,000	$ 4,040,000	$ 290,000

The Village's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa3. The Village's outstanding serial bonds at May 31, 2021 are approximately 7.0% of the Village's debt limit.

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities are the estimated amounts due for capital leases, compensated absences, net pension liability – proportionate share, and total other postemployment benefits liability. The compensated absences liability is based on employment contracts. The net pension liability – proportionate share, and the total other postemployment benefits obligation are based on actuarial valuations. The service award program liability was relinquished, as the Village no longer sponsors the plan.

	2021	2020	Increase (Decrease)
Capital leases payable	$ 709,015	$ 745,774	$ (36,759)
Compensated absences	642,904	581,326	61,578
Net pension liability - proportionate share	12,907	3,525,323	(3,512,416)
Service award program liability		226,728	(226,728)
Total OPEB liability	17,814,856	15,024,269	2,790,587
	$ 19,179,682	$ 20,103,420	$ (923,738)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Trustees approved a $10,187,442 general fund budget for the year ending May 31, 2022. This is an increase of $194,877 or 19.50% from the previous year. The increase is mainly attributable to an increase in employee benefits of $53,522 and debt service of $115,986.

The Village budgeted non-property tax revenues at an increase of $72,706 from the prior year, mainly in the parks and recreation fees and state aid revenue lines. To meet the funding shortfall a property tax levy of $6,524,591 was needed, which was an increase of $122,671 or 1.9% from the prior year.

B. Tax Cap

New York State law limits the increase in the property tax levy of municipalities to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Municipalities may override the tax levy limit by first passing a law that allows for the tax levy limit to be exceeded. A subsequent vote to override the tax levy limit requires a 60% vote of total voting power of the governing board to pass (i.e., super majority). Based on the law, the Village's tax levy cap for 2021-2022 is 1.1%. The Village's 2021-2022 property tax increase of 1.9% exceeded the tax cap and was approved by the Board.

8. CONTACTING THE VILLAGE

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

Ms. Denise Mordente
Village Treasurer
Incorporated Village of Port Jefferson
121 West Broadway
Port Jefferson, NY 11777

INCORPORATED VILLAGE OF PORT JEFFERSON
Statement of Net Position
May 31, 2021

ASSETS	
Cash: Unrestricted	$ 4,842,781
Receivables	
Accounts receivable	343,360
Taxes receivable	124,729
Inventory	107,542
Capital assets	57,970,828
Total Assets	63,389,240
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	2,663,472
Other postemployment benefits	3,351,865
Total Deferred Outflows of Resources	6,015,337
LIABILITIES	
Payables	
Accounts payable	618,925
Accrued liabilities	407,704
Due to employees' retirement system	94,317
Other liabilities	590,124
Unearned credits: Collections in advance	17,225
Notes payable: Bond anticipation	2,369,716
Long-term liabilities	
Due and payable within one year	
Bonds payable	630,000
Capital leases payable	369,389
Due and payable after one year	
Bonds payable	3,700,000
Capital leases payable	339,626
Compensated absences payable	642,904
Net pension liability - proportionate share	12,907
Total other postemployment benefits	17,814,856
Total Liabilities	27,607,693
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,842,041
NET POSITION	
Net investment in capital assets	50,562,097
Unrestricted (deficit)	(12,607,254)
Total Net Position	$ 37,954,843

INCORPORATED VILLAGE OF PORT JEFFERSON
Statement of Activities
For the Year Ended May 31, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General government	$ 1,830,461	$ 1,809,179	$	$	$ (21,282)
Public safety	1,967,791				(1,967,791)
Transportation	4,658,119		-	216,829	(4,441,290)
Economic opportunity and development	37,923				(37,923)
Culture and recreation	4,254,042	2,995,911			(1,258,131)
Home and community	523,038	26,913			(496,125)
Debt service - interest	144,720				(144,720)
LOSAP relinquishment, net	(74,387)				74,387
Total Functions and Programs	$ 13,341,707	$ 4,832,003	$ -	$ 216,829	(8,292,875)
GENERAL REVENUES					
Real property taxes					6,529,769
Other tax items					360,261
Nonproperty taxes					354,165
Use of money and property					83,300
Sale of property and compensation for loss					33,468
Miscellaneous					85,280
State aid					540,424
Federal aid					21,785
Total General Revenues					8,008,452
Change in Net Position					(284,423)
Total Net Position - Beginning of Year					38,239,266
Total Net Position - End of Year					$ 37,954,843

INCORPORATED VILLAGE OF PORT JEFFERSON
Balance Sheet - Governmental Funds
May 31, 2021

	General	Community Development	Country Club	Capital Projects	Debt Service	Total Governmental Funds
ASSETS						
Cash: Unrestricted	$ 2,245,331	$ 13,631	$ 904,141	$ 1,679,678	$	$ 4,842,781
Receivables						
Accounts receivable	195,590	23,100	124,670			343,360
Taxes receivable	124,729					124,729
Due from other funds	514,192			88,521		602,713
Inventory			107,542			107,542
Total Assets	$ 3,079,842	$ 36,731	$ 1,136,353	$ 1,768,199	$ -	$ 6,021,125
LIABILITIES						
Payables						
Accounts payable	$ 249,102	$	$ 96,726	$ 273,097	$	$ 618,925
Accrued liabilities	263,446		118,190			381,636
Due to other funds		53,887	548,826			602,713
Due to employees' retirement system	84,357		9,960			94,317
Other liabilities	590,124					590,124
Unearned credits: Collections in advance			17,225			17,225
Notes payable: Bond anticipation				2,369,716		2,369,716
Total Liabilities	1,187,029	53,887	790,927	2,642,813	-	4,674,656
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	124,729					124,729
FUND BALANCES (DEFICIT)						
Nonspendable: Inventory			107,542			107,542
Assigned:						
Unappropriated fund balance	23,810		237,884			261,694
Unassigned: Fund balance (deficit)	1,744,274	(17,156)		(874,614)		852,504
Total Fund Balances (Deficit)	1,768,084	(17,156)	345,426	(874,614)	-	1,221,740
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,079,842	$ 36,731	$ 1,136,353	$ 1,768,199	$ -	$ 6,021,125

INCORPORATED VILLAGE OF PORT JEFFERSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2021

Total Governmental Fund Balances (Deficit)		$ 1,221,740
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs should be expensed annually over their useful lives.		
Original cost of capital assets	$ 57,970,828	
Less: Accumulated depreciation	-	
		57,970,828
Proportionate share of long-term liability, and deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	2,663,472	
Net pension liability - employees' retirement system	(12,907)	
Deferred inflows of resources	(3,842,041)	
		(1,191,476)
Total other postemployment benefits liability and deferred outflows of resources related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	3,351,865	
Total other postemployment benefits liability	(17,814,856)	
		(14,462,991)
Some of the Village's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.		124,729
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(26,068)	
Bonds payable	(4,330,000)	
Capital leases payable	(709,015)	
Compensated absences payable	(642,904)	
		(5,707,987)
Total Net Position		$ 37,954,843

INCORPORATED VILLAGE OF PORT JEFFERSON
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2021

	General	Community Development	Country Club	Capital Projects	Debt Service	Total Governmental Funds
REVENUES						
Real property taxes	$ 6,529,769	$	$	$	$	$ 6,529,769
Real property tax items	360,261					360,261
Non-property taxes	354,165					354,165
Departmental income	1,297,855		2,995,911			4,293,766
Intergovernmental charges	26,913					26,913
Use of money and property	52,148		31,152			83,300
Licenses and permits	235,166					235,166
Fines and forfeitures	276,158					276,158
Sale of property and compensation for loss	30,325		3,143			33,468
Miscellaneous	32,003		2,210	56,798		91,011
State aid	540,424			216,829		757,253
Federal aid				21,785		21,785
Total Revenues	9,735,187	-	3,032,416	295,412	-	13,063,015
EXPENDITURES						
General government	2,096,379		65,111	262,699	48,787	2,472,976
Public safety	987,096			60,627		1,047,723
Transportation	1,413,705			1,253,375		2,667,080
Economic opportunity and development	37,923					37,923
Culture and recreation	1,066,540		1,471,566	301,200		2,839,306
Home and community	346,643					346,643
Employee benefits	2,018,864		348,269			2,367,133
Debt service						
Principal	692,371		280,075			972,446
Interest	95,112		22,562			117,674
Total Expenditures	8,754,633	-	2,187,583	1,877,901	48,787	12,868,904
Excess (Deficiency) of Revenues Over Expenditures	980,554	-	844,833	(1,582,489)	(48,787)	194,111
OTHER FINANCING SOURCES AND (USES)						
BANs redeemed from appropriations				240,000		240,000
Proceeds from debt				985,687		985,687
Payment to escrow agent					(4,061,213)	(4,061,213)
Proceeds of advance refunding					4,110,000	4,110,000
Operating transfers in				259,010		259,010
Operating transfers (out)	(251,400)		(7,610)			(259,010)
LOSAP relinquishment	(159,624)					(159,624)
Total Other Financing Sources and (Uses)	(411,024)	-	(7,610)	1,484,697	48,787	1,114,850
Net Change in Fund Balances	569,530	-	837,223	(97,792)	-	1,308,961
Fund Balances (Deficit) - Beginning of Year	1,198,554	(17,156)	(491,797)	(776,822)		(87,221)
Fund Balance - End of Year	$ 1,768,084	$ (17,156)	$ 345,426	$ (874,614)	$ -	$ 1,221,740

INCORPORATED VILLAGE OF PORT JEFFERSON
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended May 31, 2021

Net Change in Fund Balances		$ 1,308,961
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).	$ 43,056	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Increase in compensated absences payable	(61,578)	
LOSAP relinquishment	234,011	
		215,489
Long-Term Debt Transactions Differences		
Proceeds from the issuance of bonds are other funding sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(5,095,687)	
Payment to escrow agent is an other financing use in the government funds, but it decreases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities	4,061,213	
Bond anticipation notes redeemed from governmental fund appropriations are an other funding source in the governmental funds, but they do not affect the Statement of Activities.	(240,000)	
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	500,000	
Repayment of capital leases payable	232,446	
Repayment of bond anticipation note payable	240,000	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2020 to May 31, 2021.	21,741	
		(280,287)
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plan and the service award program, and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Employees' retirement system	221,937	
Other postemployment benefits	(1,750,523)	
		(1,528,586)
Change in Net Position of Governmental Activities		$ (284,423)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The following basic services are provided: general government support, public safety, transportation, economic opportunity and development, culture and recreation, and home and community service.

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 that would be included in the Village's reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

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

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 and are clearly identifiable to a particular function. 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 that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Village's funds. The Village's financial statements present the following fund types:

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

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

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Community Development Fund - This fund is used to account for community development block grants received from the U.S. Department of Housing and Urban Development (HUD) passed through Suffolk County.

Country Club Fund - This fund is used to account for the activities relating to the country club.

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

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the Village would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. Real Property Taxes

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

E. Restricted Resources

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

F. Interfund Transactions

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

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, pension costs and other postemployment benefits, and useful lives of capital assets.

H. Cash and Cash Equivalents

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

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

I. Receivables

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

J. Inventory

Inventory consists of purchased golf materials available for resale at the country club. Cost is determined using specific identifications.

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

K. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available. Donated assets are reported at acquisition value at the date of donation.

No depreciation has been provided on capital assets.

	Capitalization Threshold	Estimated Useful Life
Land	$ 500	N/A
Building	500	10-40 Years
Equipment	500	3-10 Years
Construction in progress	500	N/A

L. 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) until that time. The Village has two items that qualify for reporting in this category. The first item is related to pensions and consists of the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense and the Village's contributions to the pension system subsequent to the measurement date. The second item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

M. Short-Term Debt

The Village may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

N. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave, vacation time, and compensatory absences.

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

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

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

O. Collections in Advance

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

P. Other Benefits

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

The Village provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the Village provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Healthcare 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 recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the government-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

Q. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The Village has one item that qualifies for reporting in this category. The item relates to pensions reported in the government-wide Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense

R. Equity Classifications

Government-Wide Statements

In the government-wide statements there are two 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 acquisitions, construction and improvements of those assets. The Village has not provided for accumulated depreciation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above classification.

Fund Statements

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

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the country club.

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. Currently, the Village does not have any restricted reserves.

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, as well as 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 classification is used to report a deficit fund balance resulting from overspending of available resources.

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 modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended May 31, 2021, the Village implemented GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, some activities previously reported within the fiduciary funds are now reported within the governmental funds.

3. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but the statement that the Village feels may have a future impact on these financial statements. The Village will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	Statement
May 31, 2022	GASB No. 87 - *Leases*

GASB Statement No. 87 will change the reporting of leases in the government-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

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

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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 long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four 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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses, such as compensated absences.

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

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Village's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of the encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

C. Community Development Fund

The community development fund has an unassigned fund balance deficit of $17,156. The Village will consider this deficit when developing future budgets and seek alternate sources of revenue.

D. Capital Projects Fund

The capital projects fund has an unassigned fund balance deficit of $874,614. This will be funded when the Village obtains permanent financing for its current construction project.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a bank failure, the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The Village's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the Village's behalf at year end.

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

Investment pool:

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

Total investments of the cooperative at May 31, 2021 are $3,851,064,828, which consisted of $291,226,773 in repurchase agreements, $2,455,094,706 in U.S. Treasury Securities and $1,104,743,349 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as cash:

Fund	Carrying Amount
General	$ 297,477

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

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2021 were as follows:

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021
Land	$ 32,416,618	$	$	$ 32,416,618
Buildings	17,599,156			17,599,156
Equipment	7,270,493			7,270,493
Other	684,561			684,561
	$ 57,970,828	$ -	$ -	$ 57,970,828

The Village has not provided asset additions, depreciation expense or accumulated depreciation.

8. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2021, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 514,192	$	$	$ 251,400
Community Development Fund		53,887		
Country Club Fund		548,826		7,610
Capital Projects Fund	88,521		259,010	
	$ 602,713	$ 602,713	$ 259,010	$ 259,010

The Village typically transfers from the general fund to the capital projects fund per the approved budget. The transfer to the capital projects fund was to provide funding for capital improvement projects.

9. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance May 31, 2020	Issued	Redeemed	Balance May 31, 2021
BAN	8/14/2020	2.25%	$ 960,000	$	$ (960,000)	$
BAN	10/15/2021	0.56%		2,369,716		2,369,716
			$ 960,000	$ 2,369,716	$ (960,000)	$ 2,369,716

Interest on short-term debt for the year was $12,715. The Village received a premium of $5,731, which is included in miscellaneous revenue in the general fund.

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

Interest paid	$ 21,540
Less interest accrued in the prior year	(17,055)
Plus interest accrued in the current year	8,230
Total interest expense on short-term debt	$ 12,715

10. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and other postemployment benefits liability, for the year are summarized below:

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 4,040,000	$ 790,000	$ (500,000)	$ 4,330,000	$ 630,000
Capital lease payable	745,774	195,687	(232,446)	709,015	369,389
	4,785,774	985,687	(732,446)	5,039,015	999,389
Other long-term liabilities:					
Compensated absences	581,326	61,578		642,904	
	$ 5,367,100	$ 1,047,265	$ (732,446)	$ 5,681,919	$ 999,389

The general fund has typically been used to liquidate other long-term liabilities. Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2021
2019 Refunding bond	10/10/2019	10/1/2028	0.60-2.75%	$ 3,610,000
2020 Bond	8/13/2020	8/1/2030	1.125-2.00%	720,000
				$ 4,330,000

The following is a summary of debt service requirements for bonds payable:

Year Ending May 31,	Principal	Interest	Total
2022	$ 630,000	$ 63,476	$ 693,476
2023	650,000	52,945	702,945
2024	655,000	45,622	700,622
2025	645,000	37,225	682,225
2026	640,000	27,828	667,828
2027-2031	1,110,000	31,048	1,141,048
Total	$ 4,330,000	$ 258,144	$ 4,588,144

C. Advance Refunding

On October 10, 2019, the Village issued $4,110,000 in general obligation bonds with an average interest rate of 1.68% to advance refund $4,040,000 of outstanding bonds with an average interest rate of 3.00%. The net proceeds of $4,061,213 (after payment of $48,787 in issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the Village's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately $181,468.

D. Capital Lease Payable

The Village has leases for Village vehicles and various club equipment, and accounts for the leases as capital leases. The following is a schedule of future minimum lease payments under capital leases with the present value of net minimum lease payments:

Total minimum lease payments	$ 749,515
Less: Amounts representing interest	(40,500)
	$ 709,015

Scheduled maturities of future minimum lease principal payments at May 31, 2021, are as follows:

Year Ending May 31,	Amount
2022	$ 369,389
2023	177,610
2024	153,728
2025	8,288
Total	$ 709,015

E. Interest Expense

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

Interest paid	$ 96,134
Less interest accrued in the prior year	(30,754)
Plus interest accrued in the current year	17,838
Plus issuance cost of refunding	48,787
Total interest expense on long-term debt	$ 132,005

11. PENSION PLANS – NEW YORK STATE

A. General Information

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, public employee retirement system. The system provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or 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 covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The Village paid 100% of the required contributions as billed by the ERS for the current year. The Village's average contribution rate was 11.76% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2021 was $497,234 at the contribution rate of 13.15%.

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2021, the Village reported the following liability for its proportionate share of the net pension liability for the NYSLRS. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportion of the net pension 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 NYSLRS in reports provided to the Village.

Measurement date	March 31, 2021
Village's proportionate share of the net pension liability	$ (12,907)
Village's portion of the Plan's total net pension liability	0.0129621%
Change in proportion since the prior measurement date	(0.0000035)

For the year ended May 31, 2021, the Village recognized pension expense of $234,465. At May 31, 2021, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 157,628	
Changes of assumptions	2,373,153	44,758
Net difference between projected and actual investment earnings on pension plan investments		3,707,606
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	38,374	89,677
Village contributions subsequent to the measurement date	94,317	
Total	$ 2,663,472	$ 3,842,041

Village contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending May 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending May 31,	
2022	$ (236,529)
2023	(88,312)
2024	(218,732)
2025	(729,313)
	$ (1,272,886)

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:

Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Inflation	2.70%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.40%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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 target asset allocation percentage and by adding expected inflation.

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

	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2021
Asset type		
Domestic equity	32.0%	4.05%
International equity	15.0%	6.30%
Real estate	9.0%	4.95%
Private equities	10.0%	6.75%
Alternatives investments	10.0%	3.63-5.95%
Bonds and mortgages	23.0%	0.00%
Cash	1.0%	0.50%
	100.0%	

Real rates of return are net of a long-term inflation assumption of 2.0%.

Discount Rate

The discount rate used to measure the total pension liability was 5.90% (the discount rate used at the prior year's measurement date of March 31, 2020 was 6.80%). 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 system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the Village's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90%, 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 (4.90%) or 1 percentage point higher (6.90%) than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Village's proportionate share of the net pension asset (liability)	$ (3,582,450)	$ (12,907)	$ 3,279,048

Pension Plan Fiduciary Net Position

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

Measurement date	March 31, 2021 *(Dollars in Thousands)*
Employers' total pension liability	$ (220,680,157)
Plan fiduciary net position	220,580,583
Employers' net pension liability	$ (99,574)
Ratio of plan fiduciary net position to the employers' total pension liability	99.95%

Payables to the Pension Plan

Employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2021, represent the projected employer contribution for the period of April 1, 2021 through May 31, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2021 amounted to $94,317 of employer contributions. Employee contributions are remitted monthly.

12. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The Port Jefferson Volunteer Ambulance Company, Inc. Service Award Program (referred to as a "LOSAP" – Length of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) was established effective January 1, 2008 for the active volunteer EMS of the Port Jefferson Volunteer Ambulance Company, Inc. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer EMS to facilitate the recruitment and retention of active volunteer EMS. Three municipalities, including the Village, jointly sponsor and fund the program. Effective January 1, 2021, the Village no longer sponsored the LOSAP.

13. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The Village provides OPEB for eligible retired employees of the Village. The benefits provided to employees upon retirement are based on provisions in the various contracts that the Village has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program-Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The Village provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Village offices and are available upon request.

Employees Covered by Benefit Terms – At May 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	57
	75

B. Total OPEB Liability

The Village's total OPEB liability of $17,814,856 was measured as of May 31, 2021, and was determined by an actuarial valuation date of May 31, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability as of the measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00%	average, including inflation
Discount rate	2.00%	
Healthcare cost trend rates	5.75%	decreasing to an ultimate rate of 5.00% by 2025
Retirees' share of benefit-related costs	25.00%	of projected health insurance premiums for retirees

The discount rate was changed from 2.50% used at the May 31, 2020 measurement date, to 2.00%, which is based on 20-year Municipal GO AA Bond Index.

Mortality rates were based in accordance with the SOA RP-2014 Total Dataset, as appropriate, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at May 31, 2020	$ 15,024,269
Changes for the year	
Service cost	1,055,760
Interest	372,448
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,615,088
Benefit payments	(252,709)
	2,790,587
Balance at May 31, 2021	$ 17,814,856

Changes of assumptions and other inputs reflect a change in the discount rate from 2.50% in 2020 to 2.00% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – 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 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current discount rate:

OPEB	1% Decrease 1.00%	Discount Rate 2.00%	1% Increase 3.00%
Total OPEB liability	$ (21,769,775)	$ (17,814,856)	$ (14,780,989)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – 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 percentage point lower (4.75% decreasing to 4.00%) or 1 percentage point higher (6.75% decreasing to 6.00%) than the current healthcare cost trend rate:

OPEB	4.75% decreasing to 4.00%	Healthcare Cost Cost Trend Rates 5.75% decreasing to 5.00%	6.75% decreasing to 6.00%
Total OPEB liability	$ (14,106,029)	$ (17,814,856)	$ (22,894,983)

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

For the year ended May 31, 2021, the Village recognized OPEB expense of $1,750,523. At May 31, 2021, the Village reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 787,917
Changes of assumptions or other inputs	2,563,948
Total	$ 3,351,865

Village contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending May 31, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending May 31,	Amount
2022	$ 575,024
2023	575,024
2024	575,024
2025	575,024
2026	424,943
Thereafter	626,826
	$ 3,351,865

14. RISK MANAGEMENT

A. General Information

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

15. COMMITMENTS AND CONTINGENCIES

A. 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 audits, the Village's administration believes disallowances, if any, would be immaterial.

B. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2021, which could affect future operating budgets of the Village.

C. Litigation

The Village is not aware of any material pending or threatened litigation claims against the Village. The Village is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

16. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

INCORPORATED VILLAGE OF PORT JEFFERSON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real Property Taxes	$ 6,401,920	$ 6,401,920	$ 6,529,769	$ 127,849
Real Property Tax Items				
Tax assessment	275,000	275,000	290,570	15,570
Interest & penalties	40,000	40,000	65,173	25,173
Tax lien redemption	-	-	1,077	1,077
Other real property tax items	-	-	3,441	3,441
Total Real Property Tax Items	315,000	315,000	360,261	45,261
Non-Property Taxes				
Utilities gross receipts tax	180,000	180,000	183,025	3,025
Franchises	190,000	190,000	171,140	(18,860)
Total Non-Property Taxes	370,000	370,000	354,165	(15,835)
Departmental Income				
Zoning & planning board fees	30,000	30,000	40,915	10,915
Safety inspection fees	55,000	55,000	45,759	(9,241)
Health	105,000	105,000	119,050	14,050
Parking meter fees	566,500	566,500	322,902	(243,598)
Village center, concessions, rink & park fees	722,259	722,259	769,229	46,970
Total Departmental Income	1,478,759	1,478,759	1,297,855	(180,904)
Intergovernmental Charges	10,000	10,000	26,913	16,913
Use of Money and Property	79,740	79,740	52,148	(27,592)
Licenses and Permits	225,000	225,000	235,166	10,166
Fines and Forfeitures	510,000	510,000	276,158	(233,842)
Sale of Property & Compensation for Loss				
Sale of equipment	7,500	7,500	1,877	(5,623)
Self insurance recoveries	-	-	24,221	24,221
Other compensation for loss	-	-	4,227	4,227
Total Sale of Property & Compensation for Loss	7,500	7,500	30,325	22,825
Miscellaneous				
Other miscellaneous	10,000	10,000	26,272	16,272
Premium on obligations	-	-	5,731	5,731
Total Miscellaneous	10,000	10,000	32,003	22,003
Total Local Sources	9,407,919	9,407,919	9,194,763	(213,156)
State Aid				
Revenue sharing	33,302	33,302	33,302	-
Mortgage tax	350,000	350,000	507,122	157,122
Consolidated Highway Aid (CHIPS)	201,344	201,344	-	(201,344)
Total State Aid	584,646	584,646	540,424	(44,222)
Total Revenues	$ 9,992,565	$ 9,992,565	9,735,187	$ (257,378)

Note to Required Supplementary Information

Budget Basis of Accounting

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

INCORPORATED VILLAGE OF PORT JEFFERSON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
EXPENDITURES				
General Government Support				
Board of Trustees	$ 31,500	$ 31,500	$ 25,095	$ 6,405
Village Justice	171,700	129,459	110,423	19,036
Mayor	22,500	22,500	19,115	3,385
Treasurer	458,500	492,272	492,128	144
Assessment	30,000	30,000	30,000	-
Clerk	431,800	440,820	438,717	2,103
Law	221,000	226,000	208,851	17,149
Engineer	146,116	142,933	129,155	13,778
Elections	5,600	6,978	3,863	3,115
Special Items	61,600	90,621	88,143	2,478
Buildings	242,730	256,287	250,088	6,199
Unallocated Insurance	355,000	300,801	300,801	-
Total General Government Support	2,178,046	2,170,171	2,096,379	73,792
Public Safety				
Police	505,125	577,838	576,648	1,190
Traffic Control	35,000	35,000	12,289	22,711
Parking	214,600	214,600	192,348	22,252
Safety Inspection	229,500	205,811	205,811	-
Total Public Safety	984,225	1,033,249	987,096	46,153
Transportation				
Maintenance of Streets	1,460,000	1,208,628	997,493	211,135
Snow Removal	165,000	165,000	156,950	8,050
Street Lighting	272,100	272,100	243,324	28,776
Sidewalks	40,000	40,000	4,832	35,168
Off-Street Parking	40,000	40,000	11,106	28,894
Total Transportation	1,977,100	1,725,728	1,413,705	312,023
Economic Opportunity & Development				
Programs For Aging	63,700	63,700	37,923	25,777
Culture & Recreation				
Parks	465,000	465,000	419,420	45,580
Playground & Recreational Centers	812,200	798,313	636,974	161,339
Celebrations	21,300	12,406	10,146	2,260
Total Culture & Recreation	1,298,500	1,275,719	1,066,540	209,179
Home & Community				
Drainage	35,000	35,000	8,564	26,436
Planning	196,350	210,510	208,411	2,099
Environmental	40,000	40,000	23,520	16,480
Refuse & Garbage	105,500	108,951	106,148	2,803
Total Home & Community	376,850	394,461	346,643	47,818

INCORPORATED VILLAGE OF PORT JEFFERSON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
EXPENDITURES (Continued)				
Employee Benefits				
State retirement	$ 480,519	$ 477,614	$ 456,402	$ 21,212
Service award program	-	14,063	14,063	-
Social security & Medicare	280,000	280,000	274,456	5,544
Workers' compensation	160,000	133,367	118,646	14,721
Life insurance	6,500	6,500	-	6,500
Unemployment insurance	20,000	23,288	23,288	-
Disability insurance	2,000	2,318	2,318	-
Hospital & medical insurance	1,170,000	1,114,130	1,101,285	12,845
Accrued leave	10,000	28,406	28,406	-
Total Employee Benefits	2,129,019	2,079,686	2,018,864	60,822
Debt Service				
Principal	615,000	692,371	692,371	-
Interest	67,381	95,112	95,112	-
Total Debt Service	682,381	787,483	787,483	-
Total Expenditures	9,689,821	9,530,197	8,754,633	775,564
OTHER USES				
Operating Transfers Out	302,744	302,744	251,400	51,344
LOSAP Relinquishment	-	159,624	159,624	-
Total Other Uses	302,744	462,368	411,024	51,344
Total Expenditures and Other Uses	$ 9,992,565	$ 9,992,565	9,165,657	$ 826,908
Net Change in Fund Balance			569,530	
Fund Balance - Beginning of Year			1,198,554	
Fund Balance - End of Year			$ 1,768,084	

Note to Required Supplementary Information

<u>Budget Basis of Accounting</u>

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

INCORPORATED VILLAGE OF PORT JEFFERSON
Schedule of the Village's Proportionate Share of the Net Pension Liability
Last Three Fiscal Years

Employees' Retirement System

	2021	2020	2019
Village's proportion of the net pension liability	0.0129621%	0.0133129%	0.0127564%
Village's proportionate share of the net pension liability	$ 12,907	$ 3,525,323	$ 903,828
Village's covered payroll	$ 3,781,691	$ 3,635,314	$ 3,386,392
Village's proportionate share of the net pension liability as a percentage of its covered payroll	0.34 %	96.97 %	26.69 %
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%
Discount rate	5.90%	7.10%	7.25%

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

INCORPORATED VILLAGE OF PORT JEFFERSON
Schedule of Village Pension Contributions
Last Three Fiscal Years

Employees' Retirement System

	2021	2020	2019
Contractually required contribution	$ 497,234	$ 485,475	$ 471,316
Contributions in relation to the contractually required contribution	497,234	485,475	471,316
Contribution deficiency (excess)	$ -	$ -	$ -
Village's covered payroll	$ 3,780,253	$ 3,628,005	$ 3,386,392
Contributions as a percentage of covered payroll	13%	13%	14%

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

INCORPORATED VILLAGE OF PORT JEFFERSON
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	2021	2020	2019
Total OPEB liability			
Service cost	$ 1,055,760	$ 847,423	$ 770,955
Interest	372,448	375,868	364,276
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	1,050,557	-
Changes of assumptions or other inputs	1,615,088	733,899	1,050,564
Benefit payments	(252,709)	(216,484)	(143,149)
Net change in total OPEB liability	2,790,587	2,791,263	2,042,646
Total OPEB Liability, Beginning	15,024,269	12,233,006	10,190,360
Total OPEB Liability, Ending	$ 17,814,856	$ 15,024,269	$ 12,233,006
Covered employee payroll	$ 2,952,488	$ 2,952,488	$ 2,913,999
Total OPEB liability as a percentage of covered employee payroll	603.38%	508.87%	419.80%
Discount rate	2.00%	2.50%	3.10%
Healthcare trend rates	5.75% to 5.00% By 2025	6.25% to 5.00% By 2025	6.25% to 5.00% By 2025

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

Notes to Required Supplementary Information

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

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

October , 2022

The Board of Trustees of the
Village of Port Jefferson
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Port Jefferson (the "Village"), in the County of Suffolk, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $1,839,716 Bond Anticipation Notes – 2022 Series B (the "Notes") of the Village dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Village which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

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

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

"Issuer" shall mean the Village of Port Jefferson, in the County of Suffolk, a municipal corporation of the State of New York.

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

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the Village Treasurer as of October 13, 2022.

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

"Securities" shall mean the Issuer's **$1,839,716 Bond Anticipation Note-2022 Series B**, dated October 13, 2022, maturing October 13, 2023, and delivered on the date hereof.

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

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(vii) modifications to rights of Securities holders, if material;

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

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Village, 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

(xvi) 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.

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

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

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

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

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

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **October 13, 2022.**

VILLAGE OF PORT JEFFERSON, NEW YORK

By: ____

Village Treasurer