PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

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

The Notes will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$2,300,000

VILLAGE OF EAST ROCKAWAY

NASSAU COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE: #274749

$2,300,000 Bond Anticipation Notes, 2016

(referred to herein as the "Notes")

Dated: July 15, 2016 **Due: June 9, 2017**

The Notes are general obligations of the Village of East Rockaway, Nassau County, New York, (the "Village"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes will not be subject to redemption prior to maturity. Interest on the Notes will be calculated on a 30-day month and a 360-day year basis, and will be payable at maturity. The Notes, at the option of the purchaser, may be registered in the name of the purchaser, principal and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued in registered form in denominations of $5,000, or integral multiples thereof, as may be determined by such successful bidder(s), or (ii) be registered to The Depository Trust Company, New York, New York ("DTC").

At the option of the purchaser, the Notes may be registered in the name of Cede & Co. as a nominee of DTC in New York, New York, which will act as the securities depository for the Notes. Individual purchases of the Notes will be made only in book-entry form, in principal denominations of $5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of the principal of and interest on the Notes will be made by the Village to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon by the purchaser(s), on or about July 15, 2016.

ELECTRONIC BIDS for the Notes may be submitted via iPreo's Parity Electronic Bid Submission System ("Parity") on July 5, 2016 until 11:45 A.M., Eastern Time, pursuant to the Notices of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 752-0057 or by telephone at (315) 752-0051 Ext. 1. Once the bids are communicated electronically via Parity or facsimile or telephone to the Village, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notices of Sale for the Notes.

June 27, 2016

THE VILLAGE DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATION HEREIN DESCRIBED. THE VILLAGE WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AND ANNUAL FINANCIAL INFORMATION FOR THE NOTICE OF CERTAIN MATERIAL EVENT FOR THE NOTES AS DEFINED IN THE RULE. SEE "MATERIAL EVENT NOTICES" HEREIN.

VILLAGE OF EAST ROCKAWAY

NASSAU COUNTY, NEW YORK

VILLAGE OFFICIALS

BRUNO F. ROMANO
MAYOR

THERESA E. GAFFNEY
DEPUTY MAYOR

TRUSTEES

RICH BILELLO

GORDON J. FOX

STEVE FRIED

* * * * * * * * *

PATRICIA RENNER
Village Clerk-Treasurer

BARBARA CUTLER
Deputy Village Treasurer

JOHN RYAN
Village Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by the Village of East Rockaway to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates 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 of East Rockaway.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

VILLAGE OF EAST ROCKAWAY
NASSAU COUNTY, NEW YORK

Relating To

$2,300,000 Bond Anticipation Notes, 2016

This Official Statement, which includes the cover page, has been prepared by the Village of East Rockaway, Nassau County, New York (the "Village", "County" and "State", respectively) in connection with the sale by the Village of $2,300,000 principal amount of Bond Anticipation Notes, 2016 (herein referred to as the "Notes").

The factors affecting the Village's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Village tax base, revenues and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

THE NOTES

Description of the Notes

The Notes are general obligations of the Village, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Village is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "Nature of the Obligation" hereunder and "TAX LEVY LIMITATION LAW" herein.

The Notes are dated July 15, 2016 and mature, without option of prior redemption, on June 9, 2017. The Notes will be issued will be issued as registered notes either (i) in registered certificated form, in denominations of $5,000 each or multiples thereof, as may be determined by the successful bidder with principal and interest payable in Federal Funds at such bank or trust company located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, 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. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes 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, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM".

No Optional Redemption

The Notes are <u>not</u> subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of New York State, including among others, the Village Law and the Local Finance Law, and bond resolutions adopted by the Board of Trustees of the Village on May 9, 2016 for the following purposes:

Project	Amount
Road Improvements	$ 850,000
Purchase of Heavy Equipment	395,000
Purchase of a Fire Truck	550,000
Purchase of a Ladder Truck	150,000
Upgrade to Fire Alarm System	30,000
Renovations to Multi-Use Room in Village Library/Fire Department Headquarters	100,000
Purchase/Installation of Truck Lift at Department of Public Works Facility	170,000
Renovations to the Village Library	35,000
Purchase/Installation of Sever Upgrade for Computer Systems	20,000
Total	$ 2,300,000

The proceeds of the Notes will provide $2,300,000 in new monies for the abovementioned purposes.

Nature of Obligation

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

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

The 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 as required by the Constitution and laws of the State. For the payment of such principal and interest, the Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to such taxation by the Village, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. . . While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes if selected by the purchaser(s) of the Notes. As such, the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 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 account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 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 or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE VILLAGE CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE VILLAGE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE VILLAGE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued or should the purchaser(s) chose to have the Notes initially issued in book-entry form, the following provisions will apply:

The Notes will be issued in bearer form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the Village (later bearer conversion) or by the successful bidder(s) (initial bearer form). The Notes will remain not subject to redemption prior to their stated final maturity date.

THE VILLAGE

General Information

The Village of East Rockaway was incorporated in 1900. The Village encompasses one (1) square mile in area. It is one of 22 incorporated villages in the Town of Hempstead, which constitutes the southwestern quarter of Nassau County. The Village is only 20 miles from Manhattan and 7 miles from John F. Kennedy International Airport. The Long Island Railroad has two stations located within the Village and many residents commute to New York City for employment. Bus service is available to all points in the County and also into New York City. Major highways serving the Village include Sunrise Highway and Merrick Road (E-W) and the Southern State Parkway (E-W). The area is also covered by an extensive network of County, Town and Village roads. The Village's proximity to a diverse economy has contributed to the very strong resident income levels as represented by a median household effective buying income at 133% of the State and 137% of the national levels.

The Incorporated Village of East Rockaway is a waterfront community with a rich history dating back to pre-revolutionary war times. It is known as one of Long Island's south shore communities that offer affordable waterfront and water access properties. Recently revitalized waterfront areas and housing options have been recognized by the media and the real estate multiple listing services as one of the best places to live in Nassau County. The Village provides quiet, tree-lined streets with older homes of charm and character, as well as co-ops, condos and senior rental apartments.

The Village is considered one of the six communities in Nassau County where home prices have held their ground. According to a March 2010 article in Newsday, 'East Rockaway is hot because of its affordable homes, reasonable taxes and a small town vibe, which draws buyers to the Village'.

Some of the benefits derived by residents living in the Village are zoning protection, a full service Public Works Department offering six-day a week garbage and recyclables collection, snow removal, and year round street repair and storm drainage system maintenance. The East Rockaway Fire Department, which provides fire-protection and emergency-medical rescue services, is staffed by all volunteers who respond to over 1,200 calls per year. There is a Village Parks and Recreation system which includes a recreation complex offering facilities for baseball, basketball, playgrounds, parks and more. A coordinated emergency management system, auxiliary police department, and a village level court system round out the services that benefit residents.

The Village is developed with 75% private residences, 15% apartment dwellings, 9% businesses, and 1% industrial. The Village contains numerous shops and small business, and has a central downtown area. Bank facilities located in the Village include branch offices of Capital One Bank, Astoria Savings Bank, Bank of America and Chase Bank.

Source: Village officials.

Impacts of Hurricane Sandy

In October 2012, the Village was severely impacted by Hurricane Sandy. On October 29, 2012 the Mayor declared an emergency within the Village due to the severe damage caused by the storm. On November 21, 2012, the Village issued $1,000,000 of revenue anticipation notes to provide the funds needed for mediation of the damage. The note was issued with an option of prior redemption on or after June 12, 2013 and was paid early. In addition to the insurance claims the Village made, the Village applied to the Federal Emergency Management Agency (FEMA) for reimbursement of the expenses associated with the damage caused by Hurricane Sandy. The Village was successful in obtaining reimbursement from both the insurance company and FEMA. To date, the Village has received $124,360.23, of the $158,207.50 owed for the 10% from FEMA. The Village is currently rebuilding and many residents have applied for permits to repair the damages and upgrade their homes.

Economic Developments

The Village continues to experience economic growth and development. Under the leadership of the Village Mayor and Board of Trustees, the improvement of the village's roads, drainage infrastructure, maintenance and development of parks, recreation facilities and the improvement of parking fields have become the main focus of the administration.

Attracting new businesses and keeping the business district in operation is another priority for the Village Board. Despite difficult economic times, the construction of a new restaurant is currently underway on Althouse Avenue. In addition, plans and specifications have been approved for the revitalization of another parcel on Front Street. The Waterfront restaurant recently opened, and another restaurant is anticipated to open in 2016. These new businesses are expected to have a positive impact to the growth of the waterfront area. Additionally, there is a proposal for housing at the location now known as Davison's Boat Yard.

The construction of a new recreation facility at the John Street Sports Complex was completed in. The recreation complex is now being upgraded to include a new concession stand/storage unit/press box for the little league. New fencing and refurbishing of the basketball court is in progress.

The Village has completed the work on refurbishing the existing band shell in Memorial Park and the resurfacing of the basketball court, along with additional walkways added to the park.

The Village continues to take advantage of the Nassau County Community Development Grants Program. Every year, the Village applies for grants to complete much needed improvements. The Nassau County Block Grant provided $100,000 for the Memorial Park refurbishment of the band shell and basketball court. Additionally, $275,000 was funded for the John Street Sports Complex for the new concession stand/storage unit/press box, fencing and refurbishment of the basketball court.

The Village entered into an Inter-municipal Agreement ("IMA") with Nassau County and received $200,000 to improve Oxbow Park located near the East Rockaway railroad station and along the waterfront area, which has now been completed. The Village will continue to apply and research for all grant opportunities available to local governments.

A major road improvement and paving project was completed along Emmet Avenue, Plymouth Road, First Street, Second Street, Third Street, Plainfield Avenue, Murdock Road, Garfield Avenue and Bowler Road for a cost of $548,833. The Village continues the initiative to do road improvement programs. While the Village will continue to contract the completion of major road improvements, the Department of Public Works will continue to do smaller jobs in-house to improve road infrastructure in a cost effective fashion.

Solid waste disposal costs make up a substantial portion of the Village's operational budget. Reductions in the amount of its solid waste disposal, attained by increasing the amount of recyclables removed from the waste stream, have a positive effect on the budget and the environment. The Village currently recycles plastic bottles, cans, glass, newspapers and corrugated cardboard with a recycling truck. In addition, the Village picks up commercial business and schools and apartment house recycling. The Board has set a goal of increasing the amount of recycled materials to 25% of all solid waste collected within the next three years. This is expected to be accomplished through public education, public participation, improved collection equipment and practices and more effective regulations. A new recycling schedule and route was successfully implemented and new recycling bins are available for residents. The recycling program, along with the 'keep it clean' initiative launched by the Mayor, significantly improved the appearance of both business and residential districts.

In an effort to ensure more control over electric consumption, the Village installed new solar parking meters that accept credit cards for payment and a new fuel system at the Department of Public Works ("DPW"). The Village has continued to install Manual on Uniform Traffic Control Devices ("MUTCD"); required signs and has developed a plan. New security cameras have been installed in Village Hall, DPW and Recreation.

It is the view of the Village Board of Trustees that, economic times call for prudent management of all available resources as well as careful consideration of the decisions pertaining to contracting debt service. The Village Board is committed to providing the residents and businesses with the best services at the least possible cost. A Five Year Capital Plan has been developed and will be reviewed and updated every year to ensure the balanced growth of the Village.

Source: Village officials.

Population Trends

Year	Village of East Rockaway	Nassau County	New York State
1980	10,917	1,321,582	17,557,288
1990	10,152	1,272,308	17,990,445
2000	10,414	1,334,544	18,976,457
2010	9,818	1,339,532	19,378,102
2011	9,854	1,344,436	19,465,197
2014 (estimate)	9,896	1,358,627	19,746,227
2015 (estimate)	9,894	1,361,350	19,795,791

Source: United States Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from the 2000 census and 2006-2010 and 2010-2014 American Community Survey data.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2010-2014	2000	2006-2010	2010-2014
Village of:						
East Rockaway	$ 30,601	$ 39,734	$ 45,021	$ 78,363	$ 111,060	$ 109,643
County of:						
Nassau	32,151	41,387	42,949	81,246	107,934	114,235
State of:						
New York	23,389	30,948	32,829	51,691	67,405	71,419

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

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

Major Employers

In addition to the employment opportunities available to Village residents in New York City, due to its accessibility, the following major employers (employing 100 or more) are located in close proximity to the Village:

Name	Type	Number of Employees
All Metro Healthcare	Nursing Services	2,954
South Nassau Communities Hospital	Medical Center	1,300
Atlantic Express/Courtesy Bus	School and Charter Bus Service	396
Solgar Vitamin Co., Inc.	Manufacture Natural Vitamins	320
Oceanside Institutional Industries	Linen and Uniform Rental	300
Amprobe Instrument	Manufacture Electrical Instruments	215
Jamaica Savings Bank, FSB	Financial Institution	210
Long Island American Water Corp.	Public Water Supplier	155
East Rockaway Union Free School District	Education	152
Par Plumbing	Plumbing Contracting	150
Eyeglass Services Industries	Retail Optical	150
Westron Corporation	Lighting Fixtures and Lamps	150
Lynbrook Restorative Therapy & Nursing	Nursing Services	140
Peerless Radio	Distribution of Electronic Components	100
Oceanside Care Center	Nursing Home	100
Applied Graphics Technologies, Inc.	Publishing Industry	100

Source: Metro New York Directory of Manufacturers and Long Island Executive Register.

Unemployment Rates

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

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

	2016 Monthly Figures						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Nassau County	4.2%	4.1%	3.9%	3.7%	3.5%	N/A	N/A
New York State	5.4%	5.4%	5.2%	4.6%	4.2%	N/A	N/A

Note: Unemployment rates for the months of June and July of 2016 have not been released as of the date of this Official Statement.

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

Form of Village Government

The Chief Executive Officer of the Village is the Mayor who is elected for a term of four years. He is also a member of the Board of Trustees. In addition to the Mayor there are four trustees who are elected for four-year terms. The terms are staggered so that every other year, two Trustees run for election. The Mayor runs every fourth year. The Mayor and Trustees are elected at large; there are no limits on the number of terms an individual may serve.

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

Financial Organization

The Village Treasurer is the Chief Fiscal Officer of the Village whose duty it is to receive, disburse and account for all financial transactions.

Investment Policy

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

Consistent with the above statutory limitations, it is the Village's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the Village may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian with regular valuation.

The Village is in compliance with the above permitted investments. The Village does not invest in reverse repurchase agreements or other derivative type investments.

Budgetary Procedures

The budget officer prepares the proposed budget each year, pursuant to the laws of the State of New York, and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year. The budget is not subject to referendum.

State Aid

The Village receives financial assistance from the State. In its budget for the 2017 fiscal year, approximately 4.41% of the revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner as has been the case this year, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS").

Employees

The number of persons employed by the Village, the collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

Union	Approximate Number of Employees	Contract Expiration Date
C.S.E.A.	24	May 31, 2016 [1]
Non-Union Employees	45	N/A

[1] Currently under negotiation.

Source: Village officials.

Pension Payments

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State (the "Retirement System"). The ERS is generally also known as the "Common Retirement Fund". The Retirement System is a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. In most cases, the Retirement System is non-contributory with respect to members working ten or more years. However, for new hires, contributions must continue for the duration of employment. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than $35 billion in long-term savings to State taxpayers over the next thirty years. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.

- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, Governor Cuomo signed into law the new Tier VI pension program, effective for new ERS employees hired after April 1, 2012. The Tier VI 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 VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The Village has made retirement contributions to ERS as follows:

Year		ERS
2011-2012	$	348,895 (1)
2012-2013		361,700 (2)
2013-2014		432,232 (3)
2014-2015		462,263 (4)
2015-2016		450,000 (5)
2016-2017 (Budgeted)		454,506 (6)

Pursuant to Chapter 57 of the Law of 2010 and to Chapter 57 of the Laws of 2013, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for up to ten years and twelve years, respectively, and interest set annually using the United States Treasury rate.

(1) For the 2012 fiscal year, the Village elected to amortize $231,243 under the laws of 2010. This amount is being amortized over 10 years with interest at 3.75%.
(2) For the 2013 fiscal year, the Village elected to amortize $147,425 under the laws of 2010. This amount is being amortized over 10 years with interest at 3.00%.
(3) For the 2014 fiscal year, the Village elected to amortize $231,243 under the laws of 2013. This amount is being amortized over 12 years with interest at 3.76%.
(4) For the 2015 fiscal year, the Village elected to amortize $112,037 under the laws of 2013. This amount is being amortized over 12 years with interest at 3.50%.
(5) For the 2016 fiscal year, the Village elected to amortize $73,880 under the laws of 2013. This amount is being amortized over 12 years with interest at 3.31%.
(6) The Village does not intend to amortize a portion of its ERS pension payment for the 2017 fiscal year.

Source: Village officials.

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

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

Year	ERS
2010	7.4%
2011	11.9
2012	16.3
2013	18.9
2014	20.9
2015	20.1
2016	18.2
2017	15.5

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

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

While the Village has amortized a portion of its pension payments for the 2012 through 2016 fiscal years, it does not intend to do so for the 2017 fiscal year.

Stable Rate Pension Contribution Option: The Enacted 2013-14 State Budget included a provision that provides local governments, including the Village, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. For 2014 and 2015 the rate is 12.0% for ERS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program reduce near-term payments for employers, but require higher than normal contributions in later years. The Village is not participating in the Stable Rate Pension Contribution Option nor has the intent to do so in the foreseeable future.

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

Other Post-Employment Benefits

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

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The Village engaged the services of Hay Group, an actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation dated June 1, 2014, the following tables show the components of the Village's annual OPEB cost, the amount actuarially contributed to the plan, changes in the Village's net OPEB obligation and funding status for the fiscal years ending May 31, 2015 and 2014:

Annual OPEB Cost and Net OPEB Obligation (all funds):	**2015**	**2014**
Annual required contribution (ARC)	$ 696,022	$ 667,320
Interest on net OPEB obligation	103,996	87,779
Adjustment to ARC	(99,348)	(83,856)
Annual OPEB cost (expense)	700,670	671,243
Contributions made	(249,718)	(265,823)
Increase in net OPEB obligation	450,952	405,420
Net OPEB obligation - beginning of year	2,599,894	2,194,474
Net OPEB obligation - end of year	$ 3,050,846	$ 2,599,895
Percentage of annual OPEB cost contributed	35.6%	39.6%

Funding Status:

	2015	2014
Actuarial Accrued Liability (AAL)	$ 9,318,956	$ 8,893,496
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 9,318,956	$ 8,893,496
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB Obligation
2015	$ 700,670	35.6%	$ 3,050,846
2014	671,243	39.6	2,599,897
2013	642,963	39.6	2,194,474
2012	851,737	30.6	1,806,060
2011	805,693	24.8	1,215,187

Note: The above tables are not audited.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the Village's audited financial statements.

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

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

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- 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;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last State legislative session. It is not known if the legislation will be reintroduced and approved in the next legislative session.

Other Information

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

The Village is in the process of complying with the procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this Village is past due. On January 15, 2016, the Village had an interest payment due and as a result of clerical oversight the payment was not made until January 21, 2016. The District filed a material events notification to EMMA on January 21, 2016.

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

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

Financial Statements

The Village retains an independent certified public accountant to audit its financial affairs. The last such audit covers the period ending May 31, 2015 and is attached hereto as "APPENDIX – E" to this Official Statement. The audit for the period ending May 31, 2016 is unavailable as of the date of this Official Statement. The financial affairs of the Village are also subject to periodic audit by the State Comptroller.

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

New York State Comptroller Report of Examination

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller for the 2014 fiscal year classified the Village as "No Designation" with a Fiscal score of 5.0%.

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending May 31:	2013	2014	2015	2016	2017
Assessed Valuation	$ 26,405,161	$ 26,355,661	$ 26,182,864	$ 26,220,571	$ 26,212,479
New York State Equalization Rate	2.02%	2.11%	2.22%	2.13%	2.04%
Total Taxable Full Valuation	$ 1,307,186,188	$ 1,249,083,460	$ 1,179,408,288	$ 1,231,012,723	$ 1,284,925,441

Tax Rate Per $1000 (Assessed)

Fiscal Year Ending May 31:	2013	2014	2015	2016	2017
Village of East Rockaway	$ 24.04	$ 25.22	$ 25.16	$ 25.57	$ 26.36

Tax Collection Procedure

Tax payments are due twice a year, on June 1st and December 31st, and are payable without penalty during the month of June. Penalties for tax delinquencies are imposed at the rate of 5% for the first month and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction thereof thereafter. In March of each year, tax liens are sold to the public at auction pursuant to proceedings set forth in the Real Property Tax Law. Consequently, there are no uncollected taxes at the end of the fiscal year.

Tax Levy and Tax Collection Record

Fiscal Year Ending May 31:	2013	2014	2015	2016	2017
Total Tax Levy	$ 6,347,800	$ 6,645,844	$ 6,588,520	$ 6,705,298	$ 6,900,163
Amount Uncollected (1)	75	230	654	291	N/A
% Uncollected	0.001%	0.003%	0.010%	0.004%	N/A

(1) See "Tax Collection Procedure" herein.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal year ending May 31, 2011 through 2016:

Fiscal Year Ending December 31:	2016	2015	2014
Five Year Average Full Valuation	$ 1,323,472,402	$ 1,400,656,604	$ 1,415,695,205
Tax Limit - (2%)	26,469,448	28,013,132	28,313,904
Total Additions	1,000,839	1,000,839	1,150,360
Total Taxing Power	$ 27,470,287	$ 29,013,971	$ 29,464,264
Total Levy for General Village Purposes	6,705,298	6,588,520	6,645,844
Constitutional Tax Margin	$ 20,764,989	$ 22,425,451	$ 22,818,420

Fiscal Year Ending December 31:	2013	2012	2011
Five Year Average Full Valuation	$ 1,500,712,801	$ 1,400,656,604	$ 1,438,234,282
Tax Limit - (2%)	30,014,256	28,013,132	28,764,686
Total Tax Levy (General)	1,078,000	1,000,839	893,060
Less: Exclusions from Tax Limit	$ 31,092,256	$ 29,013,971	$ 29,657,746
Tax Levy Subject to Tax Limit	6,347,800	6,588,520	6,739,577
Percentage of Tax Limit Exhausted	$ 24,744,456	$ 22,425,451	$ 22,918,169

Source: Village officials.

Larger Taxpayers – 2015-2016 Assessment Roll

Name	Type	Assessed Valuation
Keyspan	Public Utility	$ 1,051,689
280-290 Atlantic Avenue	Apartment Complex	220,100
Long Island American Water Corp.	Public Utility	207,421
Capital House Tenants Corp.	Apartment Complex	150,000
Maple Crest	Apartment Complex	184,000
Broadwall Management Corp.	Apartment Complex	125,000
Lyncrest Gardens	Apartment Complex	110,000
East Rockaway Tenant Corp.	Apartment Complex	115,425
Pathmark –Company the Great A&P Tea	Supermarket	110,000
H.S.L.E. Realty	Stores	110,000
16 Main Street Owners	Apartment Complex	92,500
Heritage House	Apartment Complex	85,000
Fairfield	Apartment Complex	84,100
CVS/Caremark	Retail/Pharmacy	54,000
Lynbrook Restorative Therapy & Nursing	Nursing Home	70,000
Bank of America	Bank	69,650
Sherwood Road Association	Manufacturing	68,020
Ocean Avenue Realty	Manufacturing	65,000
Focus Realty	Realtors	60,000
MDA Corporation	Commercial	59,860
Rolling River Day Care Center	Day Care Center	51,667
Chait Properties	Apartment Complex	20,000

The larger taxpayers, listed above, have a total assessed valuation of $3,247,532 that represents 9.4% of the tax base of the Village.

As of the date of this Official Statement, the Village does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the Village.

Source: Village Tax Rolls

Additional Information

Real property in the Village is assessed by the Village.

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

The assessment roll of the Village is constituted approximately as follows: Commercial and Industrial – 20% and Residential – 80%.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only.

There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the Village are uncertain at this time.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the Village shall not give or loan any money or property to or in aid of any individual 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 within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Board of Trustees authorizes the issuance of bonds with substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

Statutory Procedure

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

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

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

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

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

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

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

The Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the Village with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein). Although permitted by the Local Finance Law, the Village has not historically issued such short-term obligations. The only exception was for damage caused by Hurricane Sandy in October of 2012. See “THE VILLAGE - Impacts of Hurricane Sandy”.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending May 31:	2012	2013	2014	2015	2016
Bonds	$ 9,998,800	$ 9,380,000	$ 8,675,000	$ 8,015,000	$ 7,295,000
Bond Anticipation Notes	0	2,932,500	4,032,500	3,938,000	3,685,000
Other Debt [1]	0	1,000,000	0	0	0
Total Debt Outstanding	$ 9,998,800	$13,312,500	$12,707,500	$ 11,953,000	$ 10,980,000

[1] Represents revenue anticipation notes. See "Cash Flow Borrowings" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village as of June 27, 2016.

Type of Indebtedness	Maturity		Amount Outstanding
Bonds	2016-2028		$ 10,627,800
Bond Anticipation Notes			
Various Capital Projects	June 9, 2017		83,100 [1]
		Total Indebtedness	$ 11,390,900

[1] To be redeemed at maturity with bond anticipation notes and available funds.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 27, 2016:

Five-Year Average Full Valuation			$ 1,250,323,220
Debt Limit - 7% thereof			87,522,625
Inclusions:			
Bonds	$ 10,627,800		
Bond Anticipation Notes	83,100		
Total Inclusions		$ 10,710,900	
Exclusions:			
Appropriations [1]	$ 740,000		
Total Exclusions		$ 740,000	
Total Net Indebtedness			$ 9,970,900
Net Debt-Contracting Margin			$ 77,551,725
The percent of debt contracting power exhausted is			11.39%

[1] Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The issuance of the Notes will increase the total net indebtedness of the Village by $2,300,000. Not included above is $4,750,000 Public Improvement Refunding (Serial) Bonds, 2016, scheduled to be delivered on or about July 7, 2016. The proceeds of these bonds will redeem $4,605,000 outstanding Public Improvement (Serial) Bonds, 2011, dated July 15, 2011, originally issued by the Village in the aggregate principal amount of $7,523,800. See "Capital Project Plans" herein.

Bonded Debt Service

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

Cash Flow Borrowings

With the exception of the revenue anticipation notes issued from November 21, 2012 to July 31, 2013 to assist with the Hurricane Sandy cleanup, the Village has not found it necessary to borrow revenue or tax anticipation notes in the recent past and does not anticipate having to borrow such in the foreseeable future. See "THE VILLAGE - Impacts of Hurricane Sandy" herein.

Other Obligations

The Village recently completed an Energy Efficiency Project with Johnson Controls, which will save the Village money on utility costs. The cost of the project will be paid for by the savings incurred by the transition to energy efficient LED street lights, LED lights in the Village buildings and rebates. As of June 18, 2015, the Village entered into a Lease Purchase Agreement in the amount of $1,485,629.00 at an interest rate of 2.516%, with principal and interest payments due semiannually on November 1 and May 1, starting on November 1, 2016. The following is a summary of the payments:

Fiscal Year Ending	Principal Due November 1st	Principal Due May 1st	Interest Due November 1st	Interest Due May 1st
2017	$ 26,464.81	$ 45,720.27	$ 37,610.06	$ 18,354.60
2018	46,295.38	46,877.72	17,779.49	17,197.15
2019	47,467.39	48,064.48	16,607.48	16,010.39
2020	48,669.07	49,281.27	15,405.80	14,793.60
2021-2025	262,462.69	265,764.16	57,911.66	54,610.19
2026-2030	297,410.35	301,151.41	22,964.00	19,222.94
Totals	$ 728,769.69	$ 756,859.31	$ 168,278.49	$ 140,188.87

Source: Village officials.

Capital Project Plans

On May 9, 2016, the Village authorized $2.3 million for various capital projects in and for the Village. The issuance of the Notes will provide $2,300,000 in new monies and represent the first borrowing against this authorization.

Additionally, on May 9, 2016, the Village authorized a bond resolution authorizing the refunding of all or a portion of the $4,605,000 outstanding Public Improvement (Serial) Bonds, 2011, dated July 15, 2011, originally issued by the Village in the aggregate principal amount of $7,523,800 (the "Refunded Bonds") and authorizing issuance of the serial bonds to provide the funds necessary to effect the refunding of the Refunded Bonds. The proceeds of the serial bonds are scheduled to be delivered on or about July 7, 2016.

Other than as stated above, the Village has no other projects authorized at this time.

Estimated Overlapping Indebtedness

In addition to the Village, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the Village. Estimated bonds and bond anticipation notes are listed as of the close of the 2014 fiscal year of the respective municipalities.

Unit	Outstanding Indebtedness	Exclusions (1)	Net Indebtedness	Approximate % Within Village	Applicable Net Indebtedness
County of:					
Nassau	$ 4,195,289,522	$ 512,250,000	$ 3,683,039,522	0.72%	$ 26,517,885
Town of:					
Hempstead	386,804,074	47,555,046 (2)	339,249,028	1.55	5,258,360
School Districts:					
East Rockaway UFSD	13,085,000	6,372,395 (3)	6,712,605	73.52	4,935,107
Lynbrook UFSD	470,000	218,550 (3)	251,450	26.57	66,810
				Total	$ 36,778,162

(1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
(2) Sewer and water indebtedness and appropriations.
(3) State Building aid.

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

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

Debt Ratios

The following table sets forth certain ratios relating to the Village's net indebtedness as of June 27, 2016:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 9,970,900	$ 1,007.77	0.78%
Net Plus Net Overlapping Indebtedness [d]	46,749,062	4,724.99	3.64

(a) The 2015 estimated population of the Village is 9,894. (See "THE VILLAGE - Population Trends" herein.)

(b) The Village's average full value of taxable real estate for 2017 is $1,284,925,441. (See "TAX INFORMATION - Taxable Assessed Valuations" herein.)

(c) See "Computation of Debt Limit".

(d) The Village's estimated applicable share of net underlying indebtedness is $36,778,162. (See "Estimated Overlapping Indebtedness" herein.)

Note: Not included above is $4,570,000 Public Improvement Refunding (Serial) Bonds, 2016, scheduled to be delivered on or about July 7, 2016. The proceeds of these bonds will redeem $4,605,000 outstanding Public Improvement (Serial) Bonds, 2011, dated July 15, 2011, originally issued by the Village in the aggregate principal amount of $7,523,800. See "Capital Project Plans" herein.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

No current state law purports to create any priority for holders of the 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 rights of the owners of Notes to receive interest and principal from the Village could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Village (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

The Village is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Village, in this year or future years, the Village may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Village. While no delay in State aid is anticipated this fiscal year, in several recent years, the Village has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. The amount of State aid the Village receives, as compared to total revenues, is not substantial and therefore, the Village does not expect any potential delays or withholdings to have any material impact on the financial condition of the Village. (See also "THE VILLAGE - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, including the Village, school districts, and fire districts in the State, without providing an exclusion for debt service on obligations issued by municipalities or fire districts, excluding the Village, could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D" hereto.

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

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

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Recent legislative proposals have been made which would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D" hereto

LEGAL MATTERS

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

LITIGATION

The Village, like any municipality, may be subject to a number of lawsuits in the ordinary conduct of its affairs. The Village does not anticipate that any current, pending or threatened litigation, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Village.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Village, threatened against or affecting the Village to restrain or enjoin sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Village taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Village.

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the Village has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

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

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

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Notes

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the Village

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

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

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the Village does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) 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 Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Village, 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 Village.

The Village may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Village determines that any such other event is material with respect to the Notes; but the Village does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Village reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Note within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village's obligations under its material event notices undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Note to recover monetary damages.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

Historical Compliance

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

However, the Village did not file material event notices regarding credit rating changes for MBIA Insurance Corporation, the bond insurer for the Village's $4,534,000 Public Improvement (Serial) Bonds, 2003, as required by the Village's continuing disclosure agreement. The bond insurer credit rating changes, for which no material event notices were filed, occurred on November 19, 2012, May 21, 2013, and May 21, 2014. The underlying rating of the Village has never been adversely affected by any rating actions relating to such insurer. National Public Finance Guarantee Corporation currently holds certain insurance policies which were originally issued by MBIA. On January 15, 2016, the Village had an interest payment due and as a result of clerical oversight the payment was not made until January 21, 2016. The District filed a material events notification to EMMA on January 21, 2016.

MUNICIPAL ADVISOR

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

RATING

The Notes are not rated.

Standard & Poor's Credit Market Services ("S&P") has assigned their underlying rating of "AA+" with a stable outlook to the Village's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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

MISCELLANEOUS

So far as 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 holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Village management's beliefs as well as assumptions made by, and information currently available to, the Village's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Village's files with the repositories. When used in Village documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Neither, Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the Village, nor Trespasz & Marquardt, LLP, Syracuse, New York, counsel to the Underwriter, expresses an opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the Village will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Village.

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

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

The Village contact information is as follows: Ms. Patricia Renner, Village Clerk-Treasurer, Village of East Rockaway, 376 Atlantic Avenue, East Rockaway, New York, Phone: (516) 887-6300, Fax: (516) 887-6305, Email: prenner@villageofeastrockaway.org.

This Official Statement has been duly executed and delivered by the Village Clerk-Treasurer of the Village of East Rockaway.

VILLAGE OF EAST ROCKAWAY

Dated: June 27, 2016

PATRICIA RENNER
Village Clerk-Treasurer

GENERAL FUND

Balance Sheets

Fiscal Years Ending May 31:	2011	2012	2013	2014	2015
ASSETS					
Cash and Cash Equivalents	$ 2,462,026	$ 2,881,813	$ 4,432,430	$ 3,605,636	$ 3,058,906
Taxes Receivable	930	1,002	2,301	2,558	3,306
Accounts Receivable	2,166	500	32,437	2,280	4,219
Due from Other Governments	172,764	346,753	292,040	97,921	123,426
Due from Other Funds	43,085	39,855	312,268	317,253	317,253
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	$ 2,680,971	$ 3,269,923	$ 5,071,476	$ 4,025,648	$ 3,507,110
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 136,095	$ 222,268	$ 224,595	$ 134,673	$ 119,715
Accrued Liabilities	105,291	88,851	7,756	3,834	2,961
Due to Other Funds	3,767	13,723	14,195	14,194	42,745
Due to Employees' Retirement System	35,202	47,318	56,060	58,059	62,588
Other Liabilities	-	-	-	363,855	343,855
Compensated Absences	-	-	-	-	-
Revenue Anticipation Notes	-	-	1,000,000	-	-
Deferred Revenues	991,789	936,719	1,097,128	679,100	558,195
Collections in Advance	-	-	31,283	31,628	30,586
Over Payments	-	-	-	-	-
TOTAL LIABILITIES	1,272,144	1,308,879	2,431,017	1,285,343	1,160,645
FUND EQUITY					
Reserved	$ 185,077	$ 326,646	$ 380,634	$ 303,799	$ 204,877
Unreserved:					
Appropriated	230,000	250,000	362,000	376,500	645,845
Unappropriated	993,750	1,384,398	1,897,825	2,060,006	1,495,743
TOTAL FUND EQUITY	1,408,827	1,961,044	2,640,459	2,740,305	2,346,465
TOTAL LIABILITIES and FUND EQUITY	$ 2,680,971	$ 3,269,923	$ 5,071,476	$ 4,025,648	$ 3,507,110

Source: Audited Financial Report of the Village. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending May 31:	2010	2011	2012	2013	2014
REVENUES					
Real Property Taxes	$ 6,363,705	$ 6,651,321	$ 6,366,386	$ 6,358,455	$ 6,660,619
Real Property Tax Items	35,180	35,390	39,669	55,647	51,519
Non-Property Tax Items	416,769	431,912	439,591	397,027	417,019
Departmental Income	411,450	451,271	359,028	360,382	437,720
Intergovernmental Charges	159,845	153,859	161,968	177,517	184,255
Use of Money & Property	35,575	76,537	19,394	13,130	13,133
Licenses and Permits	88,128	136,597	120,488	131,005	184,682
Fines and Forfeitures	187,477	238,384	240,521	223,055	177,487
Sale of Property and Compensation for Loss	77,462	77,776	138,962	9,905	2,387
Interfund Transfer	14,237	-	13,000	13,000	13,000
Miscellaneous	73,464	47,294	67,351	56,720	42,887
Revenues from State Sources	530,637	358,027	372,390	555,452	426,944
Revenues from Federal Sources	-	62,185	30,723	995,903	38,526
Total Revenues	8,393,929	8,720,553	8,369,471	9,347,198	8,650,178
EXPENDITURES					
General Government Support	$ 1,991,974	$ 1,938,287	$ 1,705,774	$ 1,603,004	$ 1,775,342
Public Safety	817,743	836,454	716,739	738,136	778,875
Health	-	-	-	-	52
Transportation	456,578	412,465	356,628	372,050	448,053
Economic Assistance and Opportunity	-	2,318			
Publicity	3,292	-	7,729	10,655	12,967
Culture and Recreation	467,332	491,592	306,114	277,985	218,435
Home and Community Services	1,829,186	1,648,626	1,829,432	2,803,963	2,012,577
Employee Benefits	1,263,833	1,401,876	1,438,897	1,551,112	1,627,391
Debt Service	825,435	879,714	874,422	1,099,607	1,042,920
Total Expenditures	$ 7,655,373	$ 7,611,332	$ 7,235,735	$ 8,456,512	$ 7,916,612
Excess of Revenues Over (Under) Expenditures	$ 738,556	$ 1,109,221	$ 1,133,736	$ 890,686	$ 733,566
Other Financing Sources (Uses):					
Proceeds from Serial Bonds	-	-	-	-	102,780
Operating Transfers In	66,768	251,200	235,746	678,613	-
Operating Transfers Out	(759,033)	(821,957)	(817,265)	(889,884)	(736,500)
Total Other Financing	(692,265)	(570,757)	(581,519)	(211,271)	(633,720)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	46,291	538,464	552,217	679,415	99,846
FUND BALANCE					
Fund Balance - Beginning of Year	824,072	870,363	1,408,827	1,961,044	2,640,459
Prior Period Adjustments (net)	-	-	-	-	-
Appropriated Reserve	-	-	-	-	-
Fund Balance - End of Year	$ 870,363	$ 1,408,827	$ 1,961,044	$ 2,640,459	$ 2,740,305

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Actual

Fiscal Years Ending May 31:	2015 Adopted Budget	2015 Modified Budget	2015 Actual	2016 Adopted Budget	2017 Adopted Budget
REVENUES					
Real Property Taxes	$ 6,588,520	$ 6,588,520	$ 6,597,797	$ 6,752,820	$ 6,947,435
Real Property Tax Items	47,272	47,272	47,177	-	-
Non-Property Tax Items	443,000	443,000	429,138	443,000	443,000
Departmental Income	429,000	429,000	396,586	431,000	366,950
Intergovernmental Charges	201,850	201,850	202,381	223,827	246,033
Use of Money & Property	15,000	15,000	8,576	15,000	10,000
Licenses and Permits	154,000	154,000	124,881	154,000	219,800
Fines and Forfeitures	250,000	250,000	186,629	250,000	250,000
Sale of Property and Compensation for Loss	7,000	7,000	-	77,000	65,000
Interfund Revenues	13,000	13,000	13,000	-	-
Miscellaneous	50,000	50,000	70,608	59,500	49,500
Revenues from State Sources	404,855	404,855	427,684	410,000	397,000
Revenues from Federal Sources	-	-	20,000	-	-
Total Revenues	8,603,497	8,603,497	8,524,457	8,816,147	8,994,718
EXPENDITURES					
General Government Support	$ 2,040,133	$ 1,958,061	$ 1,798,242	$ 2,010,959	$ 1,942,533
Public Safety	881,351	883,823	822,186	837,643	795,642
Health	100	100	-	75	100
Transportation	410,239	486,171	473,157	388,737	455,779
Economic Opportunity & Development Publicity	15,000	15,000	9,415	13,000	12,500
Culture and Recreation	321,467	296,764	230,808	303,180	270,298
Home and Community Services	1,998,593	2,056,383	1,934,240	2,007,774	2,039,944
Employee Benefits	1,881,637	1,817,659	1,803,299	2,034,340	2,028,721
Debt Service	1,000,839	1,095,339	1,088,031	1,256,199	1,286,913
Total Expenditures	$ 8,549,359	$ 8,609,300	$ 8,159,378	$ 8,851,907	$ 8,832,430
Excess of Revenues Over (Under) Expenditures	$ 54,138	$ (5,803)	$ 365,079	$ (35,760)	$ 162,288
Other Financing Sources (Uses):					
Insurance recoveries	60,000	103,329	67,932	-	-
Operating Transfers In	-	-	-	104,000	-
Operating Transfers Out	(661,277)	(826,851)	(826,851)	(656,740)	(623,788)
Total Other Financing	(601,277)	(723,522)	(758,919)	(552,740)	(623,788)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(547,139)	(729,325)	(393,840)	(588,500)	(461,500)
FUND BALANCE					
Fund Balance - Beginning of Year	547,139	729,325	2,740,305	588,500	461,500
Prior Period Adjustments (net)	-	-	-	-	-
Appropriated Reserve	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 2,346,465	$ -	$ -

Source: Audited financial report and budgets of the Village. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	Principal	Interest	Total
2017	$ 740,000	$ 117,100.01	$ 857,100.01
2018	962,800	170,612.26	1,133,412.26
2019	995,000	124,956.26	1,119,956.26
2020	1,015,000	110,825.01	1,125,825.01
2021	945,000	97,518.76	1,042,518.76
2022	965,000	84,787.51	1,049,787.51
2023	915,000	71,731.26	986,731.26
2024	895,000	59,021.88	954,021.88
2025	925,000	46,050.00	971,050.00
2026	950,000	32,262.50	982,262.50
2027	980,000	18,075.00	998,075.00
2028	340,000	3,400.00	343,400.00
TOTALS	$ 10,627,800	$ 936,340.42	$11,564,140.42

Note: Does not include $4,570,000 Public Improvement Refunding (Serial) Bonds scheduled to close on or about July 7, 2016.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending May 31st	2011 * Captial Improvements			2014 Refunding of 2003 & 2004 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	$ 450,000	$ 193,281.25	$ 643,281.25	$ 290,000	$ 29,256.26	$ 319,256.26
2018	465,000	178,412.50	643,412.50	255,000	21,081.26	276,081.26
2019	485,000	162,975.00	647,975.00	230,000	13,806.26	243,806.26
2020	505,000	146,887.50	651,887.50	225,000	8,106.26	233,106.26
2021	525,000	130,150.00	655,150.00	125,000	4,606.26	129,606.26
2022	545,000	112,762.50	657,762.50	120,000	2,156.26	122,156.26
2023	565,000	94,725.00	659,725.00	45,000	478.13	45,478.13
2024	585,000	75,671.88	660,671.88	-	-	-
2025	605,000	55,212.50	660,212.50	-	-	-
2026	625,000	33,687.50	658,687.50	-	-	-
2027	650,000	11,375.00	661,375.00	-	-	-
TOTALS	$ 6,005,000	$1,195,140.63	$7,200,140.63	$ 1,290,000	$ 79,490.69	$ 1,369,490.69

* Partially refunded with the proceeds of $4,570,000 Public Improvement Refunding (Serial) Bonds, scheduled to deliver on or about July 7, 2016. The 2018-2027 maturities are to be called and paid in full on June 1, 2018.

Fiscal Year Ending May 31st	2016 Captial Improvements			2016 ** Refunding of 2011		
	Principal	Interest	Total	Principal	Interest	Total
2017	$ 242,800	$ 96,074.76	$ 338,874.76	$ 65,000	$ 65,202.22	$ 130,202.22
2018	280,000	59,000.00	339,000.00	5,000	124,750.00	129,750.00
2019	285,000	53,350.00	338,350.00	5,000	124,650.00	129,650.00
2020	295,000	47,550.00	342,550.00	505,000	119,550.00	624,550.00
2021	300,000	41,600.00	341,600.00	520,000	109,300.00	629,300.00
2022	305,000	35,550.00	340,550.00	535,000	96,075.00	631,075.00
2023	310,000	29,400.00	339,400.00	550,000	79,800.00	629,800.00
2024	320,000	23,100.00	343,100.00	570,000	63,000.00	633,000.00
2025	325,000	16,650.00	341,650.00	585,000	45,675.00	630,675.00
2026	330,000	10,100.00	340,100.00	605,000	27,825.00	632,825.00
2027	340,000	3,400.00	343,400.00	625,000	9,375.00	634,375.00
TOTALS	$ 3,332,800	$ 415,774.76	$3,748,574.76	$ 4,570,000	$ 865,202.22	$ 5,435,202.22

** $4,570,000 Public Improvement Refunding (Serial) Bonds, 2016 are scheduled to close on or about July 7, 2016.

VILLAGE OF EAST ROCKAWAY

GENERAL-PURPOSE FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULE

MAY 31, 2015

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

INCORPORATED VILLAGE OF EAST ROCKAWAY
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Pappas & Company

CERTIFIED PUBLIC ACCOUNTANTS

3 Rensselaer Drive • Commack, NY 11725 (631) 462-0660 • Fax (631) 462-8664

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Incorporated Village of East Rockaway
East Rockaway, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, and the fiduciary funds of the Incorporated Village of East Rockaway as of and for the year ended May 31, 2015, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Incorporated Village of East Rockaway as of May 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison schedules and the schedule of funding progress-post employment benefits plan, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Village's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by <u>Government Auditing Standards</u>

In accordance with <u>Government Auditing Standards</u>, we have also issued a report dated October 6, 2015, on our consideration of the Incorporated Village of East Rockaway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> in considering the Incorporated Village of East Rockaway's internal control over financial reporting and compliance.

Pappas & Company

Commack, New York
October 6, 2015

The Incorporated Village of East Rockaway's (Village) discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2015. The intent of this discussion and analysis is to look at the Village's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

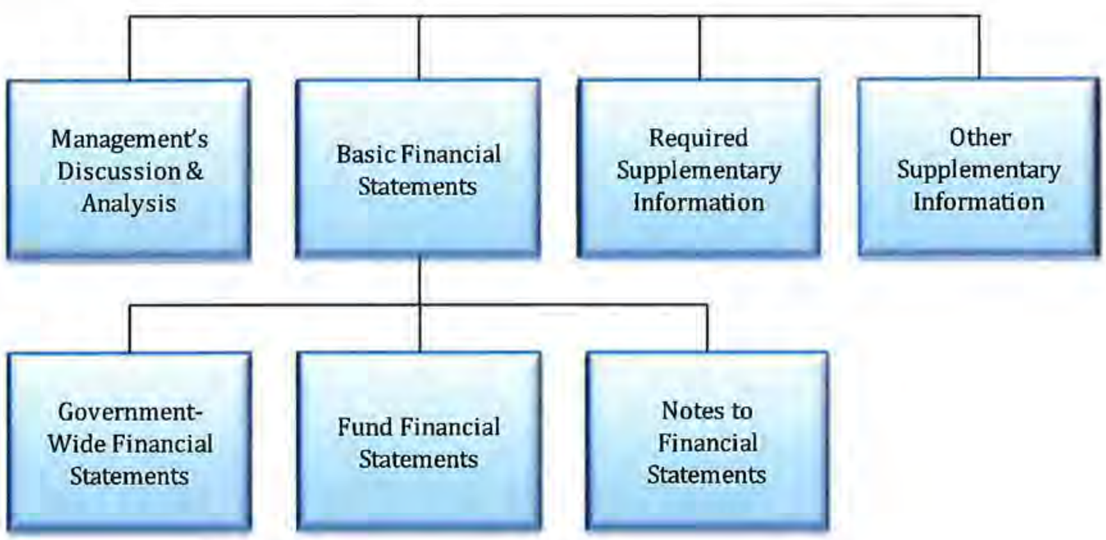
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2015 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements was $4,944,710. This is a decrease of $1,088,901 from the prior year.
- The general fund's total fund balance, as reflected in the fund financial statements was $2,346,465. This is a decrease of $393,840 from the prior year.
- In October 2014, the Village advance refunded $1,550,000 of outstanding serial bonds. The Village expects a present value savings of approximately $80,000 over the life of the new bonds.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. Government-Wide Financial Statements

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the Village's assets and liabilities 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. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

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

Governmental Funds

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

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

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

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village's total net position decreased by $1,088,901 between fiscal year 2015 and 2014. A summary of the Village's Statement of Net Position is as follows:

	2015	2014	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 4,284,534	$ 5,110,618	$ (826,084)	(16.16)%
Capital Assets, Net	18,231,958	18,885,418	(653,460)	(3.46)%
Total Assets	22,516,492	23,996,036	(1,479,544)	(6.17)%
Current and Other Liabilities	4,774,079	4,829,060	(54,981)	(1.14)%
Long-Term Liabilities	8,648,850	9,331,680	(682,830)	(7.32)%
Due to Employees' Retirement System	543,118	525,249	17,869	3.40 %
Net Other Postemployment Benefits Obligation	3,050,846	2,599,894	450,952	17.35 %
Total Liabilities	17,016,893	17,285,883	(268,990)	(1.56)%
Deferred Inflows of Resources	554,889	676,542	(121,653)	(17.98)%
Net Position				
Net Investment in Capital Assets	6,344,894	6,888,946	(544,052)	(7.90)%
Restricted	318,751	404,843	(86,092)	(21.27)%
Unrestricted (Deficit)	(1,718,935)	(1,260,178)	(458,757)	(36.40)%
Total Net Position	$ 4,944,710	$ 6,033,611	$ (1,088,901)	(18.05)%

Current and other assets decreased by $826,084, as compared to the prior year. This decrease is primarily due to the decrease in cash.

Capital assets, net decreased by $653,460 as current year depreciation exceeded additions. The accompanying Notes to Financial Statements, Note 6 "Capital Assets", provides additional information.

Current and other liabilities decreased by $54,981 as compared to the prior year. The decrease is primarily due to the redemption of $94,500 in BANs.

Long-term liabilities decreased by $682,830 as compared to the prior year. The decrease is primarily due to the current maturity of the bond indebtedness and decreases in compensated absences and termination benefits.

Due to Employees' Retirement System increased $17,869 due to the Village's participation in the pension stabilization program whereby municipalities can elect to amortize part of the required annual pension contribution.

Net other postemployment benefits obligation increased by $450,952 as the current year OPEB costs exceeded contributions. The accompanying Notes to Financial Statements, Note 11 "Postemployment Benefits", provides additional information.

Deferred inflows of resources primarily consists of property taxes collected for the subsequent year. This amount decreased by $121,653 compared to the prior year.

The net investment in capital assets relates to the investment in capital assets at cost such as land; construction in progress; buildings and improvements; infrastructure; and, furniture and equipment, net of depreciation and related debt.

The restricted amount of $318,751 relates to the Village's employee benefit accrued liability reserve and amounts restricted for debt service and grants. The decrease of $86,092 is primarily due to the change in the amount restricted for debt service as follows: interest of $1,078 was earned and $100,000 was appropriated for the 2014-15 budget. Additionally, the amount restricted for grants increased $12,830.

The unrestricted net deficit in the amount of $(1,718,935) relates to the balance of the Village's net position. This deficit increased compared to the prior year by $458,757. This balance does not include the Village's reserves, which are classified as restricted net position. Additionally, in accordance with State guidelines the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the net OPEB obligation.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended May 31, 2015 and 2014 is as follows:

	2015	2014	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 800,189	$ 857,645	$ (57,456)	(6.70)%
Operating Grants & Contributions	400,236	466,088	(65,852)	(14.13)%
Capital Grants & Contributions	137,639	330,935	(193,296)	(58.41)%
General Revenues				
Property Taxes	6,598,545	6,660,875	(62,330)	(0.94)%
State Sources	290,045	296,009	(5,964)	(2.01)%
Other	950,683	926,330	24,353	2.63 %
Total Revenues	9,177,337	9,537,882	(360,545)	(3.78)%
Expenses				
General Support	2,477,346	2,480,096	(2,750)	(0.11)%
Public Safety	1,256,523	1,406,017	(149,494)	(10.63)%
Health		52	(52)	(100.00)%
Transportation	1,307,144	1,149,461	157,683	13.72 %
Economic Opportunity & Equipment	9,415	12,967	(3,552)	(27.39)%
Culture and Recreation	1,680,585	1,693,368	(12,783)	(0.75)%
Home and Community Services	3,230,517	3,433,953	(203,436)	(5.92)%
Debt Service - Interest	304,708	329,681	(24,973)	(7.57)%
Total Expenses	10,266,238	10,505,595	(239,357)	(2.28)%
Change in Net Position	$ (1,088,901)	$ (967,713)	$ (121,188)	12.52 %

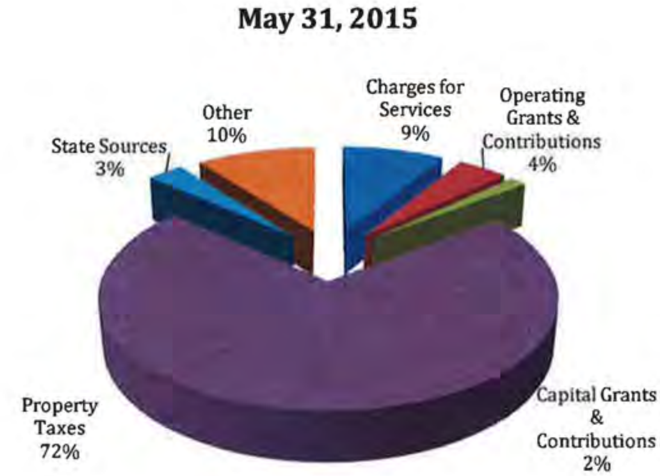
The Village's net position decreased by $1,088,901 and $967,713 for the years ended May 31, 2015 and 2014, respectively.

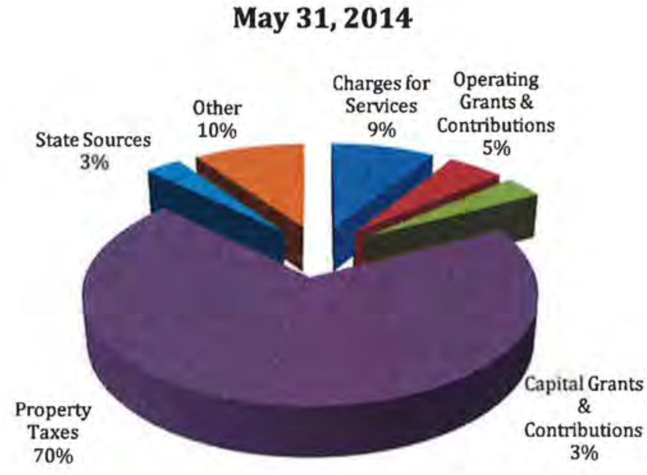
The Village's revenues decreased $360,545 or 3.78% as compared to the prior year. The decrease is primarily due to the decrease in operating grants, capital grants and charges for services.

The Village's expenses decreased $239,357 or 2.28% as compared to the prior year. The decrease is primarily due to a decrease in public safety and home and community services contractual costs.

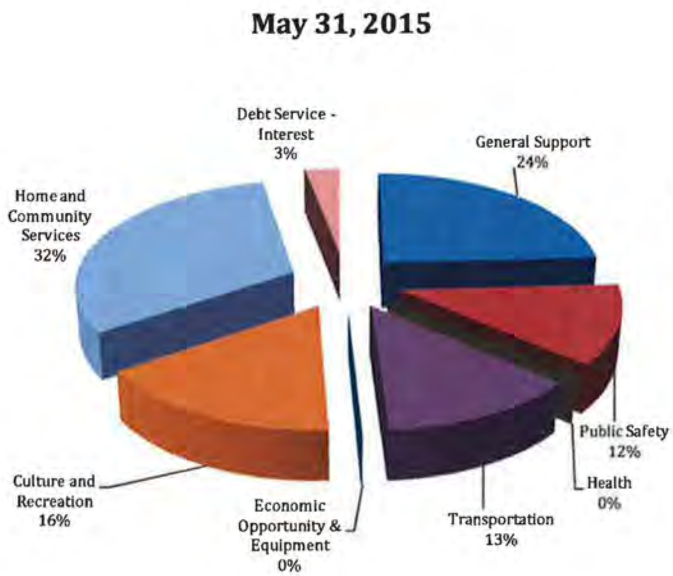
As indicated on the pie charts that follow, property taxes is the largest component of revenues recognized (i.e., 72% and 70% of the total for the years ended May 31, 2015 and 2014, respectively). General support and home and community are the largest categories of expenses incurred (i.e., 56% and 57% of the total for the years ended May 31, 2015 and 2014, respectively).

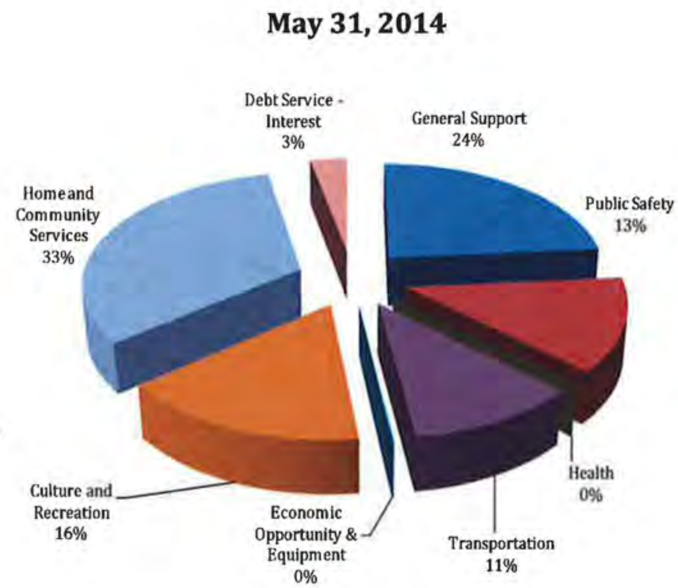
A graphic display of the distribution of revenues for the two years follows:





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





4. FINANCIAL ANALYSIS OF THE VILLAGE'S GOVERNMENTAL FUNDS

At May 31, 2015, the Village's governmental funds reported a combined fund balance deficit of $(943,183). The fund balance decreased by $679,021 compared to the prior year. The decrease is due to the continuing capital projects, including the improvement of various roads and drainage systems throughout the Village. A summary of the change in fund balance by fund is as follows:

	2015	2014	Increase (Decrease)
General Fund			
Restricted for:			
Employee benefit accrued liability	$ 99,357	$ 99,357	$
Debt service	105,520	204,442	(98,922)
Assigned:			
Appropriated	588,750	376,500	212,250
Unappropriated			
Designated for deferred compensation	41,288	41,288	-
Other fund balance	15,807	70,639	(54,832)
Unassigned: Fund balance	1,495,743	1,948,079	(452,336)
	2,346,465	2,740,305	(393,840)
Library			
Assigned: Unappropriated fund balance	207,293	184,700	22,593
Special Revenues			
Restricted for grants	113,874	101,044	12,830
Capital Projects Fund			
Restricted for unspent bond proceeds	65,936	144,389	(78,453)
Unassigned: Fund balance (deficit)	(3,676,751)	(3,434,600)	(242,151)
	(3,610,815)	(3,290,211)	(320,604)
Total Fund Balances (Deficit)	$ (943,183)	$ (264,162)	$ (679,021)

A. General Fund

The general fund is the principal operating fund of the Village. The fund balance of the general fund decreased in the amount of $393,840 during fiscal 2015, as expenditures exceeded revenues on the modified accrual basis.

Operating revenues and other sources decreased approximately $160,600 (1.83%) compared to the prior year primarily due to decreases in insurance recoveries and licenses and permits as the impact of Superstorm Sandy is lessened. Expenditures and other uses increased approximately $330,100 (3.81%) primarily due to increases in employee benefits.

B. Community Development Fund

The community development fund recorded grant revenues and expenditures of $335,018 for various projects throughout the Village. The fund does not maintain a fund balance.

C. Library Fund

The Library fund fund balance increased by $22,593 as revenues and expenditures only varied slightly compared to an increase of $30,424 in 2013-14. The Village supports its investment in library holdings and expanded service hours with an annual transfer from the general fund.

D. Special Revenues Fund

The special revenues fund is used to account for federal and state grants and expendable trusts that benefit the Village. Both revenues and expenditures decreased compared to the prior year. However, the fund balance increased slightly as revenues exceeded expenditures.

E. Debt Service Fund

The debt service fund was used to account for the advanced refunding of a portion of the Village's long-term debt, which had no effect on fund balance.

F. Capital Projects Fund

The capital projects fund is used to account for financial resources earmarked for specific capital projects. The total fund balance decreased $320,604 compared to the prior year, as the total capital outlay expenditure of $631,065 exceeded revenues and other financing sources of $310,461. The resulting fund balance deficit at May 31, 2015, was $3,610,815. The deficit will be eliminated upon the issuance of bonds.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2014-15 Budget

The Village's general fund original budget as approved by the Board of Trustees for the year ended May 31, 2015 was $9,139,997. This amount was increased $70,639 for encumbrances carried forward from the prior year. During the year, the Village increased appropriations by $225,515. The increase was funded by insurance recoveries of $43,329, and appropriated fund balance of $182,186. The resulting final budget for 2015 was $9,436,151.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $6,588,520 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 transfers to reserves and assignments, such as appropriations to fund the subsequent year's budget and encumbrances. It is this balance that is commonly referred to as "the Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 1,948,079
Fund Balance Appropriated for Budget Revision	(182,186)
Revenues Under Budget	(114,437)
Expenditures and Encumbrances Under Budget	434,115
Reserve Revenues	(1,078)
Appropriated to fund the May 31, 2016 Budget	(588,750)
Closing, Unassigned Fund Balance	$ 1,495,743

Opening, Unassigned Fund Balance

The $1,948,079 shown in the table is the portion of the Village's May 31, 2014 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The Village approved an increase in the amount of $225,515 to the 2014-15 budget and funded $182,186 of the increase with appropriated fund balance.

Revenues Under Budget

The 2014-15 final budget for revenues was $8,706,826. Actual revenues received for the year were $8,592,389. The shortfall of actual revenues compared to estimated or budgeted revenues was $114,437. This change contributes directly to the change to the unassigned portion of the general fund fund balance from May 31, 2014 to May 31, 2015.

Expenditures and Encumbrances Under Budget

The 2014-15 final budget for expenditures including prior year open encumbrances, and the budget revision was $9,436,151. Actual expenditures as of May 31, 2015 were $8,986,229, and outstanding encumbrances were $15,807. Combined, the expenditures and encumbrances for 2014-15 were $9,002,036. The final budget was under expended by $434,115. This under expenditure contributes to the change to the unassigned portion of the general fund fund balance from May 31, 2014 to May 31, 2015.

Reserve Revenues

Interest earned in a general fund reserve increases the reserve and, therefore, decreases the unassigned portion of the general fund fund balance. In this report, $1,078 was earned as revenue on the amount restricted for debt service.

Appropriated Fund Balance

The Village has chosen to use $588,750 of its available May 31, 2015 unassigned fund balance to partially fund the 2015-16 approved operating budget. As such, the unassigned portion of the May 31, 2015 fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the Village will begin the 2015-16 fiscal year with an unassigned fund balance of $1,495,743. This is a decrease of $452,336 from the unassigned balance from the prior year as of May 31, 2014, and is approximately 15.7% of the Village's 2015-16 approved operating budget of $9,508,647.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At May 31, 2015, the Village had invested in a broad range of capital assets as indicated in the table below. The net decrease in capital assets is due to depreciation of $1,394,101 in excess of capital additions of $740,641. A summary of the Village's capital assets net of depreciation at May 31, 2015 and 2014 is as follows:

	2015	2014	Increase (Decrease)
Capital assets not being depreciated			
Land	$ 2,201,059	$ 2,201,059	$ -
Construction in progress		44,570	(44,570)
Capital assets being depreciated			
Buildings	3,223,790	2,753,629	470,161
Improvements	1,866,334	1,986,385	(120,051)
Infrastructure	7,874,852	8,291,198	(416,346)
Furniture and equipment	3,042,782	3,577,490	(534,708)
Other assets	23,141	31,087	(7,946)
	$ 18,231,958	$ 18,885,418	$ (653,460)

B. Debt Administration

At May 31, 2015, the Village had total bonded debt outstanding of $8,015,000. This debt is backed by the full faith and credit of the Village. Decreases in debt represent principal payments.

In October 2014, the District issued $1,585,000 in general obligation bonds to advance refund $1,550,000 of outstanding serial bonds. The interest on the new bonds is less than the interest on the refunded bonds. The Village expects a present value savings of approximately $80,000 in debt service costs over the life of the new bonds.

A summary of the outstanding bonded debt at May 31 is as follows:

Issue Date	Interest Rate	2015	2014	Increase (Decrease)
3/15/2003	3.0 - 4.25%	$	$ 1,475,000	$ (1,475,000)
9/15/2004	3.4 - 4.00%		650,000	(650,000)
7/15/2011	3.125 - 3.50%	6,435,000	7,255,000	(820,000)
10/1/2014	2.0 - 3.0%	1,580,000		1,580,000
		$ 8,015,000	$ 9,380,000	$ (1,365,000)

Additional information on short-term and long-term debt can be found at Notes 8 and 9 of these financial statements.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Trustees approved a $9,508,647 general fund budget for the year ending May 31, 2016. This is an increase of $368,650 or 4.03% over the previous year's budget.

The Village estimated revenues other than real property taxes at an increase of approximately $39,622 from the prior year's estimate. Additionally, the Village appropriated $588,750 of fund balance and $100,000 from the debt service reserve to be applied to the May 31, 2016 budget. The increase in appropriated fund balance and reserves and other revenues resulted in a 1.78% increase in real property taxes.

All of the following items were considered in preparing the Village's budget for the fiscal 2016 budget year.

- Chapter 97 of the 2011 Laws of New York limits the increase in the property tax levy of all municipalities in New York State to the lesser of 2% or the rate of inflation for the 2014-15 fiscal year. There are additional statutory adjustments in the law.
- The Board has elected to participate in the New York State Employees' Retirement System alternate contribution stabilization plan due to the significant increase in the retirement cost.
- The ongoing improvements to Village roads and sidewalks and recreational facilities.

B. Future Budgets

Future budgets will continue to be affected by the economy and rising costs of operations including pressures on costs of employee benefits.

C. Tax Cap

New York State law limits the increase in the property tax levy of local governments to the lesser of 2% or the rate of inflation to June 15, 2020. There are additional statutory adjustments in the law. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded. The override vote requires a 60% vote of the total voting power of the governing board. Based on the law, the Village's tax levy cap is 3.34%. The Village's 2015-16 tax increase of 1.78% was less than the tax cap and did not require an override vote.

D. Property Tax Freeze

New York State recently enacted a law to effectively "freeze" property taxes for two years on the primary residences of homeowners with annual incomes at or below $500,000 in school districts and local governments that stay within the tax cap. Qualifying homeowners will receive a credit, which will be distributed in the form of a check from New York State, up to the calculated amount of the tax cap. The program also requires the school districts and local governments in the second year to develop or participate in the development of a state approved government efficiency plan that will achieve savings for taxpayers. The law is effective for the Village starting with the 2015-16 fiscal year and homeowners will receive refund checks in the fall of 2015. This program will provide an incentive for the Village to be tax cap compliant.

8. CONTACTING THE VILLAGE

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

Mr. Bruno F. Romano
Mayor
Incorporated Village of East Rockaway
376 Atlantic Avenue
P.O. Box 189
East Rockaway, New York 11518

INCORPORATED VILLAGE OF EAST ROCKAWAY
Statement of Net Position
May 31, 2015

ASSETS	
Cash	
Unrestricted	$ 3,785,410
Restricted	368,173
Receivables	
Tax sales certificates	3,306
Accounts receivable	4,219
Due from other governments	123,426
Capital assets not being depreciated	2,201,059
Capital assets being depreciated, net of accumulated depreciation	16,030,899
Total Assets	22,516,492
LIABILITIES	
Payables	
Accounts payable	132,347
Accrued liabilities	110,148
Due to other funds	26,240
Due to other governments	114,865
Due to employees' retirement system	74,185
Other liabilities	343,855
Notes payable	
Bond anticipation notes	3,938,000
Unearned credits	
Collections in advance	34,439
Long-term liabilities	
Due and payable within one year	
Bonds payable	720,000
Service award program	95,581
Judgments and claims	98,000
Due and payable after one year	
Bonds payable	7,295,000
Service award program	78,432
Compensated absences payable	229,728
Termination benefit payable	132,109
Due to employees' retirement system	543,118
Net other postemployment benefits obligation	3,050,846
Total Liabilities	17,016,893
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues	554,889
Total Deferred Inflows of Resources	554,889
NET POSITION	
Net investment in capital assets	6,344,894
Restricted	
Employee benefits accrued liability	99,357
Debt service	105,520
Grants	113,874
	318,751
Unrestricted (deficit)	(1,718,935)
Total Net Position	$ 4,944,710

INCORPORATED VILLAGE OF EAST ROCKAWAY
Statement of Activities
For the Year Ended May 31, 2015

		Program Revenues			
		Charges for	Grants & Contributions		Governmental
	Expenses	Services	Operating	Capital	Activities
FUNCTIONS/PROGRAMS					
Governmental Activities					
General support	$ 2,477,346	$ 5,266	$	$	$ (2,472,080)
Public safety	1,256,523	232,571	42,550		(981,402)
Transportation	1,307,144	230,615		137,639	(938,890)
Economic opportunity & development	9,415				(9,415)
Culture and recreation	1,680,585	280,482	2,668		(1,397,435)
Home and community services	3,230,517	51,255	355,018		(2,824,244)
Debt service - interest	304,708				(304,708)
Total Functions and Programs	$ 10,266,238	$ 800,189	$ 400,236	$ 137,639	(8,928,174)
GENERAL REVENUES					
Real property taxes					6,598,545
Other tax items					47,177
Nonproperty taxes					429,138
Use of money and property					8,726
Licenses and permits					124,881
Fines and forfeitures					186,629
Miscellaneous					154,132
State sources					290,045
Total General Revenues					7,839,273
Change in Net Position					(1,088,901)
Total Net Position - Beginning of year					6,033,611
Total Net Position - End of year					$ 4,944,710

INCORPORATED VILLAGE OF EAST ROCKAWAY
Balance Sheet - Governmental Funds
May 31, 2015

	General	Community Development	Library	Special Revenues	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	$ 2,854,029	$	$ 228,731	$	$	$ 702,650	$ 3,785,410
Restricted	204,877			97,360		65,936	368,173
Receivables							
Tax sales certificates	3,306						3,306
Accounts receivable	4,219						4,219
Due from other funds	317,253		5,421	135,232			457,906
Due from other governments	123,426						123,426
Total Assets	$ 3,507,110	$ -	$ 234,152	$ 232,592	$ -	$ 768,586	$ 4,742,440
LIABILITIES							
Payables							
Accounts payable	$ 119,715	$	$ 12,632	$	$	$	$ 132,347
Accrued liabilities	2,961		2,630				5,591
Due to other funds	42,745					441,401	484,146
Due to other governments				114,865			114,865
Due to employees' retirement system	62,588		11,597				74,185
Other liabilities	343,855						343,855
Notes payable							
Bond anticipation						3,938,000	3,938,000
Unearned credits							
Collections in advance	30,586			3,853			34,439
Total Liabilities	602,450	-	26,859	118,718	-	4,379,401	5,127,428
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	558,195						558,195
Total Deferred Inflows Of Resources	558,195	-	-	-	-	-	558,195
FUND BALANCES							
Restricted for:							
Employee benefits accrued liability	99,357						99,357
Debt service	105,520				-		105,520
Grants				113,874			113,874
Unspent bond proceeds						65,936	65,936
Assigned:							
Appropriated	588,750						588,750
Unappropriated:							
Designated for termination benefit	41,288						41,288
Other fund balance	15,807		207,293				223,100
Unassigned: Fund balance (deficit)	1,495,743					(3,676,751)	(2,181,008)
Total Fund Balances (Deficit)	2,346,465	-	207,293	113,874	-	(3,610,815)	(943,183)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,507,110	$ -	$ 234,152	$ 232,592	$ -	$ 768,586	$ 4,742,440

See Notes to Financial Statements

INCORPORATED VILLAGE OF EAST ROCKAWAY
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2015

Total Governmental Fund Balance (Deficit)		$ (943,183)
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
The cost of building and acquiring capital assets (land, buildings, infrastructure and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 38,670,621	
Accumulated depreciation	(20,438,663)	
		18,231,958
Transactions reported in the governmental funds but not in the Statement of Net Position.		
Deferred revenue		3,306
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term and related liabilities at year end consist of:		
Accrued interest on bonds payable	(104,557)	
Bonds payable	(8,015,000)	
Service award program	(174,013)	
Judgments and claims payable	(98,000)	
Compensated absences payable	(229,728)	
Termination benefit payable	(132,109)	
Due to employees' retirement system	(543,118)	
Net other postemployment benefits obligation	(3,050,846)	
		(12,347,371)
Total Net Position		$ 4,944,710

INCORPORATED VILLAGE OF EAST ROCKAWAY
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2015

	General	Community Development	Library	Special Revenues	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	$ 6,597,797	$	$	$	$	$	$ 6,597,797
Other real property tax items	47,177						47,177
Nonproperty taxes	429,138						429,138
Departmental income	396,586		15,026				411,612
Intergovernmental charges	202,381		186,196				388,577
Use of money and property	8,576		88	62			8,726
Licenses and permits	124,881						124,881
Fines and forfeitures	186,629						186,629
Interfund revenues	13,000						13,000
Miscellaneous	70,608		5,885	77,639			154,132
State aid	427,684		2,668				430,352
Federal aid	20,000	335,018		42,550			397,568
Total Revenues	8,524,457	335,018	209,863	120,251	-	-	9,189,589
EXPENDITURES							
General support	1,798,242				70,312	230,054	2,098,608
Public safety	822,186			43,766		18,119	884,071
Transportation	473,157					227,880	701,037
Economic opportunity & development	9,415						9,415
Culture and recreation	230,808		608,031	67,043		154,506	1,060,388
Home and community services	1,934,240	281,243				506	2,215,989
Employee benefits	1,803,299		240,516				2,043,815
Debt service							
Principal	789,500						789,500
Interest	298,531						298,531
Total Expenditures	8,159,378	281,243	848,547	110,809	70,312	631,065	10,101,354
Excess (Deficiency) of Revenues Over Expenditures	365,079	53,775	(638,684)	9,442	(70,312)	(631,065)	(911,765)
OTHER FINANCING SOURCES AND USES							
Insurance recoveries	67,932						67,932
Operating transfers in			661,277	3,388		215,961	880,626
Operating transfers out	(826,851)	(53,775)					(880,626)
Premium on obligations					70,417		70,417
Proceeds of advance refunding					1,585,000		1,585,000
Payments to escrow agent					(1,585,105)		(1,585,105)
BANs redeemed						94,500	94,500
Total Other Sources and Uses	(758,919)	(53,775)	661,277	3,388	70,312	310,461	232,744
Net Change in Fund Balance	(393,840)	-	22,593	12,830	-	(320,604)	(679,021)
Fund Balances (Deficit) - Beginning of Year	2,740,305	-	184,700	101,044		(3,290,211)	(264,162)
Fund Balances (Deficit) - End of Year	$ 2,346,465	$ -	$ 207,293	$ 113,874	$ -	$ (3,610,815)	$ (943,183)

INCORPORATED VILLAGE OF EAST ROCKAWAY
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, 2015

Net Change in Fund Balance		$ (679,021)
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, revenues for these items are measured by the amounts of financial resources provided (essentially the amounts actually earned).	$ 748	
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 net position.		
Decrease in compensated absences	100,599	
Decrease in termination benefits payable	7,658	
Certain operating expenses do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in service award program	(85,427)	
Increase in due to employees' retirement system	(17,869)	
Increase in net other postemployment benefits obligation	(450,952)	
		(445,243)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Capital outlays	740,641	
Depreciation expense	(1,394,101)	
		(653,460)
Long-Term Debt Transaction Differences		
Proceeds from the issuance of refunding bonds is an other funding source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(1,585,000)	
Payment to escrow agent is an expenditure in the governmental funds, but it decreases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	1,585,105	
Amortization of deferred amount on refunding	(35,105)	
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 the Statement of Activities.		
Repayment of bond principal	695,000	
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, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is dues. This is the amount by which accrued interest decreased from May 31, 2014 to May 31, 2015.	28,823	
		688,823
Change in Net Position of Governmental Activities		$ (1,088,901)

INCORPORATED VILLAGE OF EAST ROCKAWAY
Statement of Fiduciary Net Position -
Fiduciary Fund
May 31, 2015

	Agency Fund
ASSETS	
Cash	$ 56,891
Accounts receivable	174,013
Due from other funds	26,240
Service award program assets	1,568,488
	$ 1,825,632
LIABILITIES	
Service award program liabilities	$ 1,742,501
Due to employees' retirement system	7,793
Guarantee and bid deposits	38,771
Other liabilities	36,567
	$ 1,825,632

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

B. Basis of Presentation

1. 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 and capital grants include capital specific grants.

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

2. Fund Financial Statements

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

Governmental Funds:

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

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Included under special revenue funds are the following funds:

Library Fund – is used to account for revenues and expenditures pertaining to the operations of the Village's public library. Included in these financial statements is the operation of the East Rockaway Public Library. Since the Library was granted a charter by the State Board of Regents, the use of a separate library fund is required by the state to assure compliance with Education Law. The managing board also functions as the treasurer of the Library. Furthermore, the Village finances the operations of the Library through the transfer of funds appropriated for this purpose; has title to real property used by the Library; and issues all Library indebtedness which is supported by the full faith and credit of the Village.

Community Development Fund – is used to account for community development projects financed by funds received from the federal government which are passed through Nassau County.

Special Revenues Fund – is used to account for the proceeds of specific revenue sources such as federal and state grants and expendable trusts that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

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

Capital Projects Fund – is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the Village as agent for various guaranty or bid deposits, and for payroll or employee withholding.

C. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund 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 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the 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, and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Property Taxes

The Village's property taxes are levied with the adoption of the budget by the Board of Trustees. Taxes are levied based upon the taxable value of all real property located within the Village. The Village is permitted in accordance with Section 10 of Article VIII of the New York State Constitution to levy taxes: (a) up to 2.0% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt and (b) for amounts on the payment of principal and interest related to long-term debt.

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

E. Restricted Resources

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

F. Interfund Transactions

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

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

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

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

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including, compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

H. Cash and Cash Equivalents/Investments

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

Investments are recorded at fair value, based on quoted market prices.

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

I. Receivables

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

J. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation.

The Village's capitalization policy is as follows: There is a threshold in place of $5,000 which indicates the dollar value at and above which an acquisition is added to the capital assets reported. Land is included in accounting reports regardless of cost. No depreciation is calculated on land or construction-in-progress.

	Capital Threshold	Estimated Useful Life
Land improvements	$ 5,000	20 years
Building / improvements	5,000	25 - 50 years
Machinery and equipment	5,000	5 - 20 years
Infrastructure	5,000	10 - 60 years

K. Collections in Advance

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

L. Deferred Inflows of Resources

Deferred revenues are reported in the general fund when property taxes are received before the period for which the property taxes are levied. These amounts are recorded as deferred inflows of resources. They are recognized as property tax revenues in the year for which the property taxes are levied, which is generally the subsequent year.

M. Vested Employee Benefits – Compensated Absences

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

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

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

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.

N. Other Benefits

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

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

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

In addition to providing these benefits, the Village provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. 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. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is borne by the Village. The Village accounts for these postemployment benefits in accordance with GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. In the Village-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting.

O. Short-Term Debt

The Village may issue revenue anticipation notes (RAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

P. Equity Classifications

Government-Wide Statements

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

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

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

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

Fund Statements

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

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

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Restricted for Debt Service

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are recorded as restricted for debt service and held until appropriated for debt payments. These amounts are accounted for in the general fund.

Restricted for Grants

Consists of revenues that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties. These amounts are accounted for in the special revenues fund.

Restricted for Unspent Bond Proceeds

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the bond agreement. These restricted funds are accounted for in the capital projects fund.

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 Board approved designations and 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 should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amount had been restricted or assigned.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or 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 Board will assess the current financial condition of the Village and then determine the order of application of expenditures to which fund balance classification will be charged.

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund 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. During the year, the Village increased the general fund appropriations by $225,515. Fund balance funded $182,186 of the appropriations, and insurance recoveries of $43,329 funded the balance.

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. Unassigned: Fund Balance (Deficit)

The unassigned fund balance deficit in the capital projects fund will be eliminated upon the issuance of long-term debt.

4. 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 State 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 and letters of credit 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.

5. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of the following:

General Fund		
New York State aid - mortgage tax	$	15,712
New York State - Fines and forfeitures		18,351
Bay Park Fire District - Fire protection		56,477
Bay Park Fire District - Workers' compensation		20,938
Angel Sea Fire District - Fire protection		4,157
Angel Sea Fire District - Workers' compensation		7,791
	$	123,426

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2015 were as follows:

	Balance May 31, 2014	Additions	Reductions	Balance May 31, 2015
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,201,059	$	$	$ 2,201,059
Construction in progress	44,570		(44,570)	-
Total capital assets not being depreciated	2,245,629	-	(44,570)	2,201,059
Capital assets being depreciated				
Buildings	4,894,860	652,554	(82,632)	5,464,782
Improvements	3,188,393	23,879		3,212,272
Infrastructure	18,576,839	70,396		18,647,235
Furniture and equipment	9,201,538	38,382	(137,288)	9,102,632
Other assets	42,641			42,641
Total capital assets being depreciated	35,904,271	785,211	(219,920)	36,469,562
Less accumulated depreciation for:				
Buildings	2,141,231	182,393	(82,632)	2,240,992
Improvements	1,202,008	143,930		1,345,938
Infrastructure	10,285,641	486,742		10,772,383
Furniture and equipment	5,624,048	573,090	(137,288)	6,059,850
Other assets	11,554	7,946		19,500
Total accumulated depreciation	19,264,482	1,394,101	(219,920)	20,438,663
Capital assets, net	$ 18,885,418	$ (608,890)	$ (44,570)	$ 18,231,958

Depreciation expense was charged to governmental functions as follows:

General support	$ 50,918
Public safety	262,543
Transportation	503,861
Culture and recreation	458,958
Home and community service	117,821
Total depreciation expense	$ 1,394,101

7. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2015, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 317,253	$ 42,745	$	$ 826,851
Community Development Fund				53,775
Library Fund	5,421		661,277	
Special Revenues Fund	135,232		3,388	
Capital Projects Fund		441,401	215,961	
	457,906	484,146	880,626	880,626
Trust and Agency Fund	26,240			
Total	$ 484,146	$ 484,146	$ 880,626	$ 880,626

The Village transfers from the general fund to the library fund, the special revenue fund and the capital projects fund in accordance with the general fund budget. Transfers are made from the community development fund to the capital projects fund for projects funded by both federal funds passed through Nassau County and local sources.

All interfund balances are expected to be repaid.

8. SHORT-TERM LIABILITIES

Transactions in short-term debt are summarized below:

	Maturity	Interest Rate	Balance May 30, 2014	Issued	Redeemed	Balance May 31, 2015
BAN	6/11/2014	0.55%	$ 2,100,000	$	$ (2,100,000)	$
BAN	7/29/2014	0.51%	2,100,000		(2,100,000)	
BAN	6/11/2015	0.29%		3,938,000		3,938,000
			$ 4,200,000	$ 3,938,000	$ (4,200,000)	$ 3,938,000

Accrued interest on short-term debt for the year was as follows:

Interest paid	$ 21,406
Less interest accrued in the prior year	(13,617)
Plus interest accrued in the current year	11,222
Total interest expense on long-term debt	$ 19,011

9. LONG-TERM LIABILITIES

The following table summarizes the changes in governmental activities in long-term liabilities, excluding pension costs and other postemployment benefits obligations, for the year ended May 31, 2015:

	Balance May 30, 2014	Additions	Reductions	Balance May 31, 2015	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 8,675,000	$ 1,585,000	$ (2,245,000)	$ 8,015,000	$ 720,000
Other long-term liabilities:					
Compensated absences	330,327		(100,599)	229,728	
Termination benefit	139,767		(7,658)	132,109	
Service award program	88,586	174,013	(88,586)	174,013	95,581
Judgments and claims	98,000			98,000	98,000
	$ 9,331,680	$ 1,759,013	$ (2,441,843)	$ 8,648,850	$ 913,581

The following is a summary of general obligation bonds currently outstanding:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2015
Serial bonds	7/15/2011	2027	3.125 - 3.50%	$ 6,435,000
Serial bonds-refunding	10/1/2014	2022	2.0 - 3.0%	1,580,000
				$ 8,015,000

The following is a summary of debt service requirements:

Fiscal Year Ending May 31,	Principal	Interest	Total
2016	$ 720,000	$ 243,819	$ 963,819
2017	740,000	222,538	962,538
2018	720,000	199,494	919,494
2019	715,000	176,781	891,781
2020	730,000	154,994	884,994
2021 - 2025	3,115,000	475,762	3,590,762
2026 - 2027	1,275,000	45,062	1,320,062
Total	$ 8,015,000	$ 1,518,450	$ 9,533,450

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

Interest paid	$	277,125
Less interest accrued in the prior year		(119,763)
Plus interest accrued in the current year		93,335
Plus amortization of deferred amounts on bond refinancing		35,000
Total interest expense on long-term debt	$	285,697

On October 1, 2014, the Village issued $1,585,000 in serial bonds with an average interest rate of 2.5% to advance refund $1,050,000 of outstanding 2003 serial bonds with an average interest rate of 3.5% and $500,000 of outstanding 2004 serial bonds with an average interest rate of 3.7%. The Village used the net proceeds 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 refunded portion of the 2003 and 2004 bonds. As a result, those portions of the 2003 and 2004 bonds are considered defeased, and the liability for those bonds has been removed from the Village's financial statements. The economic gain (loss) on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately $80,000. The 2003 and 2004 refunded bonds were called March 15, 2015.

10. PENSION PLANS

A. Pension Plan New York State

Plan Description

The Village participates in the New York State 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.

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 sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of its funds. Once a public employer elects to participate in 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. 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.

Funding Policy

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. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employer's contributions based on salaries paid during the ERS' fiscal year ending March 31.

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

Year	Contribution
2015	$ 466,162
2014	434,652
2013	361,700

B. Retirement Incentive

Chapter 105 of the Laws of 2010 of the State of New York authorized local governments to make available a retirement incentive program which the Board of Trustees approved. The cost of the program is being billed by the ERS over five years through 2015 requiring annual payment of $62,505. The annual payment is included in expenditures in the general fund. The outstanding balance at May 31, 2015 is $63,071.

C. Pension Stabilization

Chapter 57 of the Laws of 2010 and 2013 of the State of New York authorized local employers to participate in pension stabilization programs. The programs permit employers to defer and amortize a portion of the normal annual contribution over a specified number of years with interest set annually using the US Treasury rate.

For the year ended May 31, 2013, the Village elected to amortize $147,425 under the laws of 2010. This amount is being amortized over 10 years with interest at 3.00%. In the current year, $17,347 was charged to expenditures. For the year ended May 31, 2014, the Village elected to amortize $231,243 under the laws of 2013. This amount will be amortized over 12 years with interest at 3.76%. In the current year, $24,410 was charged to expenditures.

For the year ended May 31, 2015, the Village elected to amortize $112,037 under the laws of 2013. This amount will be amortized over 12 years with interest at 3.50%.

D. Deferred Compensation Plan

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended May 31, 2015 totaled $90,139.

11. POSTEMPLOYMENT BENEFITS

A. Plan Description

The Village provides medical, medigap and Medicare part B reimbursement, (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program – Empire Plan. The plan does not issue a stand-alone financial report.

B. Funding Policy

The Village assumes the full cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are made. For the year ended May 31, 2015, the Village recognized a general fund expenditure of $261,220 including Medicare reimbursements of approximately $39,338 for insurance premiums for 21 currently enrolled retirees. The actuary has used an estimate of $249,718 as shown in the calculation. Currently, there is no provision in the law to permit the Village to fund other postemployment benefits by any means other than the "pay as you go" method.

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution (ARC)	$ 696,022
Interest on net OPEB obligation	103,996
Adjustment to ARC	(99,348)
Annual OPEB cost (expense)	700,670
Contribution made	(249,718)
Increase in net OPEB obligation	450,952
Net OPEB obligation - beginning of year	2,599,894
Net OPEB obligation - end of year	$ 3,050,846

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended May 31, 2015 and the preceding two years are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
5/31/2015	$ 700,670	35.6%	$ 3,050,846
5/31/2014	671,243	39.6%	2,599,894
5/31/2013	642,963	39.6%	2,194,474

D. Funded Status and Funding Progress

As of June 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $9,318,956 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $9,318,956. The covered payroll (annual payroll of active employees covered by the plan) was $2,685,742 and the ratio of the UAAL to the covered payroll was 347.0%.

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

E. Actuarial Methods and Assumptions

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

In the June 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate and an annual healthcare cost trend rate of 3.8%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis.

12. SERVICE AWARDS PROGRAM

The Incorporated Village of East Rockaway established a defined contribution length of service award program (LOSAP) for the active volunteer firefighters of the East Rockaway Volunteer Fire Department. The program took effect on January 1, 1994. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program. The information contained in this note is based on information for the Length of Service Award Program for the plan year ending on December 31, 2014, which is the most recent plan year for which complete information is available.

Program Description

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting services or upon attaining the program's entitlement age. The program's entitlement age is age 65. In general, an active firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the amount resulting from the contributions made by the sponsor on behalf of the participants, plus interest and/or other earnings resulting from the investment of the contributions, less forfeitures and losses resulting from the investment of contributions. Contributions in the amount of $700 ($480 prior to January 1, 2006) are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandatory disability and death benefits. The Village of East Rockaway shall fund no more than 160 eligible participants per year.

An amendment effective January 1, 2006, permits a participant to "continue in service after reaching Entitlement Age and accrue Program points to the maximum extent permitted by law, so long as s/he elects to postpone payment of the Accrued Service Award until the age at which s/he discontinues active service".

An amendment to the Plan by the Sponsor effective January 1, 2008, allows for choice of payout other than lump-sum cash.

An amendment in February 2013 was made to pay benefits to active volunteer firefighters who retired under the Program prior to December 31, 2005. There were 17 such volunteer firefighters who were awarded benefits for a total cost of $98,040. That amount paid out of LOSAP funds will be repaid to the Plan over a ten year period, with interest of 3.5% beginning in 2013. The actuary determined the interest due for 2014 is $2,868.

Fiduciary Investment and Control

The final point listing for 2014 lists 164 active participants. One hundred and thirty one (130) participants earned a point award of $700 each ($91,000). After adjustment for forfeitures, the amount owed by the Sponsor is $82,909.

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board. The governing board of the sponsor has retained and designated Hometown Firefighters Services to assist in the administration of the program. The designated program administrator's functions include obtaining point calculations, processing payouts, updating information and responding to inquiries from the Sponsor and the Fire District personnel. Disbursements for the payment of benefits must be approved by the trustees for the Village of East Rockaway Service Award Trust. Administrative expenses are paid by the Village (Sponsor) directly to First Security Benefit Life c/o Hometown Firefighters Services.

Subsequent to the LOSAP year end of December 31, 2014, contracts with Massachusetts Mutual Odyssey ($119,348) and Genworth Financial ($616,910) were surrendered and transferred to a new account NY SAFE – (New York Service Award Fund – Exclusive L.P.). No rating is available.

Program Financial Condition at December 31, 2014

Assets and Liabilities

Assets Available for Benefits:

Annuity Contracts:	% of total	
Massachusetts Mutual Odyssey	7.57%	$ 118,673
First Security Benefit Life Insurance and Annuity Company	53.19%	834,361
Genworth Financial	39.24%	615,454
	100.00%	1,568,488
Due from sponsor		
Current required contribution	$ 82,909	
Liability for post entitlement payments, per amendment:		
Noncurrent	78,432	
Current portion plus interest to 12/31/14	12,672	174,013
Total Assets Available for Benefits		$ 1,742,501

Prior Service Costs

Refer to post entitlement liability above, current and noncurrent portion.

Receipts and Disbursements

Plan Net Assets, Beginning of Year			$ 1,462,440
Changes during the year:			
Add:	Plan contributions	$ 88,586	
	Investment income earned	46,900	
	Interest on unfunded post entitlement liability	2,573	
	Installment on unfunded post entitlement liability	9,804	
			147,863
			1,610,303
Less:	Plan benefits withdrawals	41,815	
	Post entitlement payments per amendment	-	
	Administrative and other fees/charges *	-	
			41,815
Plan Net Assets, End of Year			$ 1,568,488

Contributions

Amount of sponsor's required contribution:	$ 88,586
Amount of sponsor's actual contribution:	$ 88,586

* A fee of $1,895 was paid to Hometown Firefighters Services by the Sponsor (Village) and not charged against LOSAP assets.

13. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The Village expects to appropriate $100,000 from the debt service reserve, which is reported in the May 31, 2015 restricted fund balances, to fund the budget for the year ending May 31, 2016.

14. ASSIGNED: APPROPRIATED FUND BALANCE

The Village has appropriated $588,750 to reduce taxes for the year ending May 31, 2016.

15. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At May 31, 2015, the Village encumbered the following amounts:

Assigned: Unappropriated Fund Balance		
General Fund		
Public Safety	$	8,340
Home and community		7,467
		15,807
Library Fund		
Library services		1,364
	$	17,171

B. Risk Financing and Related Insurance

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, etc. 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.

C. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2015, which could affect future operating budgets of the Village. The Village makes the appropriate budgetary provisions to cover this liability based on the information submitted by the Tax Certiorari Consultant. The Village Tax Assessor works closely with the Village Clerk's Office with the goal of negotiating fair and equitable assessed values in order to avoid large refunds resulting from tax grievances and/or certiorari cases.

16. SUBSEQUENT EVENT

The Village has evaluated subsequent events through October 6, 2015, 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, except for the following:

Issuance of BANs

On June 11, 2015, the Village issued $3,685,000 in bond anticipation notes which are due June 10, 2016, and bear net interest at 0.538%. The proceeds of the BAN along with the $253,000 of general fund appropriations were used to redeem BAN which matured June 11, 2015.

INCORPORATED VILLAGE OF EAST ROCKAWAY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2015

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Real Property Taxes	$ 6,588,520	$ 6,588,520	$ 6,597,797	$ 9,277
Other Real Property Tax Items	47,272	47,272	47,177	(95)
Non-Property Tax Items				
Sales tax distribution by county	28,000	28,000	27,280	(720)
Utilities gross receipts tax	200,000	200,000	171,962	(28,038)
Franchise fees	215,000	215,000	229,896	14,896
Total Non-Property Tax Items	443,000	443,000	429,138	(13,862)
Departmental Income				
Clerk treasurer fees	400	400	80	(320)
General governmental	600	600	2,365	1,765
Safety inspection fees	40,000	40,000	30,190	(9,810)
Public health fees	4,500	4,500	2,821	(1,679)
Parking lots and garages fees	236,000	236,000	230,615	(5,385)
Park and recreational charges	90,000	90,000	79,260	(10,740)
Zoning board fees	5,500	5,500	2,800	(2,700)
Refuse and garbage charges	52,000	52,000	48,455	(3,545)
Total Departmental Income	429,000	429,000	396,586	(32,414)
Intergovernmental Charges	201,850	201,850	202,381	531
Use of Money and Property	15,000	15,000	8,576	(6,424)
Licenses and Permits				
Licenses	25,000	25,000	27,130	2,130
Permits	129,000	129,000	97,751	(31,249)
Total Licenses and Permits	154,000	154,000	124,881	(29,119)
Fines and Forfeitures	250,000	250,000	186,629	(63,371)
Sale of Property and Compensation for Loss	7,000	7,000	-	(7,000)
Miscellaneous	50,000	50,000	70,608	20,608
Interfund Revenues	13,000	13,000	13,000	-
State Aid				
Revenue sharing	194,855	194,855	205,292	10,437
Mortgage tax	100,000	100,000	84,753	(15,247)
Other	110,000	110,000	137,639	27,639
Total State Aid	404,855	404,855	427,684	22,829
Federal Aid	-		20,000	20,000
Total Revenues	8,603,497	8,603,497	8,524,457	(79,040)
OTHER SOURCES				
Insurance recoveries	60,000	103,329	67,932	(35,397)
Total Revenues and Other Sources	8,663,497	8,706,826	8,592,389	$ (114,437)
APPROPRIATED FUND BALANCE				
Prior years' surplus	376,500	558,686		
Prior year's encumbrances	70,639	70,639		
Appropriated reserves	100,000	100,000		
Total Appropriated Fund Balance	547,139	729,325		
Total Revenues, Other Sources and Appropriated Fund Balance	$ 9,210,636	$ 9,436,151		

INCORPORATED VILLAGE OF EAST ROCKAWAY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2015

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
General Support					
Legislative board	$ 41,000	$ 41,348	$ 40,965	$	$ 383
Municipal court	73,800	70,721	66,369		4,352
Mayor	16,000	16,115	16,115		-
Auditor	53,900	53,900	52,400		1,500
Treasurer	495,085	486,514	472,968		13,546
Assessment	27,059	20,261	12,521		7,740
Tax advertising	1,000	1,000	-		1,000
Law	94,000	85,969	75,276		10,693
Engineers	84,771	85,999	82,352		3,647
Elections	9,000	19,135	9,068		10,067
Records management	22,500	21,272	20,464		808
Operation of buildings	181,100	209,767	196,282		13,485
Central garage	153,188	153,188	149,631		3,557
Central print and mail	30,442	30,461	17,712		12,749
Central data processing	66,937	66,937	46,471		20,466
Unallocated insurance	325,000	325,000	304,163		20,837
Municipal association dues	8,000	8,164	8,164		-
Judgment and claims	245,000	245,000	218,090		26,910
MTA payroll	10,351	10,351	6,472		3,879
Other general government support	2,000	2,759	2,759		-
Contingency	100,000	4,200	-		4,200
Total General Support	2,040,133	1,958,061	1,798,242	-	159,819
Public Safety					
Fire	669,815	681,423	636,123	6,574	38,726
Control of animals	500	500	-		500
Safety inspections	201,536	174,412	163,286	1,766	9,360
Civil defense	9,500	27,488	22,777		4,711
Total Public Safety	881,351	883,823	822,186	8,340	53,297
Health					
Vital statistics	100	100	-		100
Total Health	100	100	-	-	100
Transportation					
Street administration	64,605	71,776	71,776		-
Street maintenance	79,354	93,620	92,572		1,048
Snow removal	29,770	75,425	75,425		-
Street lighting	127,250	124,509	116,592		7,917
Sidewalks	1,000	1,000	-		1,000
Off-street parking	108,260	119,841	116,792		3,049
Total Transportation	410,239	486,171	473,157	-	13,014
Economic Opportunity & Development					
Publicity	15,000	15,000	9,415		5,585

INCORPORATED VILLAGE OF EAST ROCKAWAY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2015

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Culture and Recreation					
Playground and rec. center	$ 130,862	$ 92,774	$ 81,059	$	$ 11,715
Special recreational facilities	11,100	35,852	35,088		764
Youth programs	150,120	138,327	96,324		42,003
Museum	7,185	6,624	4,146		2,478
Celebrations	6,700	7,580	7,306		274
Adult recreation	15,500	15,607	6,885		8,722
Total Culture and Recreation	321,467	296,764	230,808	-	65,956
Home and Community Services					
Zoning board of appeals	12,000	13,000	12,911		89
Planning board	500	-	-		-
Sanitation administration	66,074	77,366	76,461		905
Refuse collection and disposal	1,738,775	1,844,072	1,753,457		90,615
Street cleaning	124,377	65,901	64,659		1,242
Community beautification	6,000	5,702	4,807		895
Shade trees	9,000	8,475	3,200		5,275
Emergency disaster work	41,867	41,867	18,745	7,467	15,655
Total Home and Community Services	1,998,593	2,056,383	1,934,240	7,467	114,676
Employee Benefits					
State retirement	390,000	395,000	394,529		471
Fire service award	105,000	105,000	102,858		2,142
Social Security and Medicare	230,900	201,900	201,432		468
Workers' compensation	332,850	327,850	326,057		1,793
Hospital and medical insurance	791,387	774,397	768,471		5,926
Life insurance	9,500	9,500	8,616		884
Unemployment	20,000	2,012	-		2,012
Disability	2,000	2,000	1,336		664
Total Employee Benefits	1,881,637	1,817,659	1,803,299	-	14,360
Debt Service					
Principal	690,000	789,546	789,500		46
Interest	310,839	305,793	298,531		7,262
Total Debt Service	1,000,839	1,095,339	1,088,031	-	7,308
Total Expenditures	8,549,359	8,609,300	8,159,378	15,807	434,115
OTHER USES					
Operating transfers out	661,277	826,851	826,851		-
Total Expenditures and Other Uses	$ 9,210,636	$ 9,436,151	8,986,229	$ 15,807	$ 434,115
Net Change in Fund Balance			(393,840)		
Fund Balance - Beginning of Year			2,740,305		
Fund Balance - End of Year			$ 2,346,465		

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 EAST ROCKAWAY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Library Fund
For the Year Ended May 31, 2015

	Original Budget	Final Budget	Actual		Final Budget Variance with Actual
REVENUES					
Departmental Income					
Library charges and fines	$ 15,000	$ 17,000	$ 15,026		$ (1,974)
Intergovernmental charges	186,196	186,196	186,196		-
Use of Money and Property	250	250	88		(162)
Miscellaneous	6,000	6,000	5,885		(115)
State Aid	2,000	2,000	2,668		668
Total Revenues	209,446	211,446	209,863		(1,583)
OTHER SOURCES					
Operating transfers in	661,277	661,277	661,277		-
Total Other Sources	661,277	661,277	661,277		-
Total Revenues and Other Sources	870,723	872,723	871,140		$ (1,583)
APPROPRIATED FUND BALANCE					
Prior years' surplus		9,687			
Prior year's encumbrances	584	584			
Total Appropriated Fund Balance	584	10,271			
Total Revenues, Other Sources and Appropriated Fund Balance	$ 871,307	$ 882,994			
				Encumbrances	**Final Budget Variance with Actual and Encumbrances**
EXPENDITURES					
Culture and Recreation					
Library services	$ 626,493	$ 638,180	$ 608,031	$ 1,364	$ 28,785
Employee Benefits					
State retirement	72,263	72,263	71,633		630
Social Security and Medicare	32,281	32,281	30,630		1,651
Workers' compensation	2,570	2,570	2,570		-
Hospital and medical insurance	135,700	136,108	134,383		1,725
Life insurance	1,000	1,000	727		273
Disability	1,000	592	573		19
Total Employee Benefits	244,814	244,814	240,516	-	4,298
Total Expenditures	$ 871,307	$ 882,994	848,547	$ 1,364	$ 33,083
Net Change in Fund Balance			22,593		
Fund Balance - Beginning of Year			184,700		
Fund Balance - End of Year			$ 207,293		

INCORPORATED VILLAGE OF EAST ROCKAWAY
Schedule of Funding Progress - Other Postemployment Benefits
May 31, 2015

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 1, 2014	$ -	$ 9,318,956	$ 9,318,956	0%	$ 2,685,942	347.0%
June 1, 2013	-	8,893,496	8,893,496	0%	2,616,334	339.9%
June 1, 2012	-	8,485,342	8,485,342	0%	2,847,159	298.0%

See Paragraph on Supplementary Information Included in Auditor's Report

INCORPORATED VILLAGE OF EAST ROCKAWAY
Net Investment in Capital Assets
For the Year Ended May 31, 2015

Capital assets, net	$ 18,231,958
Deduct:	
Bond anticipation notes	(3,938,000)
Short-term portion of bonds payable	(720,000)
Long-term portion of bonds payable	(7,295,000)
Less:	
Unspent bond proceeds	65,936
	(11,887,064)
Net investment in capital assets	$ 6,344,894

See Paragraph on Supplementary Information Included in Auditor's Report

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Trustees
Incorporated Village of East Rockaway
East Rockaway, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of East Rockaway as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 6, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Pappas & Company

Commack, New York
October 6, 2015

FORM OF BOND COUNSEL'S OPINION

July 15, 2016

Village of East Rockaway,
County of Nassau
State of New York

Re: Village of East Rockaway, County of Nassau, New York
$2,300,000 Bond Anticipation Notes, 2016

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $2,300,000 Bond Anticipation Notes, 2016 (the "Obligations"), of the Village of East Rockaway, Nassau County, New York (the "Obligor"), dated July 15, 2016 in the denomination of $_________, bearing interest at the rate of ___________________% per annum, payable at maturity, and maturing June 9, 2017.

We have examined:

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

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

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

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

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

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

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

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP