OFFICIAL STATEMENT

NEW ISSUE – SERIAL BONDS **RATING - S&P GLOBAL RATINGS: "AA"**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In addition, in the opinion of Bond Counsel to the Village, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivision, including The City of New York. See "TAX MATTERS" herein.

The Village will designate the Bonds as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.

$3,200,000

VILLAGE OF HARRIMAN
ORANGE COUNTY, NEW YORK
(the "Village")

PUBLIC IMPROVEMENT SERIAL BONDS – 2018
[BOOK-ENTRY BONDS]

Dated: March 1, 2018

Principal Due: September 1, 2018-2037, inclusive
Interest Due: September 1, 2018 and semiannually thereafter on March 1 and September 1 in each year to maturity

SEE BOND MATURITY SCHEDULE HEREIN

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

The Bonds maturing on September 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Village, as a whole or in part, on any date on or after September 1, 2025. (See "*Optional Redemption*" under "*THE BONDS*," herein.)

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

Payment of the principal of and interest on the Bonds will be made by the Village to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. (See "*Description of Book-Entry System*" under "THE BONDS," herein.)

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Village, and certain other conditions. It is expected that delivery of the Bonds will be made through the facilities of DTC in Jersey City, New Jersey, on or about March 1, 2018.

FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION, SEE "DISCLOSURE UNDERTAKING" HEREIN.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

February 15, 2018

VILLAGE OF HARRIMAN
ORANGE COUNTY, NEW YORK

$3,200,000 PUBLIC IMPROVEMENT SERIAL BONDS - 2018

BOND MATURITY SCHEDULE

Dated: March 1, 2018

Principal Due: September 1, 2018-2037, inclusive
Interest Due: September 1, 2018 and semiannually thereafter on March 1 and September 1 in each year to maturity

Year	Amount	Rate	Yield or Price	CUSIP #
2018	$125,000	2.000%	1.300%	413772CD4
2019	125,000	2.125	1.450	413772CE2
2020	125,000	2.500	1.600	413772CF9
2021	150,000	2.500	1.750	413772CG7
2022	150,000	3.000	1.900	413772CH5
2023	150,000	3.000	2.050	413772CJ1
2024	150,000	3.000	2.150	413772CK8
2025	150,000	3.000	2.300	413772CL6
2026	150,000*	3.000	2.400	413772CM4
2027	175,000*	3.000	2.500	413772CN2
2028	175,000*	3.000	2.600	413772CP7
2029	175,000*	3.000	2.750	413772CQ5
2030	175,000*	3.000	2.850	413772CR3
2031	175,000*	3.000	2.950	413772CS1
2032	175,000*	3.000	3.000	413772CT9
2033	175,000*	3.000	3.050	413772CU6
2034	175,000*	3.000	3.100	413772CV4
2035	175,000*	3.000	3.150	413772CW2
2036	175,000*	3.000	3.200	413772CX0
2037	175,000*	3.000	3.250	413772CY8

*Subject to prior redemption

VILLAGE OF HARRIMAN
ORANGE COUNTY, NEW YORK

1 Church Street
Harriman, NY 10926
Telephone: 845/783-4421
Fax: 845/782-2016

VILLAGE OF OFFICIALS

Stephen H. Welle, Mayor

TRUSTEES

Frank E. Borowski
G. Bruce Chichester
Sandra M. Daly
Colleen Farrell

Marie Coimbra, Village Treasurer
Jane Leake, Village Clerk
Ostrer & Associates, PC, Village Attorney

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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

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

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

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OFFICIAL STATEMENT

$3,200,000

VILLAGE OF HARRIMAN
ORANGE COUNTY, NEW YORK

PUBLIC IMPROVEMENT SERIAL BONDS – 2018

This Official Statement and the appendices hereto present certain information relating to the Village of Harriman, in the County of Orange, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of $3,200,000 Public Improvement Serial Bonds – 2018 (the "Bonds") of the Village.

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

THE BONDS

Description of the Bonds

The Bonds will be dated March 1, 2018, and will mature on September 1, in each of the years 2018 to 2037, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

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

The Village Treasurer will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The Village's contact information is as follows: Marie Coimbra, Village Treasurer, Village of Harriman, 1 Church Street, Harriman, New York 10926, Phone (845) 783-4421, Fax (845) 782-2016 and email: treasurer@villageofharriman.org.

Optional Redemption

The Bonds maturing on or before September 1, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on September 1, 2026 and thereafter will be subject to redemption prior to maturity, at the option of the Village, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after September 1, 2025, at par plus accrued interest to the date of redemption.

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

Description of Book-Entry System

DTC will act as Securities Depository for the Bonds issued as book-entry bonds. Such Bonds will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds and deposited with DTC.

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

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants") and together with Direct Participant, the ("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 and www.dtc.org.

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

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

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

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

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

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

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

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Village takes no responsibility for the accuracy thereof.

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

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

Certificated Bonds

Principal of and interest on Bonds that are registered in the name of the purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

If the Bonds are issued as book-entry bonds registered in the name of DTC, DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: The Bonds will be in registered form in denominations of $5,000, or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Village as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

Authorization and Purpose

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

Date Authorized	Purpose	Amount Authorized	Amount to Be Issued
08-29-17	Construction of a new Village Hall/Police Station building	$4,000,000	$3,200,000

For further information regarding bond authorizations of the Village for capital purposes and other matters relating thereto see "Indebtedness of the Village".

Nature of Obligation

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. (See "*Tax Levy Limit Law*", herein).

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), imposes a limitation upon the Village's power to increase its annual tax levy. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See *"Tax Levy Limit Law,"* herein).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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

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

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

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

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

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

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

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

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

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

No Past Due Debt

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

THE VILLAGE OF HARRIMAN

Description

The Village, which encompasses about 1.0 square miles and has a population of 2,556 according to the 2016 U.S. Census, is located in the southeastern portion of Orange County about 50 miles from New York City. The Village enjoys a diversified economic base of industrial, commercial and residential properties. Residential properties consist of single-family homes, garden apartments and townhouse condominiums; commercial enterprises are located in the central business district of the Village and the industrial part area. There are 17 acres of parkland.

In addition to employment opportunities in the Village, residents commute to New York City, Middletown, Newburgh, Goshen (the County Seat), to commercial and industrial operations in New Jersey and to the research and executive facilities in Sterling Forest, New York.

Commuter bus service and rail service to New York City is available in the Village. Highway facilities include New York State Route 6, the New York State Thruway, access to New York State Route 17 (the Quickway) is readily available.

Utilities and Other Services

Electricity and natural gas service are supplied to the Village by Orange and Rockland Utilities Corp. The Village is the supplier of water and is responsible for the distribution and maintenance of necessary facilities. County Sanitary Sewer districts services are provided to 100% of the Village residents. Police protection is provided by the Village Police Department. Fire protection is provided through the Monroe Joint Fire District.

Governmental Organization

The Village was incorporated in 1914. One independently governed school district is located partially within the Village which relies on its own taxing powers granted by the State to raise revenues. The school district uses the Town of Monroe's and the Town of Woodbury's assessment rolls as its basis for taxation of property located within the Village.

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

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

The Village Treasurer is appointed to a four-year term and the Village Attorney to a one-year term.

The Harriman Patrolmen's Benevolent Association, Inc. represents 10 employees with a contract expiration date of May 31, 2020. Local 445, International Brotherhood of Teamsters, DPW Employees Unit, represents 6 employees with a contract expiration date of May 31, 2020.

DEMOGRAPHIC AND STATISTICAL INFORMATION

Since 1990, the Village has had a population trend, as compared to the Town(s) and County, as indicated below:

Population Trends

Year	Village	Orange County	New York State
1990	1,954	307,647	17,990,455
2000	2,252	341,367	18,976,457
2010	2,424	372,813	19,378,102
2016	2,556	376,242	19,697,457

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

Income Data

	Per Capita Money Income			
	1990	2000	2010	2016[a]
Village of Harriman	$17,468	$25,414	$38,514	$30,001
County of Orange	15,198	21,597	28,944	31,272
State of New York	16,501	23,389	30,948	34,212

	Median Household Income			
	1990	2000	2010	2016[a]
Village of Harriman	$46,185	$63,634	$77,917	$60,417
County of Orange	44,039	60,355	69,523	71,910
State of New York	32,965	51,591	55,603	60,741

Source: United States Bureau of the Census

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

Selected Listing of Major Employers Located in County of Orange[a]

Name	Type	Estimated Number of Employees
United States Military Academy at West Point	Colleges & Technical Institutes	3,120
Orange Regional Medical Center	Healthcare	2,524
Crystal Run Health	Healthcare	1,800
Access: Supports for Living	Non-Profit Organizations	1,289
St Luke's Cornwall Hospital	Healthcare	1,247
Elant, Inc.	Healthcare	1,200
Mount Saint Mary College	Education	1,000
C & S Wholesale Grocers, Inc.	Distribution	800
Empire Blue Cross/Blue Shield	Service	795
Spectrum Enterprise	Communications	750
The ARC of Orange County	Non-Profit Organizations	750
Amscan, Inc.	Distribution	525
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500

a. Not necessarily representative of the Village
Source: Orange County most recent Official Statement

Unemployment Rate Statistics

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

Annual Averages:	Orange County (%)	New York State (%)
2013	7.3	7.7
2014	5.8	6.4
2015	4.7	5.3
2016	4.3	4.8
2017 (11 Month Average)	4.5	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of January 30, 2018)

Fiscal Year Ending May 31:	Full Valuation
2014	$193,260,684
2015	182,719,925
2016	183,041,873
2017	191,397,285
2018	188,705,827
Total Five Year Full Valuation	$939,125,594
Average Five Year Full Valuation	187,825,119
Debt Limit - 7% of Average Full Valuation	13,147,758
Inclusions:	
Outstanding Bonds	1,695,000
Bond Anticipation Notes	0
Total Inclusions	1,695,000
Exclusions:	
Water Debt	1,010,000
Appropriations	0
Total Exclusions	1,010,000
Total Net Indebtedness Prior to the Issuance of the Bonds	685,000
The Bonds:	3,200,000
Total Net Indebtedness After the Issuance of the Bonds	3,885,000
Net Debt Contracting Margin	$9,262,758
Percent of Debt Contracting Margin Exhausted	29.55%

The issuance of the Bonds shall exhaust $3,200,000 of the Village's debt limit.

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending May 31:	Principal	Interest	Total
2018	$155,000	$25,638	$180,638
2019	210,000	47,218	257,218
2020	215,000	34,120	249,120
2021	215,000	29,550	244,550
2022	215,000	24,825	239,825
2023	205,000	19,981	224,981
2024	205,000	14,944	219,944
2025	45,000	11,706	56,706
2026	45,000	10,469	55,469
2027	45,000	9,231	54,231
2028	45,000	7,994	52,994
2029	50,000	6,688	56,688
2030	50,000	5,250	55,250
2031	50,000	3,750	53,750
2032	50,000	2,250	52,250
2033	50,000	750	50,750
Totals	$1,850,000	$254,364	$2,104,364

Details of Short-Term Indebtedness Outstanding

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

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Village has authorized but unissued debt in the amount of $4,000,000 for construction of a new Village Hall/Police Station building. The issuance of the Bonds will finance $3,200,000 of such amount.

Capital Project Plans

The Village is generally responsible for providing services as required to its residents on a Village-wide basis including water and sewer service, which requires capital improvements from time to time. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures from snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation facilities. In general, needs for capital funding for the above described projects for which the Village has responsibility are anticipated to continue and to be in approximately the same amounts as have prevailed in the past. With respect to new financing by the Village, bond authorizations are not anticipated to be substantially different than have generally prevailed in the past.

Trend of Outstanding Debt

	2013	2014	2015	2016	2017
Bonds	$1,800,000	$1,640,000	$1,480,000	$1,320,000	$1,165,000
BANs	0	0	0	300,000	300,000
Total Debt Outstanding	$1,800,000	$1,640,000	$1,480,000	$1,620,000	$1,465,000

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
Orange County	11/10/2017	0.77	$1,921,052	$1,921,052
Town of Monroe	12/31/2016	5.76	41,933	41,933
Town of Woodbury	12/31/2016	6.76	260,598	260,598
Monroe-Woodbury CSD	06/30/2016	6.34	2,891,890	2,891,890
Totals			$5,115,473	$5,115,473

Debt Ratios
(As of January 30, 2018)

	Amount[a]	Per Capita[b]	Percentage Of Full Value (%)[c]
Total Direct Debt	$1,695,000	$663	0.898
Net Direct Debt	685,000	268	0.363
Total Direct & Applicable Total Overlapping Debt	6,810,473	2,665	3.609
Net Direct & Applicable Net Overlapping Debt	5,800,473	2,269	3.074

a. Inclusive of the Bonds
b. The current estimated population of the village is 2,556.
c. The full valuation of taxable real property in the Village for 2017-18 is $188,705,827.

FINANCES OF THE VILLAGE

Financial Statements

The financial statements of the Village for the fiscal year ending May 31, 2017 were audited by an independent public accountant. A copy of such report is attached hereto as Appendix B.

As required by law, the Village prepares an Annual Financial Report Update Document for submission to the State Comptroller. Such report has been filed annually and is made available for public inspection. The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

Fund Structure and Accounts

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

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

The Village presently maintains the following governmental funds: General Fund, Water Fund, Sewer Fund, and the Capital Projects Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

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

Investment Policy

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

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

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Financial Organization and Budgetary Procedures

The Village Treasurer functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Village Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Mayor is also the Village's budget officer and prepares the annual tentative budget for submission to the Village Board. Budgetary control during the year is the responsibility of the Village Treasurer. Pursuant to Section 30 of the Local Finance Law, the Village Treasurer has been authorized to issue or renew bonds and notes. As required by law, the Village Treasurer must execute an authorizing certificate which then becomes a matter of public record.

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

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

Revenues

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

Real Property Taxes

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

State Aid

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

Based on the audited financial statements of the Village, the Village received approximately 5.84% of its total General Fund operating revenue from State aid in the fiscal year ending May 31, 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in certain years in order to balance its own budget.

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

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

The following table sets forth the percentage of the Village’s General Fund revenue comprised of State aid for each of the fiscal years 2013 through 2017 and the 2018 budget.

Fiscal Year Ending May 31:	Total Revenue	State Aid	State Aid to Revenues (%)
2013	$2,718,150	$221,925	8.16
2014	2,652,814	206,572	7.79
2015	2,604,176	76,832	2.95
2016	2,663,137	90,530	3.40
2017	2,698,732	157,588	5.84
2018 (Budgeted)	3,073,550	59,604	1.94

Source: Audited financial statements (2013-2017), and the adopted budget for the fiscal year ending May 31, 2018.

Sales Tax Revenues

The Village receives a portion of the Sales tax collected by the County pursuant to an agreement between the County and the Village.

The following table sets forth the percentage of the Village's General Fund revenue comprised of Sales Tax revenue for each of the fiscal years 2013 through 2017, and, as budgeted, for 2018.

Fiscal Year Ending May 31:	Total Revenue	Sales Tax	Sales Tax to Revenues (%)
2013	$2,718,150	$431,517	15.88
2014	2,652,814	455,097	17.16
2015	2,604,176	448,876	17.24
2016	2,663,137	494,083	18.55
2017	2,698,732	468,063	17.34
2018 (Budgeted)	3,073,550	452,000	14.71

Source: Audited financial statements 2013- 2017 and the adopted budgets for the fiscal year ending May 31, 2018.

Expenditures

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the Village as "No Designation". (Fiscal Score: 19.2%).

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit was released on January 9, 2015. The purpose of the audit was to review the Village's water billing process for the period June 1, 2013 - August 7, 2014. The complete report together with the village's response, maybe found on the OSC's official website. Reference to this website implies no warranty of accuracy of information therein.

Pension Systems

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS") or the New York State and Local Police and Fire Retirement System (PFRS). The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for Tier 6 employees. The Retirement Systems Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Generally, all members hired on or after July 27, 1976 through and including December 31, 2009 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement Systems, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for ERS employees hired after January 1, 2010 through March 31, 2012. Tier 5 contribute 3% of their salaries and there is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines in the recent past, in certain years the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State's Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years. The Village has not found it necessary to amortize any payments to the retirement system.

The amount of payments by the Village to the respective Retirement Systems for the past five years and the current year is presented below:

Payments to the Retirement Systems

Fiscal Year Ending May 31:	ERS	PFRS
2013	$118,723	$197,781
2014	168,371	225,704
2015	125,475	107,681
2016	107,788	136,110
2017	104,219	143,689
2018 (Budgeted)	140,000	160,000

Other Post-Employment Benefits

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

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

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

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

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

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

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

The following table shows the components of the Village's annual OPEB cost for the year 2017, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	Fiscal Year Ending May 31, 2017:
Annual required contribution (ARC)	$500,000
Interest on net OPEB obligation	80,000
Adjustment to ARC	(100,000)
Annual OPEB cost (expense)	480,000
Less: Contributions made	(199,000)
Change in net OPEB obligation	281,000
Net OPEB obligation-beginning of year	2,140,000
Net OPEB obligation-end of year	$2,421,000

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, 2017 and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed (%)	Net OPEB Obligation
May 31, 2017	$480,000	35.4	$2,421,000
May 31, 2016	480,000	35.4	2,140,000
May 31, 2015	480,000	23.0	1,830,000

TAX INFORMATION

Real Property Taxes

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

Tax Collection Procedure

Taxes are payable during the month of June without penalty. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. On November 1, uncollected taxes are turned over to the County Commissioner of Finance and are payable to the County until November 20 with an additional penalty. After November 20, uncollected taxes and penalties are relevied as part of the County tax levy. The County guarantees to pay the Village the full amount of such uncollected taxes prior to the end of the Village fiscal year.

Fiscal Year Ending May 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2013	$2,718,150	$1,668,025	61.37
2014	2,652,814	1,698,517	64.03
2015	2,604,176	1,738,140	66.74
2016	2,663,137	1,777,928	66.76
2017	2,698,732	1,790,316	66.34
2018 (Budgeted)	3,073,550	1,803,382	58.67

Source: Audited financial statements (2013-2017), and the adopted budget for the fiscal year ending May 31, 2018.

Tax Levy Limit Law

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

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Village first enacts, by a vote of at least sixty percent of the total voting power of the Board of Trustees, a local law to override such limit for such coming fiscal year.

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

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2016-2017 fiscal year is as follows:

Five-year Average Full Valuation	$190,489,339
Tax Limit - 2% thereof	3,809,787
Tax Levy for General Village Purposes	1,779,887
Less: Exclusions	489,788
Tax Levy Subject to Tax Limit	$1,290,099
Constitutional Tax Margin	$2,519,688

Assessed and Full Valuations, Tax Levies and Rates

	Fiscal Year Ending May 31:				
	2014	2015	2016	2017	2018
Assessed Valuation:					
Town of:					
Monroe	$ 24,483,616	$ 24,466,809	$ 24,588,531	$ 24,598,282	$ 24,289,224
Woodbury	27,440,647	27,448,097	25,187,588	26,271,544	26,020,987
Total Assessed Valuation	$ 51,924,263	$ 51,914,906	$ 49,776,119	$ 50,869,826	$ 50,310,211
Equalization Rates:					
Town of:					
Monroe	19.00%	20.38%	19.50%	18.93%	19.00%
Woodbury	42.61%	43.80%	44.23%	42.75%	42.75%
Full Valuation :					
Town of:					
Monroe	$ 128,861,137	$ 120,053,037	$ 126,095,031	$ 129,943,381	$ 127,838,021
Woodbury	64,399,547	62,666,888	56,946,842	61,453,904	60,867,806
Total Full Valuation	$ 193,260,684	$ 182,719,925	$ 183,041,873	$ 191,397,285	$ 188,705,827
Total Tax Levy					
Monroe	$ 1,125,574	$ 1,134,242	$ 1,217,488	$ 1,208,400	$ 1,221,694
Woodbury	559,922	592,153	549,884	607,346	581,688
	$ 1,685,496	$ 1,726,395	$ 1,767,372	$ 1,815,746	$ 1,803,382
Tax Rate per $100 Assessed Valuation					
Town of:					
Monroe	45.97%	48.35%	49.51%	49.12%	50.29%
Woodbury	20.40%	21.57%	21.83%	21.75%	22.35%

Selected Listing of Large Taxable Properties
2017-2018 Assessment Roll

Name	Type	Full Valuation
Concord Real Estate Mgmt, LLC.	Real Estate	$ 8,110,500
Takasgo International	Manufacturing	7,661,500
Commerce Drive Associates	Industrial	6,001,500
Metroplex Harriman Corp.	Warehouse	5,024,600
Orange & Rockland Utilities, Inc.	Utilities	4,803,331
Brookside Garden Associates	Apartments	4,678,400
Elt Harriman LLC.	Industrial	4,499,753
M H Communities, LTD.	Manufacturing	3,650,000
Harriman Woods Assoc.	Apartments	3,560,500
ANH Holding Corp.	Commercial	2,400,000
Harriman Park Estates, LLC.	Real Estate	1,760,500
118 River Road, LLC.	Commercial	1,658,246
Maide Realty Holding Co., Inc.	Real Estate	1,115,300
KHM Adren, LLC.	Commercial	1,114,400
Daveline Real Estate	Real Estate	997,400
	Total [a]	$57,035,930

a. Represents 30.22% of the total full valuation for 2017-18.

Tax Certiorari Claims

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

LITIGATION

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Village in connection with the Bonds, and Bond Counsel has assumed compliance by the Village with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Village has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix C.

DISCLOSURE UNDERTAKING

In order to assist the purchasers, at the time of the delivery of the Bonds, the Village will provide an executed copy of its Undertaking to Provide Continuing Disclosure substantially as set forth in Appendix D.

Compliance History

The Village entered into a "Limited Disclosure Undertaking" for their 2012 Refunding Serial Bonds, requiring the Village to provide certain financial information. Although such financial information was filed, it wasn't filed in a timely manner. For fiscal years ending 5/31/2012 and 5/31/13, Audited Financial Statements were not filed timely, as well as the adopted budgets for the fiscal years ending 5/31/2015 and 5/31/2018. For fiscal years ending 5/31/2013 and 5/31/14, the unaudited financial statements were not filed.

BOND RATING

S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of "AA" to the Bonds. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

MUNCIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained from Marie Coimbra, Village Treasurer, Village of Harriman, 1 Church Street, Harriman, New York 10926, Phone (845) 783-4421, Fax (845) 782-2016 and email: treasurer@villageofharriman.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: http://www.munistat.com.

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

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

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

VILLAGE OF HARRIMAN, NEW YORK

By: s/s MARIE COIMBRA
Village Treasurer

February 15, 2018

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
General & Special Revenue Funds
Fiscal Year Ended May 31:

	2016	2017
ASSETS		
Cash and Cash Equivalents	$ 1,580,156	$ 1,189,630
Receivables	30,730	56,213
Due from Other Governments	96,827	100,390
Due from Other Funds	301,232	249,400
Restricted Assets	454,034	658,820
Prepaid Expenses	566	
Total	$ 2,463,545	$ 2,254,453
LIABILITIES		
Accounts Payable	$ 49,801	$ 33,720
Accrued Liabilities	104,962	91,321
Due to Other Funds	14,000	
Deferred Inflows of Resources	26,989	26,989
Total Liabilities	$ 195,752	$ 152,030
Fund Equity:		
Fund Balance:		
Nonspendable	566	
Restricted	454,034	658,820
Assigned	533,000	500,000
Unassigned	1,280,193	943,603
Total Fund Equity	$ 2,267,793	$ 2,102,423
Total Liabilities and Fund Equity	$ 2,463,545	$ 2,254,453

Source: Annual Financial Statements of the Village (2016-2017)

NOTE: This Schedule NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending May 31:				
	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes & Tax Items	$ 1,668,025	1,698,517	1,738,140	$ 1,777,928	$ 1,790,316
Non-Property Taxes	431,517	455,097	448,876	494,083	468,063
Departmental Income	24,293	22,172	13,703	13,573	9,832
Use of Money and Property	49,451	47,741	21,582	49,239	49,286
Licenses & Permits	70,688	13,072	19,594	18,334	9,782
Fines & Forfeitures	140,862	95,265	166,570	133,916	132,590
Sale of Property and Compensation for Loss	4,623	32,069	78,306	76,168	71,825
Miscellaneous	47,679	40,550	23,499	9,366	9,450
Federal Aid	59,087	41,759	17,074		
State Aid	221,925	206,572	76,832	90,530	157,588
Interfund Transfers					
Total Revenues	$ 2,718,150	$ 2,652,814	$ 2,604,176	$ 2,663,137	$ 2,698,732
Expenditures:					
General Government Support	445,461	424,975	362,932	444,353	416,395
Public Safety and Health	1,044,534	1,083,665	943,858	992,918	1,013,138
Transportation	269,078	327,745	323,070	356,529	598,752
Culture and Recreation	11,296	17,377	22,625	21,775	66,912
Home and Community Services	24,044	33,979	27,829	23,960	29,282
Employee Benefits	705,371	774,584	640,998	676,378	739,623
Debt Service					
Total Expenditures	$ 2,499,784	$ 2,662,325	$ 2,321,312	$ 2,515,913	$ 2,864,102
Other Financing Sources (Uses)					
Operating Transfers - In	50,247		4,941		
Operating Transfers - Out					
Total Other Financing Sources	50,247	0	4,941	0	0
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	218,366	(9,511)	282,864	147,224	(165,370)
Fund Balance Beginning of Year	1,573,809	1,842,422	1,832,911	2,120,569	2,267,793
Prior Period Adjustments			(147)		
Fund Balance End of Year	$ 1,842,422	$ 1,832,911	$ 2,120,569	$ 2,267,793	$ 2,102,423

Sources: Audited Financial Statements of the Village (2013-2017)
NOTE: This Schedule NOT audited

Budget Summaries
General Fund

Fiscal Year Ending May 31:

		2017		2018
Revenues:				
Real Property Taxes	$	1,779,887	$	1,803,382
Other Tax Items		5,000		8,000
Non-Property Tax items		437,000		452,000
Departmental Income		6,975		6,575
Use of Money and Property		14,000		28,989
Licenses & Permits		25,000		21,000
Fines & Forfeitures		130,000		125,000
State Aid		58,596		59,604
Appropriations of Fund Balance		533,000		500,000
Miscellaneous		74,000		69,000
Total Revenues	$	3,063,458	$	3,073,550
Expenditures:				
General Government Support	$	576,298	$	567,004
Public Safety		1,040,394		1,072,377
Transportation		527,058		504,543
Culture and Recreation		24,300		26,800
Home and Community Services		43,508		42,026
Employee Benefits		846,900		860,800
Debt Service		0		0
Transfer to Other Funds		5,000		
Total Expenditures	$	3,063,458	$	3,073,550

Sources: 2017-2018 Adopted Budgets of the Village

VILLAGE OF HARRIMAN

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2017

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

ANNUAL FINANCIAL REPORT

VILLAGE OF HARRIMAN, NEW YORK

For the Year Ended May 31, 2017

Audited for:

Board of Trustees
VILLAGE OF HARRIMAN, NEW YORK

Audited By:
RBT CPAs, LLP
11 Racquet Road
Newburgh, New York 12550
(845) 567-9000

VILLAGE OF HARRIMAN, NEW YORK

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RBT
LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Harriman
One Church Street
Harriman, New York 10926

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 as evaluating the overall presentation of the financial statements.

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

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2622 South Avenue
Wappingers Falls, NY 12590
T: (845) 905-9000
F: (845) 905-9904

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Harriman, New York as of May 31, 2017, and the respective changes in financial position and cash flows thereof 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's discussion and analysis, schedule of funding progress – other post-employment benefits, schedules of proportionate share of the net pension liability and related ratios, schedule of employer contributions, and schedule of revenues and expenditures compared to budget – general fund, on pages 3 through 10 and 46 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 10, 2018, on our consideration of the Village of Harriman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Harriman's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, New York
January 10, 2018

VILLAGE OF HARRIMAN
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

The accompanying management discussion and analysis of the Village of Harriman's financial performance has been prepared to provide an overview of the Village's financial activities for the fiscal year ended May 31, 2017. This discussion and analysis is only an introduction and should be read in conjunction with the Village's financial statements.

Requests For Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Village Mayor's office at the Village of Harriman, One Church Street, Harriman, NY 10926.

Financial Highlights

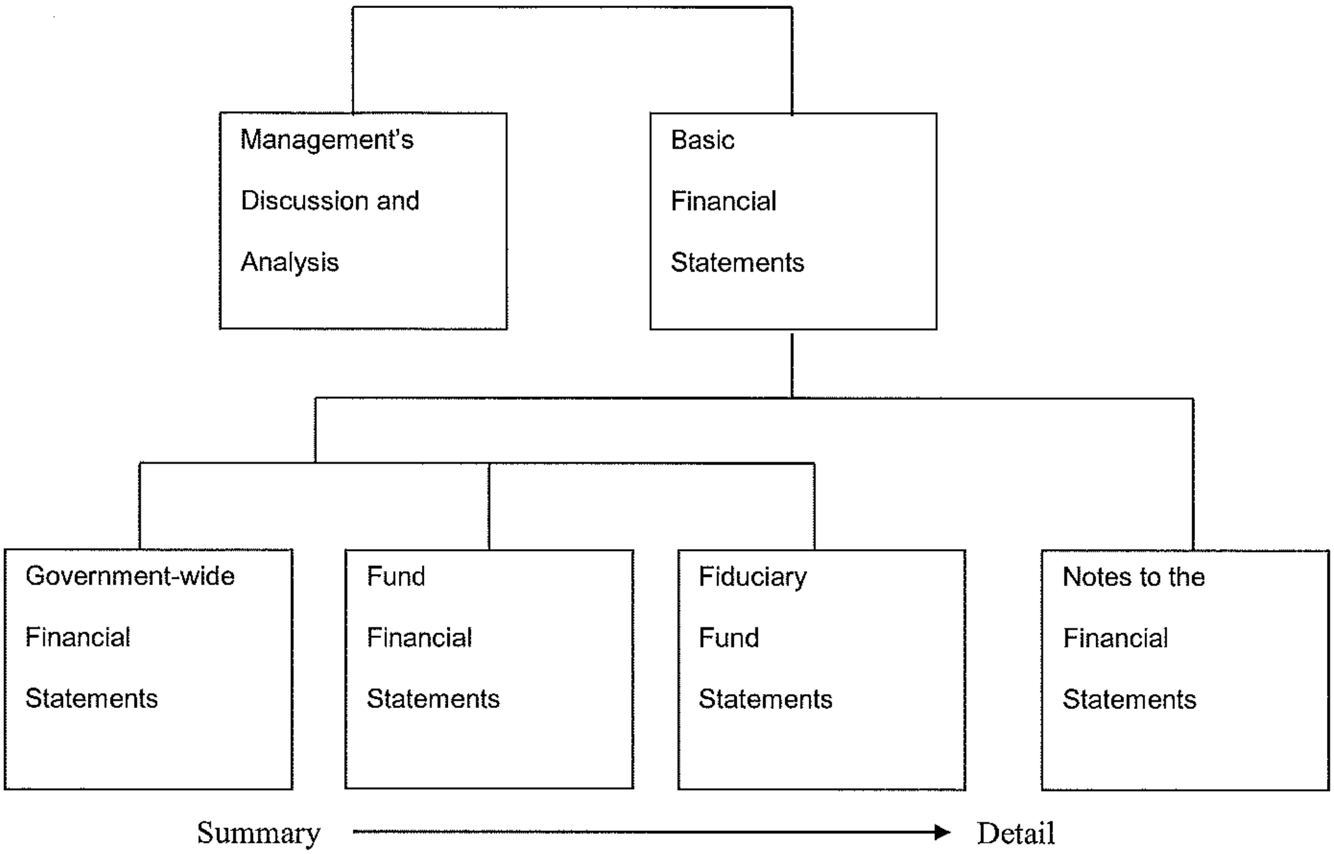
- The government-wide assets of the Village of Harriman exceeded its liabilities at the close of the fiscal year by $4,488,254.
- The government-wide total net position decreased by $74,166 during fiscal year 2017.
- At May 31, 2017, the proportionate share of the net pension liability for both ERS and PFRS, were included in liabilities in the amount of $622,393.
- As of the close of the current fiscal year, the Village of Harriman's governmental funds reported an ending fund balance of $2,119,603 a decrease of $240,619 in comparison with the prior year.
- As of the close of the current fiscal year, the Village of Harriman's proprietary funds reported an ending net position of $2,368,651, an increase of $166,453 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $943,603.
- At the end of the current fiscal year, unrestricted net position for the Proprietary Fund was $(346,036).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Harriman's basic financial statements. The Village's basic financial statements consist of four components; 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary fund statements and 4) notes to the financial statements. The basic financial statements present two different views of the Village's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail following this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Village of Harriman, New York.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Village's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, they include: 1) the governmental, proprietary, and fiduciary fund statements and 2) reconciliations to the government-wide financial statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Village's financial status as a whole.

The two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village's total assets and total liabilities. Measuring net position is one way to gauge the Village's financial condition.

The governmental activities include most of the Village's basic services such as public safety, road maintenance and administration. Property tax, sales tax, charges for services and State aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Village's most significant activities. 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 of Harriman, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Village's budget ordinance. All of the funds of the Village of Harriman are classified in three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Village's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting,* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

Proprietary Funds - Proprietary funds are funds used to account for business-type activities. The proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fiduciary Funds – The Village acts in an agency capacity for assets that are ultimately transferred to others, such as guarantee and bid deposits. These funds are excluded from the government-wide financial statements because the Village cannot use these assets to finance operations.

The Village of Harriman adopts an annual budget for certain funds as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Village, the management of the Village of Harriman, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary schedule demonstrates how well the Village complied with the budget ordinance and whether or not the Village succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures. The schedule is presented as required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
VILLAGE OF HARRIMAN'S NET POSITION

	2017	2016	Change
Current and Other Assets	$ 2,254,453	$ 2,449,545	$ (195,092)
Capital Assets	2,654,937	2,452,825	202,112
Total Assets	4,909,390	4,902,370	7,020
Deferred Outflow of Resources	373,497	785,486	(411,989)
Total Assets and Deferred Outflow of Resources	5,282,887	5,687,856	(404,969)
Other Liabilities	139,873	169,572	(29,699)
Long Term Liabilities	2,863,431	2,971,819	(108,388)
Total Liabilities	3,003,304	3,141,391	(138,087)
Deferred Inflows of Resources	159,980	186,243	(26,263)
Net Position:			
Net Investment in Capital Assets	2,654,937	2,452,825	202,112
Restricted	658,820	454,034	204,786
Unrestricted	(1,194,154)	(546,637)	(647,517)
Total Net Position	$ 2,119,603	$ 2,360,222	$ (240,619)

GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
VILLAGE OF HARRIMAN'S CHANGES IN NET POSITION

	2017	%	2016	%
Revenues:				
Program Revenues:				
Charges for Services	$ 143,101	5.35%	$ 152,250	5.72%
Operating Grants	48,889	1.83%	50,741	1.91%
Capital Grants	75,000	2.80%	-	0.00%
General Revenues:				
Real Property Taxes	1,779,457	66.47%	1,767,372	66.36%
Real Property Tax Items	10,859	0.41%	10,556	0.40%
Non Property Taxes	468,063	17.48%	494,083	18.55%
Departmental Income	-	0.00%	13,573	0.51%
Use of Money and Property	49,286	1.84%	49,239	1.85%
Sale of Property and Compensation for Loss	50,085	1.87%	76,168	2.86%
State and Federal Aid - Other	42,802	1.60%	39,789	1.49%
Miscellaneous	9,450	0.35%	9,366	0.35%
Total Revenues	2,676,992	100.00%	2,663,137	100.00%
Expenses:				
General Government	600,157	20.57%	634,886	22.24%
Public Safety	1,455,126	49.87%	1,625,253	56.95%
Public Health	170	0.01%	480	0.02%
Transportation	713,058	24.44%	485,814	17.02%
Culture and Recreation	30,653	1.05%	24,518	0.86%
Home and Community Services	118,447	4.06%	83,113	2.91%
Total Expenses	2,917,611	100.00%	2,854,065	100.00%
Increase/(Decrease) in Net Position	$ (240,619)		$ (190,928)	

Financial Analysis of the Village of Harriman Funds

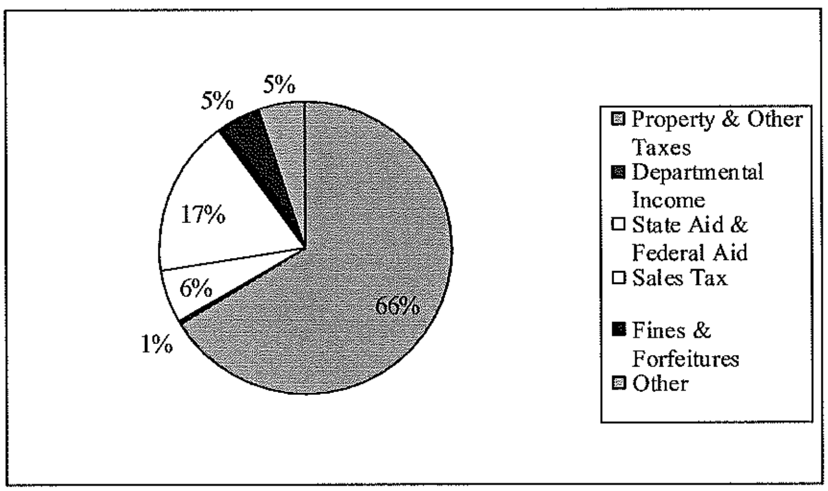
As noted earlier, the Village of Harriman uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Village of Harriman's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Village of Harriman's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

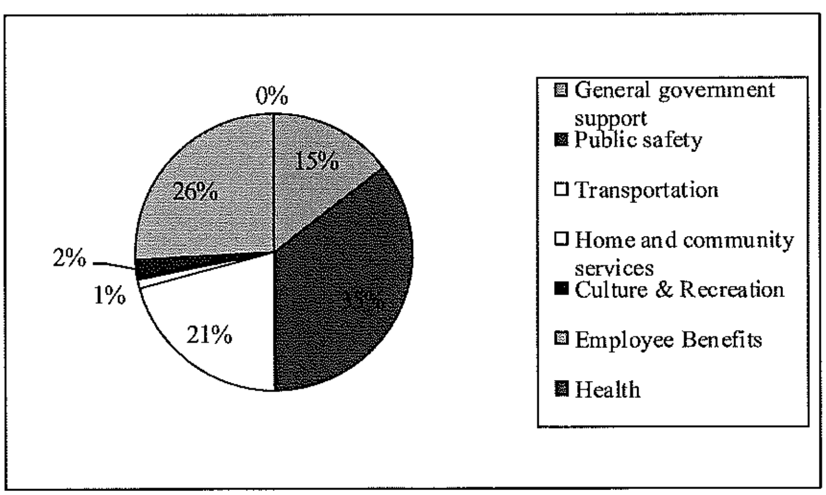
The General Fund is the chief operating fund of the Village of Harriman. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $943,603. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32.9 percent of total General Fund expenditures.

The following charts describe significant categories of General Fund revenues and expenses:

General Fund Revenue



General Fund Expenses



General Fund Budgetary Highlights: During the fiscal year, the Village revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: The Village's investment in capital assets for its governmental activities as of May 31, 2017 totaled $2,654,937(net of accumulated depreciation). These assets include land, buildings, improvements, machinery & equipment, roads & infrastructure and vehicles.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

Proprietary Funds - Proprietary funds are funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Village of Harriman's proprietary fund is a water fund.

As shown in the following table, the Water Fund's revenues increased by $207,268 from 2016 to 2017. However, expenses increased by $79,072 from 2016 to 2017. Overall, net assets increased $166,453 from 2016 to 2017. As of May 31, 2017, net position was $2,368,651.

Revenues	**2017**	2016	**Change**
Program			
Charges for Services	$1,638,590	$1,415,076	$ 223,514
Other Revenues	23,629	39,875	(16,246)
Total Revenues	1,662,219	1,454,951	207,268
Expenses			
Personal Services and Benefits	749,280	564,892	184,388
Maintenance and Operating Costs	428,492	569,500	(141,008)
Depreciation	249,996	239,888	10,108
Interest and Other	67,998	42,414	25,584
Total Expenses	1,495,766	1,416,694	79,072
Change in Net Position	166,453	38,257	128,196
Net position - beginning	2,202,198	2,181,150	21,048
Implementation of GASB 68 (Note XI)	-	(17,209)	(17,209)
Net position - ending	$2,368,651	$2,202,198	$ 132,035

Capital Asset and Debt Administration – Proprietary Fund

Capital Assets: The Village's investment in capital assets for its business activities as of May 31, 2017 totaled $4,066,664 (net of accumulated depreciation). These assets include buildings, improvements, machinery and equipment, infrastructure and construction in progress.

Debt: As of May 31, 2017, the Village of Harriman had total debt outstanding of $1,465,000. The debt is backed by the full faith and credit of the Village. The Village's total long-term debt decreased by $155,000 during the 2017 fiscal year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

VILLAGE OF HARRIMAN, NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,189,630	$ 357,900	$ 1,547,530
Restricted cash	658,820	113,023	771,843
Receivables (net)	56,213	223,450	279,663
Due from other governments	100,390	-	100,390
Internal balances (Note IV)	249,400	(249,400)	-
Total current assets	2,254,453	444,973	2,699,426
Capital assets:			
Land (Note V)	862,619	-	862,619
Buildings, machinery and equipment, net of depreciation (Note V)	524,269	282,865	807,134
Infrastructure, net of depreciation (Note V)	1,268,049	3,783,799	5,051,848
Total capital assets	2,654,937	4,066,664	6,721,601
DEFERRED OUTFLOWS OF RESOURCES			
Retirement system (Note VI)	373,497	69,140	442,637
Loss on refunding (Note VI)	-	22,200	22,200
Total assets and deferred outflows of resources	$ 5,282,887	$ 4,602,977	$ 9,885,864
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 33,720	$ 49,660	$ 83,380
Accrued liabilities	91,321	22,748	114,069
BANs payable (Note VI)	-	300,000	300,000
Bonds payable (Note VI)	-	155,000	155,000
Workers compensation liability (Note VI)	14,832	-	14,832
Total current liabilities	139,873	527,408	667,281
Non-current liabilities:			
Compensated absence liabilities (Note VI)	88,224	11,133	99,357
Workers compensation liability (Note VI)	400,168	-	400,168
Bonds payable (Note VI)	-	1,010,000	1,010,000
ERS net pension liability - proportionate share (Note VI)	139,653	111,524	251,177
PFRS net pension liability - proportionate share (Note VI)	371,216	-	371,216
Other post-employment benefits payable (Note VI)	1,864,170	556,830	2,421,000
Total non-current liabilities	2,863,431	1,689,487	4,552,918
Total liabilities	3,003,304	2,216,895	5,220,199
DEFERRED INFLOWS OF RESOURCES			
Retirement system (Note VI)	132,991	17,431	150,422
Deferred revenue	26,989	-	26,989
Total deferred inflows of resources	159,980	17,431	177,411
NET POSITION			
Net investment in capital assets	2,654,937	2,601,664	5,256,601
Restricted	658,820	113,023	771,843
Unrestricted (deficit)	(1,194,154)	(346,036)	(1,540,190)
Total net position	2,119,603	2,368,651	4,488,254
Total liabilities, deferred inflows of resources and net position	$ 5,282,887	$ 4,602,977	$ 9,885,864

See accompanying notes to basic financial statements.

VILLAGE OF HARRIMAN, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MAY 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General government support	$ 600,157	$ 2,376	$ 2,587	$ -	$ (595,194)	$ -	$ (595,194)
Public safety	1,455,126	138,281	14,895	-	(1,301,950)	-	(1,301,950)
Public health	170	170	-	-	-	-	-
Transportation	713,058	-	31,407	75,000	(606,651)	-	(606,651)
Culture and recreation	30,653	-	-	-	(30,653)	-	(30,653)
Home and community services	118,447	2,274	-	-	(116,173)	-	(116,173)
Total governmental activities	2,917,611	143,101	48,889	75,000	(2,650,621)	-	(2,650,621)
Proprietary fund activities	1,495,766	1,638,590	-	-	-	142,824	142,824
General revenues							
Taxes:							
Real property taxes					1,779,457	-	1,779,457
Real property tax items					10,859	-	10,859
Non property tax items					468,063	-	468,063
Use of money and property					49,286	358	49,644
Sale of property and compensation for loss					50,085	20,838	70,923
Miscellaneous					9,450	2,433	11,883
State and federal aid - other					42,802	-	42,802
Total general revenues, special items and transfers					2,410,002	23,629	$ 2,433,631
Change in net position					(240,619)	166,453	(74,166)
Net position - beginning					2,360,222	2,202,198	4,562,420
Net position - ending					$ 2,119,603	$ 2,368,651	$ 4,488,254

See accompanying notes to basic financial statements.

VILLAGE OF HARRIMAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2017

		General		Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$	1,189,630	$	1,189,630
Restricted Cash		658,820		658,820
Receivables, Net		56,213		56,213
Due from Other Governments		100,390		100,390
Due from Other Funds (Note IV)		249,400		249,400
Total Assets	$	2,254,453	$	2,254,453
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$	33,720	$	33,720
Accrued Liabilities		91,321		91,321
Total Liabilities		125,041		125,041
Deferred Inflows of Resources:				
Deferred Revenue		26,989		26,989
Fund Balance:				
Fund Balance - Restricted				
Reserves		658,820		658,820
Fund Balance - Assigned				
Assigned for Budget		500,000		500,000
Fund Balance - Unassigned		943,603		943,603
Total Fund Balance		2,102,423		2,102,423
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	2,254,453	$	2,254,453

See accompanying notes to basic financial statements.

VILLAGE OF HARRIMAN
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2017

	Total Governmental Funds	Long-Term Assets and Liabilities	Statement of Net Position Totals
ASSETS			
Cash and Cash Equivalents	$ 1,189,630	$ -	$ 1,189,630
Restricted Cash	658,820	-	658,820
Receivables, Net	56,213	-	56,213
Due from Other Governments	100,390	-	100,390
Due from Other Funds	249,400	-	249,400
Capital Assets, Net	-	2,654,937	2,654,937
Deferred Outflows of Resources	-	373,497	373,497
Total Assets and Deferred Outflows of Resources	$ 2,254,453	$ 3,028,434	$ 5,282,887
LIABILITIES			
Accounts Payable	$ 33,720	$ -	$ 33,720
Accrued Liabilities	91,321	-	91,321
Compensated Absences	-	88,224	88,224
Workers Compensation liability	-	415,000	415,000
ERS Net Pension Liability-Proportionate Share (Note VI)	-	139,653	139,653
PFRS Net Pension Liability-Proportionate Share (Note VI)	-	371,216	371,216
Other Postemployment Benefits	-	1,864,170	1,864,170
Total Liabilities	125,041	2,878,263	3,003,304
Deferred Inflows of Resources	26,989	132,991	159,980
Total Fund Balances	2,102,423	17,180	2,119,603
Total Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position	$ 2,254,453	$ 3,028,434	$ 5,282,887

See accompanying notes to basic financial statements.

VILLAGE OF HARRIMAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	General	Total Governmental Funds
Revenues:		
Real Property Taxes	$ 1,779,457	$ 1,779,457
Real Property Tax Items	10,859	10,859
Non Property Tax Items	468,063	468,063
Departmental Income	9,832	9,832
Use of Money and Property	49,286	49,286
Licenses and Permits	9,782	9,782
Fines and Forfeitures	132,590	132,590
Sale of Property and Compensation for Loss	71,825	71,825
Miscellaneous	9,450	9,450
State and Federal Aid	157,588	157,588
Total Revenues	2,698,732	2,698,732
Expenditures:		
General Government	416,395	416,395
Public Safety	1,013,138	1,013,138
Public Health	170	170
Transportation	598,582	598,582
Culture and Recreation	66,912	66,912
Home and Community Services	29,282	29,282
Employee Benefits	739,623	739,623
Total Expenditures	2,864,102	2,864,102
Change in Fund Balance	(165,370)	(165,370)
Fund Balances - Beginning	2,267,793	2,267,793
Fund Balances - Ending	$ 2,102,423	$ 2,102,423

VILLAGE OF HARRIMAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	$ 1,779,457	$ -	$ -	$ -	$ -	$ 1,779,457
Real Property Tax Items	10,859	-	-	-	-	10,859
Non Property Tax Items	468,063	-	-	-	-	468,063
Departmental Income	9,832	-	-	-	-	9,832
Use of Money and Property	49,286	-	-	-	-	49,286
Licenses and Permits	9,782	-	-	-	-	9,782
Fines and Forfeitures	132,590	-	-	-	-	132,590
Sale of Property and Compensation for Loss	71,825	-	(21,740)	-	-	50,085
Miscellaneous	9,450	-	-	-	-	9,450
State and Federal Aid	157,588	-	-	-	-	157,588
Total Revenues	2,698,732	-	(21,740)	-	-	2,676,992
Expenditures:						
General Government	416,395	1,376	1,821	-	180,565	600,157
Public Safety	1,013,138	(307)	(190,251)	-	632,546	1,455,126
Public Health	170	-	-	-	-	170
Transportation	598,582	1,801	837	-	111,838	713,058
Culture and Recreation	66,912	-	(36,259)	-	-	30,653
Home and Community Services	29,282	-	-	-	89,165	118,447
Employee Benefits	739,623	274,491	-	-	(1,014,114)	-
Total Expenditures	2,864,102	277,361	(223,852)	-	-	2,917,611
Change in Fund Balances/Net Position	$ (165,370)	$ (277,361)	$ 202,112	$ -	$ -	$ (240,619)

See accompanying notes to basic financial statements.

VILLAGE OF HARRIMAN, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUND
MAY 31, 2017

		WATER FUND
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current assets:		
Cash and cash equivalents	$	357,900
Restricted cash		113,023
Receivables:		
Charges for services		223,450
Total current assets		694,373
Capital assets:		
Buildings, machinery and equipment, net of depreciation (Note V)		282,865
Infrastructure, net of depreciation (Note V)		3,783,799
Total capital assets		4,066,664
DEFERRED OUTFLOWS OF RESOURCES		
Retirement system (Note VI)		69,140
Loss on refunding (Note VI)		22,200
Total assets and deferred outflows of resources	$	4,852,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Current liabilities:		
Accounts payable	$	49,660
Accrued expenses		22,748
BANs payable (Note VI)		300,000
Internal Balances (Note IV)		249,400
Current portion of bonds payable (Note VI)		155,000
Total current liabilities		776,808
Non-current liabilities:		
Compensated absence liability (Note VI)		11,133
Bonds payable (Note VI)		1,010,000
ERS net pension liability - proportionate share (Note VI)		111,524
Other postemployment benefits (Note VI)		556,830
Total non-current liabilities		1,689,487
Total liabilities		2,466,295
DEFERRED INFLOWS OF RESOURCES - RETIREMENT SYSTEM (NOTE VI)		17,431
NET POSITION		
Net investment in capital assets		2,601,664
Restricted		113,023
Unrestricted (deficit)		(346,036)
Total net position		2,368,651
Total liabilities, deferred inflows of resources and net position	$	4,852,377

See accompanying notes to basic financial statements.

VILLAGE OF HARRIMAN, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2017

		WATER FUND
OPERATING REVENUES		
Charges for services and other fees	$	1,638,590
Total operating revenues		1,638,590
OPERATING EXPENSES		
Personal services		375,249
Maintenance, operations and contractual services		428,492
Employee benefits		374,031
Depreciation		249,996
Total operating expenses		1,427,768
Net Operating Income		210,822
Non-operating Income and (Expense)		
Interest income		358
Sale of scrap		20,838
Fixed asset disposals		(29,610)
Other		2,433
Interest expense		(38,388)
Total Non-operating Income and (Expense)		(44,369)
Change in Net Position		166,453
Net Position, Beginning		2,202,198
Net Position, Ending	$	2,368,651

VILLAGE OF HARRIMAN, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2017

		WATER FUND
Cash Flows From Operating Activities:		
Cash received from users	$	1,605,772
Cash paid for employees and employee benefits		(667,885)
Cash paid for operating expenses		(414,884)
Net Cash Flows Provided by Operating Activities		523,003
Cash Flows From Noncapital Financing Activities:		
Advances from (payments to) other funds		(37,832)
Net Cash (Used) by Noncapital Financing Activities		(37,832)
Cash Flows From Capital and Related Financing Activities:		
Sale of scrap		52,881
Purchase of capital assets		(193,932)
Interest payments for bonded indebtedness		(35,188)
Principal payments for bonded indebtedness		(155,000)
Net Cash (Used) by Capital and Related Financing Activities		(331,239)
Cash Flows From Investing Activities:		
Investment income		358
Net Cash Provided by Investing Activities		358
Net Increase in Cash and Cash Equivalents		154,290
Cash and Cash Equivalents at May 31, 2016		316,633
Cash and Cash Equivalents at May 31, 2017	$	470,923
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	$	210,822
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		249,996
Changes in assets and liabilities:		
(Increase) Decrease in receivables		(32,818)
(Increase) Decrease in prepaid expense		566
Increase (Decrease) in accounts payable		12,903
Increase (Decrease) in accrued expenses		139
Increase (Decrease) in compensated absences		(3,726)
Increase (Decrease) in deferred outflows - pension		51,283
Increase (Decrease) in deferred inflows - pension		(4,206)
Increase (Decrease) ERS net pension liability - proportionate share		(29,786)
Increase (Decrease) post employment benefits		67,830
Net Cash Provided by Operating Activities	$	523,003

VILLAGE OF HARRIMAN
STATEMENT OF FIDUCIARY NET POSITION
MAY 31, 2017

		Agency Funds
ASSETS		
Cash	$	32,321
Total Assets	$	32,321
LIABILITIES		
Payroll Liabilities	$	1,463
Guarantee & Bid Deposits		30,858
Total Liabilities	$	32,321

See accompanying notes to basic financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Harriman, established in 1914, is governed by the Code of the Village of Harriman and other general laws of the State of New York ("the State") and various local laws. The Village Board of Trustees is the legislative body responsible for overall operations; the Village Mayor serves as the Chief Executive Officer and the Village Treasurer serves as the Chief Fiscal Officer.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The notes to the financial statements are an integral part of the statements and are intended to be read with them. As of May 31, 2017, the Village had no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue. Business-type activities are primarily supported by user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The Village reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports the following major proprietary fund:

The *Water Fund* is used to account for financial resources to be used for operation and upkeep of the water district within the Village. The Village water services are classified as business-type activities since the Village serves certain customers who are located outside the Village and user fees are intended to cover all costs.

Fiduciary Funds are used to report assets which are held in a trust or agency capacity for others and are, therefore, not available to support Village programs.

D. Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of other post-employment benefits, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

E. Property Taxes

Village real property taxes are levied annually on June 1 and become a lien on that date. Taxes are collected during the period June 1 to October 31. The Village is assured of 100% tax collection, as responsibility for the collection of unpaid taxes rests with Orange County. Uncollected tax liens are sold annually by Orange County.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Budgetary Data

The Village's budget policies are as follows:

1. No later than March 20th, the budget officer submits a tentative budget to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds except the capital projects fund.

   a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than April 15th.

   b. All modifications of the budget must be approved by the Village Board; however, the Village Treasurer is authorized to transfer certain budgeted amounts within the departments.

2. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

G. Cash and Investments

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

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

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal Government and New York State. Underlying securities must have market value of at least the cost of the repurchase agreement.

H. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

I. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the interfund balances.

J. Inventories and Prepaid Items

Purchases of inventoriable items are recorded as expenditures in the Governmental Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Village for which benefits extend beyond year-end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Capital Assets

Capital assets are reported at historical cost. The Village depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 5,000	50 years
Improvements	5,000	10 - 30 years
Machinery and Equipment	5,000	5 - 10 years
Vehicles	5,000	7 years

L. Infrastructure

The Village includes long-lived improvements to roads and water systems as capital assets in the Government-wide statements. Infrastructure is reported at historical cost and is depreciated using the straight-line method over the estimated useful lives.

Under generally accepted accounting principles, the Village is considered a small government and, as such, is required only to recognize infrastructure on a prospective basis. Therefore, the Village has not reported any major general infrastructure assets prior to January 1, 2004.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	Capitalization Threshold	Estimated Useful Life
Roads & Water	$ 5,000	40 years

M. Vested Employee Benefits

Employees accrue (earn) vacation leave based on the number of years employed, up to a maximum of 25 days per year for Teamsters and non-union members, and 30 days for PBA members. Upon separation from service, employees are paid for accumulated vacation time.

A non-union employee, with a date of hire prior to September 6, 2011, may accumulate sick leave credits to a maximum of 260 days. An employee with a date of hire on or after September 6, 2011, may accumulate sick leave credits to a maximum of 165 days. Upon retirement, employees can receive additional retirement service credit for up to 165 days of accumulated sick leave. For an employee hired before September 6, 2011, that has in excess of 165 days, the Village will pay the employee 25% of the cash value of the excess. This policy is the same for the Department of Public Works Union. After ten years of consecutive service, the police are paid 50% (unless terminated) of all unused sick time, unless hired after January 1, 2014, in which case it is 25%.

A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading "Compensated Absences."

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

In addition to providing pension benefits, the Village of Harriman provides health insurance coverage for retired employees. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Village of Harriman. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age and at least 20 years of service while working for the Village.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Unemployment Insurance

Village employees are covered by unemployment insurance. The Village has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Village's account. The Village is exempt from federal unemployment insurance tax.

O. Deferred Compensation

The Village, through the New York State Deferred Compensation Board, offers their employees a Deferred Compensation Plan ("the Plan") created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency.

P. Risk Retention

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Q. Equity Classification

1. Government-wide Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets

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

- Restricted Net Position

  Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position

  All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

2. Fund Financial Statements

The Village follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The purpose of this accounting standard is to provide fund balance categories and classification that will be more easily understood by users of financial statements and consistently applied in fund balance reporting.

This standard sets forth hierarchical fund balance classifications that are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The following is a brief description of the five fund balance classifications:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Q. Equity Classification - continued

Nonspendable:
Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:
Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or though constitutional provisions or enabling legislation.

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the Village has classified the following reserve funds as restricted fund balances:

a. The General Fund includes reserve funds established for employee benefits, historical preservation, police capital, highway, and buildings. The balance at May 31, 2017 was $658,820.

b. The Water Fund includes reserve funds established for future repairs and for retirement contributions. The balance at May 31, 2017 was $113,023.

Committed:
Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (the Village Board) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

Assigned:
Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority or by their designated body or official. 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.

Unassigned:
Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

R. Interfund Transfers

The operations of the Village give rise to certain transactions between funds, including transfers to provide services and construct assets. Any amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers would be eliminated for the Statement of Activities. There were no interfund transfers in the May 31, 2017 fiscal year.

S. Subsequent Events

The date to which events occurring after May 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is January 10, 2018, which is the date on which the financial statements were available to be issued.

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND 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 differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources 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 additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

(1) The costs of building and acquiring capital assets (land, infrastructure, buildings 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, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	$ 6,427,769
Accumulated Depreciation	(3,772,832)
Capital Assets, Net	$ 2,654,937

(2) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, these liabilities are reported in the Statement of Net Position. Balances at year-end were:

Employee Retirement System Liability - Proportionate Share	$	139,653
Police and Fire Retirement System Liability - Proportionate Share		371,216
Compensated Absences Payable		88,224
Workers Compensation Liability		415,000
Other Postemployment Benefits		1,864,170
	$	2,878,263

(3) Deferred outflows and inflows related to pensions are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Deferred Outflow of Resources	$	373,497
Deferred Inflow of Resources		(132,991)
	$	240,506

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities:

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

- Long-term revenue 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 include the difference between proceeds for the sale of capital assets reported on governmental 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 governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	$ 2,698,732
Loss on Disposal of Fixed Assets	(21,740)
Total revenues reported in the Statement of Net Position	$ 2,676,992

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities – Continued:

Total Expenditures/Expenses

Total expenditures reported in governmental funds	$ 2,864,102
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences increased during the year.	2,870
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of $365,958 was greater than depreciation expense of $142,106 in the current year.	(223,852)
Governmental funds do not report Worker's Compensation payable because the amounts are not currently due and payable. This is recorded as an expenditure when paid in the governmental funds. In the government-wide financials, it is recorded as an expense and a liability when incurred. This is the amount by which this payable decreased in the current period.	(26,300)
In the Statement of Activities, expenses for other postemployment benefits are measured based on the actuarially determined annual required contribution (ARC) of the Village. In the Statement of Activities, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the ARC exceeded the amount of financial resources used during the year.	213,170
In the governmental funds, pension expenditures related to ERS and PFRS defined benefit plans are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. In the Statement of Activities, however, these expenses are measured as the change in the Village's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. This is the amount by which pension expense exceeded the amount of financial resources expended during the year.	87,621
Total expenditures reported in the Statement of Activities	$ 2,917,611

III. CASH

The Village of Harriman's investment policies are governed by State statutes, as previously described in these Notes. The depository bank places approved pledged securities for safekeeping and trust with the Village's agent bank in an amount sufficient to protect Village funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

At May 31, 2017, the carrying amount of the Village's deposits (cash, certificates of deposit and interest-bearing savings accounts) was $2,351,694 and the bank balance was $2,369,939. The Village's deposits at May 31, 2017, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Village's agent bank in the Village's name.

IV. INTERFUND ACTIVITY

Interfund receivables and payables at May 31, 2017 were as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 249,400	$ -
Water	-	249,400
TOTAL	$ 249,400	$ 249,400

V. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2017 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 862,619	$ -	$ -	$ 862,619
Total capital assets, not being depreciated	862,619	-	-	862,619
Capital assets, being depreciated:				
Buildings	240,505	13,451	(19,525)	234,431
Improvements	154,998	40,000	(22,000)	172,998
Machinery & Equipment	651,402	312,507	(47,269)	916,640
Infrastructure	4,241,081	-	-	4,241,081
Total capital assets being depreciated	5,287,986	365,958	(88,794)	5,565,150
Accumulated depreciation for:				
Buildings	(212,218)	(1,723)	8,005	(205,936)
Improvements	(142,776)	(5,313)	22,000	(126,089)
Machinery & Equipment	(441,419)	(63,405)	37,049	(467,775)
Infrastructure	(2,901,367)	(71,665)	-	(2,973,032)
Total accumulated depreciation	(3,697,780)	(142,106)	67,054	(3,772,832)
Total capital assets, being depreciated, net	1,590,206	223,852	(21,740)	1,792,318
Governmental activities capital assets, net	$ 2,452,825	$ 223,852	$ (21,740)	$ 2,654,937

Depreciation expense was charged to functions/programs of the Village as follows:

Governmental Activities:	
General Government	$ 1,821
Public Safety	24,303
Transportation	112,241
Culture and Recreation	3,741
Total Depreciation Expense	$ 142,106

V. CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in Progress	$ 258,400	$ -	$ (258,400)	$ -
Total capital assets, not being depreciated	258,400	-	(258,400)	-
Capital assets, being depreciated:				
Buildings	143,532	-	-	143,532
Improvements	14,221	-	-	14,221
Machinery & Equipment	578,213	91,431	(141,600)	528,044
Infrastructure	8,854,216	331,291	-	9,185,507
Total capital assets being depreciated	9,590,182	422,722	(141,600)	9,871,304
Accumulated depreciation for:				
Buildings	(81,813)	(2,871)	-	(84,684)
Improvements	(14,221)	-	-	(14,221)
Machinery & Equipment	(382,467)	(33,550)	111,990	(304,027)
Infrastructure	(5,188,133)	(213,575)	-	(5,401,708)
Total accumulated depreciation	(5,666,634)	(249,996)	111,990	(5,804,640)
Total capital assets, being depreciated, net	3,923,548	172,726	(29,610)	4,066,664
Business-type activities capital assets, net	$ 4,181,948	$ 172,726	$ (288,010)	$ 4,066,664

VI. LIABILITIES

A. Pension Plans

Plan Description

The Village of Harriman participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for Tier III, IV, V and VI employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier III or IV member with ten or more years of membership, or ten years credited service, will not be required to contribute to the Retirement System. Tier V and VI members must continue to contribute throughout their employment.

The Village of Harriman is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

Plan Year Ending March 31	ERS	PFRS
2017	$ 104,332	$ 145,876
2016	$ 106,902	$ 136,110
2015	$ 125,475	$ 123,050

Village contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on February 1, 2005) over a 10 year period, with a 5.00% interest factor added. Local governments were given the option to prepay this liability. This was also an option for the Systems' fiscal year ended March 31, 2017. The Village elected to prepay this liability.

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

At May 31, 2017, the Village reported liabilities of $251,177 and $371,216 for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset/(liability) was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, as actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Village.

At March 31, 2017, the Village's proportion of the ERS net pension asset/(liability) was 0.0026732%. At March 31, 2016, the Village's proportion of the ERS net pension asset/(liability) was 0.0024310%.

VI. LIABILITIES – CONTINUED

A. Pension Plans - continued

At March 31, 2017, the Village's proportion of the PFRS net pension asset/(liability) was 0.0179102%. At March 31, 2016, the Village's proportion of the PFRS net pension asset/(liability) was 0.0189173%.

For the year ended May 31, 2017, the Village recognized pension expense of $148,114 for ERS and $204,704 for PFRS. At May 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows or Resources		
	ERS	PFRS	Total
Differences between expected and actual experience	$ 6,294	$ 48,697	$ 54,991
Changes of assumptions	85,811	182,882	268,693
Net difference between projected and actual earnings on pension plan investments	50,170	55,441	105,611
Changes in proportion and difference between the Village's contributions and proportionate share of contributions	13,342	-	13,342
Total	$ 155,617	$ 287,020	$ 442,637

	Deferred Inflows or Resources		
	ERS	PFRS	Total
Differences between expected and actual experience	$ 38,142	$ 64,138	$ 102,280
Changes in proportion and difference between the Village's contributions and proportionate share of contributions	1,090	47,052	48,142
Total	$ 39,232	$ 111,190	$ 150,422

VI. LIABILITIES – CONTINUED

A. Pension Plans - continued

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

Year Ended:	ERS	PFRS
2018	$ 51,778	$ 59,960
2019	51,778	59,960
2020	44,856	55,822
2021	(32,027)	(7,146)
2022	-	7,234

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement Date	March 31, 2017	March 31, 2017
Investment Rate of Return	7.0% compounded annually net of investment expense	7.0% compounded annually net of investment expense
Projected Salary Increases	3.80%	4.50%
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation Rate	2.5%	2.5%
Mortality Improvement	Society of Actuaries Scale MP - 2014	Society of Actuaries Scale MP - 2014

VI. LIABILITIES – CONTINUED

A. Pension Plans-continued

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS			PFRS	
Measurement Date	March 31, 2017		Measurement Date	March 31, 2017	
	Target allocation	Long-term expected real rate of return		Target allocation	Long-term expected real rate of return
Asset Class:			Asset Class:		
Domestic Equity	36%	4.55%	Domestic Equity	36%	4.55%
International Equity	14%	6.35%	International Equity	14%	6.35%
Private Equity	10%	7.75%	Private Equity	10%	7.75%
Real Estate	10%	5.80%	Real Estate	10%	5.80%
Absolute Return Strategies	2%	4.00%	Absolute Return Strategies	2%	4.00%
Opportunistic Portfolio	3%	5.89%	Opportunistic Portfolio	3%	5.89%
Real Assets	3%	5.54%	Real Assets	3%	5.54%
Bonds and Mortgages	17%	1.31%	Bonds and Mortgages	17%	1.31%
Cash	1%	-0.25%	Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.50%	Inflation-indexed bonds	4%	1.50%
Total	100%		Total	100%	

Discount Rate

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

VI. LIABILITIES – CONTINUED

A. Pension Plans-continued

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

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

ERS	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ (802,204)	$ (251,177)	$ 214,718

PFRS	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ (1,052,375)	$ (371,216)	$ 200,110

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	ERS	PFRS
Measurement Date	March 31, 2017	March 31, 2017
	(Dollars in thousands)	
Employers' total pension asset/(liability)	$ (177,400,586)	$ (31,670,483)
Plan net position	168,004,363	29,597,830
Employers' net pension asset/(liability)	$ (9,396,223)	$ (2,072,653)
Ratio of plan net position to the employers' total pension asset/(liability)	94.70%	93.50%

Payables to the Pension Plan

For ERS, employer and employee contributions for the fiscal year ended March 31, 2017 were paid to the System in December 2016. Accrued retirement contributions as of May 31, 2017 amounted to $18,815.

For PFRS, employer and employee contributions for the fiscal year ended March 31, 2017 were paid to the System in December 2016. Accrued retirement contributions as of May 31, 2017 amounted to $24,872.

VI. LIABILITIES – CONTINUED

B. Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Water Fund. The notes, or renewal thereof, may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12 month period thereafter. For short-term financing, the Village of Harriman intends on converting a majority of these liabilities to long-term debt within the five year original BAN borrowing period.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of May 31, 2017, one Bond Anticipation Note (BAN) was outstanding for a total amount of $300,000. These temporary funds were borrowed to assist with financing the repair of a water main in the Village.

The following is a summary of the Village of Harriman's outstanding bond anticipation notes as of May 31, 2017:

Description	Original Date of Issue	Original Borrowing	Current Interest Rate	Date of Final Maturity	Outstanding Principal 5/31/2017
Water Main Project	09/21/16	$ 300,000	1.53%	09/21/17	$ 300,000
			TOTAL		$ 300,000

Interest on short-term debt for the year ended May 31, 2017 was:

Interest Paid	$ 5,000
Less: Interest accrued - prior year	(3,095)
Plus: Interest accrued - current year	3,156
	$ 5,061

C. Long-Term Debt

The Village of Harriman borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers.

At May 31, 2017, the total principal indebtedness outstanding of the Village of Harriman, was $1,165,000.

Interest on long-term debt for the year ended May 31, 2017 was:

Interest Paid	$ 30,288
Less: Interest accrued - prior year	(1,406)
Plus: Interest accrued - current year	1,245
	$ 30,127

In 2012, there was a loss on refunding when the serial bond was refinanced. The balance at May 31, 2017 was $22,200 and additional interest totaled $3,200. The balance of the loss is recorded as deferred outflow of resources on the Statement of Net Position.

VI. LIABILITIES – CONTINUED

C. Long-Term Debt - Continued

Long-term liability balances and activity for the year are summarized below:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance
Other Liabilities:				
Net Employee Retirement System	$ 248,874	$ -	$ 109,221	$ 139,653
Net Police and Fire Retirement System	560,100	-	188,884	371,216
Compensated Absences	85,354	2,870	-	88,224
Workers' Compensation Liability	441,300	-	26,300	415,000
Other Postemployment Benefits	1,651,000	213,170	-	1,864,170
Total long-term liabilities	$ 2,986,628	$ 216,040	$ 324,405	$ 2,878,263

Business-type Activities	Beginning Balance	Issued	Redeemed	Ending Balance
Serial Bonds	$ 1,320,000	$ -	$ 155,000	$ 1,165,000
Other Liabilities:				
Net Employee Retirement System	141,310	-	29,786	111,524
Compensated Absences	14,859	-	3,726	11,133
Other Postemployment Benefits	489,000	67,830	-	556,830
Total long-term liabilities	$ 1,965,169	$ 67,830	$ 188,512	$ 1,844,487

The following is a summary of the maturity of long-term indebtedness:

	Principal	Interest	Total
2018	$ 155,000	$ 25,638	$ 180,638
2019	170,000	20,763	190,763
2020	175,000	16,463	191,463
2021	175,000	12,963	187,963
2022	170,000	9,406	179,406
2023-2024	320,000	7,800	327,800
Total	$ 1,165,000	$ 93,033	$ 1,258,033

D. Other Post-employment Benefits

The Village provides post-employment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Village's contractual agreements.

The Village implemented GASB standards regarding Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension in the fiscal year ended May 31, 2010. This implementation required the Village to calculate and record a net other post-employment benefit obligation at year end. The net other post-employment benefit obligation is the cumulative difference between the actuarially required contributions and the actual contributions made.

The Village has obtained an actuarial valuation report as of May 31, 2016 which indicates that the total liability for other post-employment benefits is $5,660,000, of which $2,421,000 is reflected in the Statement of Net Position.

VI. LIABILITIES – CONTINUED

D. Other Postemployment Benefits - Continued

Annual OPEB Cost and Net OPEB Obligation: The Village's annual other post-employment benefit (OPEB) cost is calculated based on the actuarially determined annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty 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 the changes in the Village's net OPEB obligation:

Annual Required Contribution	$	500,000
Interest on Net OPEB Obligation		80,000
Adjustment to annual required contribution		(100,000)
Annual OPEB Cost		480,000
Contributions made		(199,000)
Increase in Net OPEB Obligation		281,000
Net OPEB Obligation - Beginning of Year		2,140,000
Net OPEB Obligation - End of Year	$	2,421,000

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation End of Year
5/31/2017	$ 480,000	35.4%	$ 2,421,000
5/31/2016	$ 480,000	35.4%	$ 2,140,000
5/31/2015	$ 480,000	23.0%	$ 1,830,000

Funded Status and Funding Progress: As of May 31, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $5,660,000 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $5,660,000. Actuarial valuations of an ongoing plan involve 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.

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 benefit costs between the employer and plan members to that point. The actuarial funding method used is unit credit. 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.

The actuarial assumptions included a 4.5% investment rate of return, net of administrative expense, on the employer's own investment, calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate for pre-65 and post-65 claims of 8% initially, reduced incrementally to an ultimate rate of 5% after 7 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at May 31, 2016 was 30 years.

VII. UNRESTRICTED BALANCES

As of May 31, 2017, the Village's unrestricted net position totaled a deficit of $1,520,590.

VIII. LEASES

The Village leases a piece of office equipment under an operating lease expiring February 2019. The total minimum rental commitment at May 31, 2017, under the lease mentioned above, is due during the following fiscal years:

2018	$	3,264
2019		2,448
	$	5,712

IX. CONTINGENCIES

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

Certiorari Proceedings
Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Village taxes previously collected by the Village. Any such refunds resulting from adverse settlements will be provided for when determinable.

Judgments and Claims
A few claims against the Village are presently pending for miscellaneous matters. Although final outcome of these matters is not known at this time, management of the Village does not believe that the final settlement of these matters will have a materially adverse effect on the financial condition of the Village.

X. NEW ACCOUNTING PRINCIPLES

GASB has issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governments OPEB plans for making decisions and assessing accountability. The Village determined that the new standard did not have a significant impact on its financial reporting.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The Village is required to implement this standard for the year ending May 31, 2019. The implementation of this standard is expected to have a substantive effect on the Village's net position.

GASB has issued Statement 77, *Tax Abatement Disclosures*. This Statement requires governments to disclose in the notes certain information related to tax abatement agreements. GASB Statement 77 is effective for fiscal year 2017. The Village has implemented Statement 77 as required.

In March 2016, GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Village is required to implement this standard for the year ending May 31, 2018. The implementation of this standard is not expected to have a substantive effect on the Village's net position.

X. NEW ACCOUNTING PRINCIPLES - CONTINUED

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. The Village has not evaluated the effect of GASB 83 on its financial statements.

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Village has not evaluated the effect of GASB 84 on its financial statements.

XI. SUBSEQUENT EVENTS

The Village has plans to borrow $3.2 million in public improvement serial bonds for the purposes of reconstruction of Village Hall. The funds are anticipated to be issued in January or February of 2018. Interest on the bonds is anticipated to be 3.250%, though it is possible to come in at a lower rate.

XII. PROPERTY TAX ABATEMENTS

The Village currently has no tax abatements to report.

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S 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*

Board of Trustees
Village of Harriman
One Church Street
Harriman, New York 12586

We have audited 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Harriman, New York as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Harriman's basic financial statements, and have issued our report thereon dated January 10, 2018.

Internal Control Over Financial Reporting

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

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Harriman's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Poughkeepsie, New York
January 10, 2018

A. Internal Control Findings

None Noted.

B. Compliance Findings

None noted.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HARRIMAN
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED MAY 31, 2017

	2017	2016	2015	2014
Actuarial Valuation Date	31-May-16	31-May-16	31-May-15	31-May-14
Plan Assets	Unfunded	Unfunded	Unfunded	Unfunded
Actuarial Accrued Liability	$ 5,660,000	$ 5,660,000	$ 4,960,000	$ 4,960,000
Unfunded Actuarial Liability	$ 5,660,000	$ 5,660,000	$ 4,960,000	$ 4,960,000
Funded Ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Annual Covered Payroll	$ 1,650,300	$ 1,650,000	$ 1,524,015	$ 1,517,519
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	325.0%	325.0%	325.5%	326.9%

VILLAGE OF HARRIMAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED MAY 31, 2017, 2016 AND 2015

ERS Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
3/31/2017	0.0026732%	$ (251,177)	$ 620,614	-40.47%	94.70%
3/31/2016	0.0024310%	$ (390,184)	$ 780,966	-49.96%	90.70%
3/31/2015	0.0024200%	$ (81,753)	$ 690,936	-11.83%	97.90%

PFRS Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
3/31/2017	0.0179102%	$ (371,216)	$ 773,171	-48.01%	93.50%
3/31/2016	0.0189173%	$ (560,100)	$ 816,322	-68.61%	90.20%
3/31/2015	0.0195499%	$ (53,813)	$ 833,079	-6.46%	99.00%

* GASB 68 requires that the past 10 years of information be presented. While GASB 68 was implemented in the 2016 fiscal year, as required, information was only available for the 2015 fiscal year. The data will be accumulated over time and presented according to GASB 68 requirements.

VILLAGE OF HARRIMAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED MAY 31, 2017, 2016 AND 2015

ERS

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Conribution deficiency (excess)	Covered Empoyee Payroll	Contributions as a Percentage of its Covered Payroll
3/31/2017	$ 104,332	$ 104,332	$ -	$ 620,614	16.81%
3/31/2016	$ 106,902	$ 106,902	$ -	$ 780,966	13.69%
3/31/2015	$ 125,475	$ 125,475	$ -	$ 690,936	18.16%

PFRS

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Conribution deficiency (excess)	Covered Empoyee Payroll	Contributions as a Percentage of its Covered Payroll
3/31/2017	$ 145,876	$ 145,876	$ -	$ 773,171	18.87%
3/31/2016	$ 136,110	$ 136,110	$ -	$ 816,322	16.67%
3/31/2015	$ 123,050	$ 123,050	$ -	$ 833,079	14.77%

* GASB 68 requires that the past 10 years of information be presented. While GASB 68 was implemented in the 2016 fiscal year, as required, information was only available for the 2015 fiscal year. The data will be accumulated over time and presented according to GASB 68 requirements.

VILLAGE OF HARRIMAN
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts GAAP Basis	Variance with Final Budget Positive/(Negative)
Revenues:				
Real Property Taxes	$ 1,779,887	$ 1,779,887	$ 1,779,457	$ (430)
Real Property Tax Items	5,000	5,000	10,859	5,859
Non Property Tax Items	437,000	437,000	468,063	31,063
Departmental Income	6,975	6,975	9,832	2,857
Use of Money and Property	14,000	14,000	49,286	35,286
Licenses and Permits	25,000	25,000	9,782	(15,218)
Fines and Forfeitures	130,000	130,000	132,590	2,590
Sale of Property and Compensation for Loss	61,000	63,652	71,825	8,173
Miscellaneous	-	9,200	9,450	250
State and Federal Aid	71,596	152,388	157,588	5,200
Total Revenues	2,530,458	2,623,102	2,698,732	75,630
Expenditures:				
General Government	576,298	559,770	416,395	143,375
Public Safety	1,040,394	1,043,046	1,013,138	29,908
Public Health	-	-	170	(170)
Transportation	527,058	607,058	598,582	8,476
Culture and Recreation	24,300	50,820	66,912	(16,092)
Home and Community Services	43,508	43,508	29,282	14,226
Employee Benefits	846,900	846,900	739,623	107,277
Total Expenditures	3,058,458	3,151,102	2,864,102	287,000
Excess/(Deficiency) of Revenues Over Expenditures	(528,000)	(528,000)	(165,370)	362,630
Other Financing Sources/(Uses):				
Operating Transfers In/(Out)	(5,000)	(5,000)	-	5,000
Total Other Financing Sources/(Uses)	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance/Appropriated Fund Balance	$ (533,000)	$ (533,000)	$ (165,370)	$ 367,630

APPENDIX C

FORM OF BOND COUNSEL OPINION

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

March 1, 2018

The Board of Trustees of the
Village of Harriman, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Harriman (the "Village"), in the County of Orange, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $3,200,000 Public Improvement Serial Bonds-2018 (the "Bonds"), dated and delivered on the date hereof.

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

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code.

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

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

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

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

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

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

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

"Annual Information" shall mean the information specified in Section 3 hereof.

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

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

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

"Issuer" shall mean the **Village of Harriman,** in the County of Orange, a municipal corporation of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"Purchaser" shall mean the financial institution referred to in the Certificate of Award, executed by the Village Treasurer as of February 15, 2018.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

"Securities" shall mean the Issuer's **$3,200,000 Public Improvement Serial Bonds-2018**, dated March 1, 2018, maturing in various principal amounts on September 1 in each of the years 2018 to 2037, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York, to the EMMA System:

(i) (A) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending May 31, 2018, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending May 31, 2018, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Village has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(9) defeasances;

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

(11) rating changes;

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

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

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

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

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "The Village of Harriman," "Demographic and Statistical Information," "Indebtedness of the Village," "Finances of the Village," "Tax Information" and "Litigation" and Appendix A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

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

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

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

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

(e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

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

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

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

VILLAGE OF HARRIMAN

By____

Village Treasurer and Chief Fiscal Officer